Corporate Social Responsibility in Denmark:

Making a case for public /private sector synergy

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Synopsis:

This report is a result of an exploratory look at Nordea Bank. It aims to find out why the bank does not involve the public sector in its CSR agenda, how the Bank can improve its relationship with the public sector and get positive gains in the process.

Materials used in this research were obtained from interviews with the CSR Compliance Manager of the bank. Additional information was also obtained from literature study of CSR, and from the company's information archives.

For the analysis of the case company, the concept of CSR and stakeholder theory was used, with a particular perspective stakeholder identification and salience interwoven into the three aspects of stakeholder theory.

Finally, the analysis was used to proffer recommendations.

Which if used would help in the process of improving the company's relationship with the public sector through the use of Corporate Social Responsibility

Preface

This report is prepared for the 10th semester of the study programme Environmental Management, in the department of Development and Planning at Aalborg University.

In this report, the literature sources are prepared in accordance with the 15th edition of the Chicago Style Reference, where the author's surname, year of publication and page number is referred to. In case of more than three authors the primary author's name is given along with "et al". For a publication where no author is given, the organisation behind the publication is noted .if the year of publication is not stated it will be referred to as "n.d". Figures and tables are numbered according to the number of the chapter and a continuous number. Appendices are available at the end of the report.

The quotes and statements obtained through the interview have all been approved by the interviewees.

During the preparation of the report, the project group contacted a number of persons and would like to thank them for their support. These persons are: the Compliance manager of Nordea bank Sonja Lohse, staffs of Nordea who made the interview possible and all other interviewees I cant list here. I would also like to thank my supervisor (Martin Lehmann) for his advice and help during the course of writing this report.

Adejumo Adekunle Theophilus

Table of Content

List of figures

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Chapter

1

Introduction

With the current trend in capitalism and globalisation and as the powers of corporations and multinationals continue to be on the increase it becomes imperative that companies take responsibilities for their actions and impacts on their environments. This is because these impacts are no longer localized but capable of causing ripple effects in places so remote and far away from the origin of impact.

In line with this, is pertinent to say that these responsibilities are not just financial as was previously defined by some scholars that the sole responsibility of a business is to make money for its shareholders but it has now extended into other spheres such as social, environmental e.t.c., in line with this argument, it can be boldly said that we are now in an era of the conflict between profitability and social welfarism.

Expectedly questions arise on the minds of people concerning what now becomes of the situation and what to expect from organisations concerning their responsibilities in the light of the current realities, Crane and Matten (2005) in their research raised some of these pertinent questions; some of which are asked below

a. Are they (the organisations) living up to their responsibilities as powerful institutions on the planet?

b. Are they diverting too much attention from the core responsibility of creating economic value through the efficient production of goods and services?

c. Can they be trusted to exercise their power in a responsible way or is more control necessary?

d. How can they effectively determine their responsibility and implement them?

In response to these questions posed, and the challenges posed by these current realities, companies and organisations resorted to the adoption of the concept of Corporate Social Responsibility, which among many others is defined as a way "of doing business which contributes to sustainable development, reinforcing competitiveness, social cohesion and environmental protection.

The Term CSR has been in existence for quite a long time now and has several other connotations, some of which include Corporate Responsibility, Corporate Citizenship, Sustainability and some organisations have adopted their own brand names for example Better World by BT. But in spite of whatever name or under whatever guise it is called the most important issue is how organisations deal with their responsibilities.

Brummer (1991) proposed that responsibility means that executives are held responsible for their actions and he summarises three types of corporate conduct normally thought of as requiring a rendering from executives and they are namely;

a. Actions performed that go beyond the corporations domain of authority or permissibility
b. Non performance of acts within the corporations domain of responsibility and
c. Inferior performance of acts within the latter domain

Organisational responsibilities in this context can be wide and varied and a means of narrowing or bringing this issue to focus is to ask several questions

- "To whom are they responsible to?
- What are they responsible for?
- And who is calling for firms to be responsible?

The answer lies in the fact that organisations do not operate in a vacuum and are surrounded by varied "stakeholders" who make various demands and who also expects their demands to be met for example in terms of environmental demands. Wellford (1998) states that companies have to develop management strategies to improve their environmental performances and thus meet up with the environmental demands of their stakeholders.

It should however be noted that there could be as many demands as there are stakeholders and these demands do not necessarily fall along environmental lines therefore the practice of Corporate Social Responsibility as a response to demands also impacts different areas.

Redington (2005), states that CSR activities and approaches most times addresses the following areas

i. The community
ii. The government/media
iii. Employees
iv. Customers
v. Suppliers and Consumers in the supply Chain

The diagram below represents this

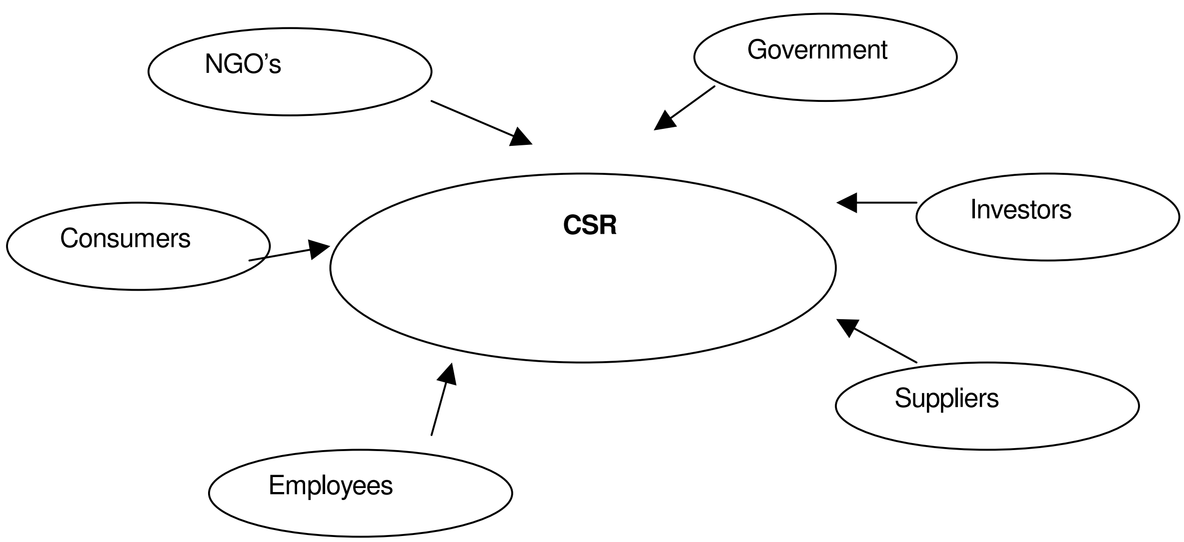


Fig 1.1 Stakeholders in CSR

Several reasons account for why organisations adopt CSR strategies, and it ranges from problem driven reasons to its many benefits that might accrue from the adoption Morsing &Beckman (2006) or a mix of both.

According to research carried out by the British Chartered Institute of Personnel Development, It has shown that some of the most important drivers for the adoption of CSR are

i. Legislation as it relates to environmental issues
ii. Investor demands
iii. Other stakeholders especially NGO's and powerful lobby groups
iv. Issues of compliance and risk management
v. The need to develop competitive advantage and brand reputation

Paine (2003) in his submission put forward four reasons why organisations carry out CSR strategies and is illustrated with the diagram below

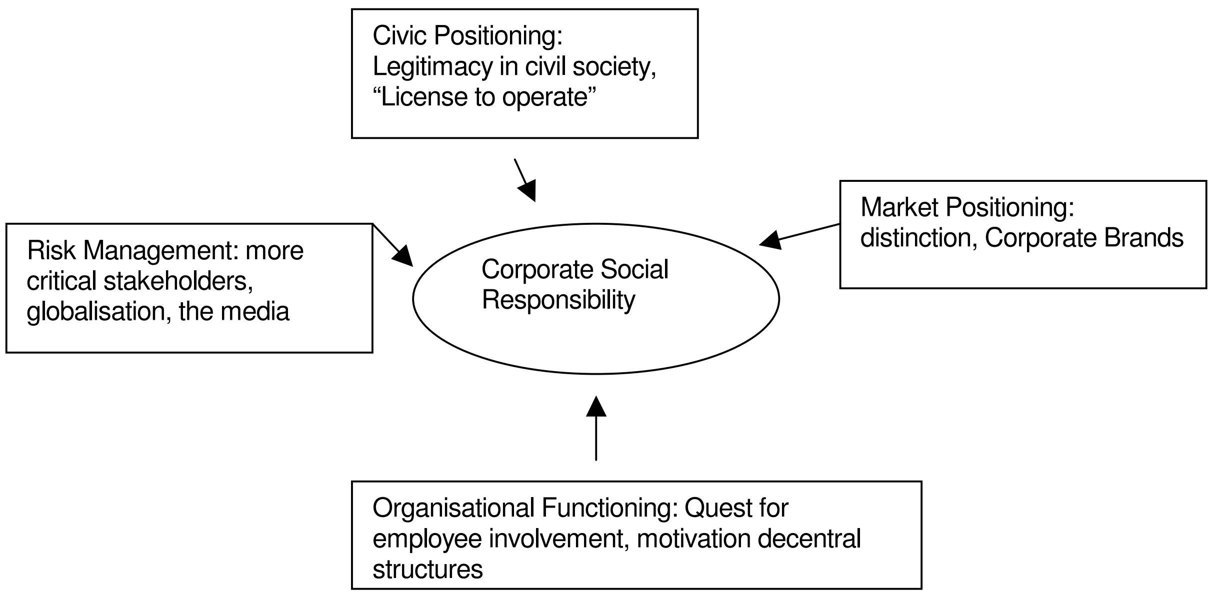


Fig 1. 2 Reasons why companies carry out CSR (Source:Paine2003)

Although reasons for companies carrying out CSR has been discussed in the previous paragraphs,the ultimate reason for the choice and form is said to depend on the economic perspective of the firm in questionsMoir (2001).

Along this thinking are two schools of thought, the first being the Neo Classical school with the belief that the only social responsibility of a business is the provision of employment and the payment of taxes, this is supported by theorists like Milton friedman (1982).

The second school belongs to the behavioural theorists such as Cyert and March (1983) who based their ideas on the standpoint that examines the political and non economic influences on managerial behaviour such as the top manager's personal views and motivation.this can also placed in the realm of enlightened business self interest whose sole aim is accruing benefits such as enhanced reputation and greater employee loyalty and retention

1.1 The Public sector as a stakeholder in Corporate Social Responsibility

There are various reasons for implementing CSR as there are actors, but of all these actors, the public sector is the one that is able to set the overall policy and the regulatory frameworks within which businesses operate and only it has the legitimacy and authority to draw together the overall strands of the enabling environment that all actors make their contribution (Ward, 2004).

This enabling environment is strengthened by what (Ring, 2003) is referred as the tools of CSR, some of which include legislation, regulation, labels and certificates. These are tools wielded by public sector authorities (Halina, Ward, 2004)
Fox et al, (2002) in their report to the world bank postulated four possible roles that the public sector usually carry out as it relates to the practice of CSR and they are namely, mandating, facilitating, partnering and endorsing.
The figure below sheds more light on the public sector roles and corresponding activities that they carry out

Table 1.1

	Public sector activities			
	Mandating	Command and control legislation	Regulators and inspectorates	Legal and fiscal penalties and rewards
		Enabling legislation	Creating incentives	Capacity building
Public sector roles	Facilitating	Funding support	Raising awareness	Stimulating markets
	Partnering	Combining resources	Stakeholder engagement	Dialogue
	Endorsing	Political support		Publicity and praise

Source: Fox, Ward and Howard (2002)

This follows that the public sector could be regarded as one of the most influential and powerful stakeholder. It would not be enough to just state that the public sector is indeed a very important part of the CSR process, it would be important to also at this point state that to derive the maximum value from this very important stakeholder, there is need for proper management of its demand by managers in the organisation and the need to involve them in major stakeholder engagement initiatives by firms “rather than mere mention” Halina, ward, Fox, (2003) as is the case most times.

From initial investigations carried out, it was found out that stakeholder engagement is one of the most important issues dealt with in carrying out CSR approaches, as the stakeholder is defined as those groups or persons who have a stake, a claim or an interest in the operations and decisions of a firm, (Carroll, 2005) where the stakes could be legal such as the ones held by an owner, employee or a customer who has an explicit or an implicit contract. Sometimes it might be moral, and an example is when a groups or groups assert the right to be treated fairly or with equality and to have their opinions taken into consideration.

The stakes may also be institutional by virtue of the environment where the firm is situated and with this comes expectations from the frameworks that makes up the institution, Ward et al states in their report that “drivers for the implementation of CSR would be ineffective unless human capacities and institutions are in place to enable them” in sectoral or geographical context. The institutional framework is given a face with the instrumentality of the “state”, and enforcement is made by the various authorities, empowered by the state.

According to the World Bank report on Corporate Social responsibility, the key institutions include government inspectorates and enforcement agencies and key departments in both local and national governments.
As regards this project, I would refer to the previously named key institutions as the public sector or public sector authorities.

Even though a lot of times not stated explicitly, the case of the public sector being left out of the CSR discussion (Ward, 2004) continually rears its head especially in many organisations across geographical divides. This inference is based on an initial desk based review of several cases of CSR initiatives covering about 20 countries in various parts of Europe covering western, eastern, central and the south, (a result of various contributions from all these regions)(Habisch et al, 2005). This will form the basis of the first hypothesis in this project, which would be tested later in the project.

In the report, out of all the countries studied, the most active public-private synergy was said to have come from the United Kingdom, a partnership that grew from the historical and institutional traditions of the Anglo Saxons which as far back as the nineteenth century saw companies like Cadbury’s, Boot’s become by words for Corporate Philanthropy (Moon, 2005). This arose as a result of legislations that provided the regulatory framework and has moved from the days of *implicit* to *explicit* CSR (this would be dealt with more in later chapters) to a point where it is otherwise referred to as a model for others to follow.

Looking further critically and individually into the CSR report of about a dozen major companies in the UK, Reddington, (2005) (where supposedly is supposed to be the most advanced in the CSR initiative). Compiled and published by the

Chartered Institute of Personnel Development and reports from several Danish companies there was little or no mention in the reports of a very active involvement of the public sector.

1.2 The aim and objective of this study

The whole essence of CSR in terms of defining its agenda and implementation cannot be separated from stakeholders and in terms of this, who or what really matters can be rested on an assumption that organisations seeking to achieve particular kinds of results pay attention to particular kinds of stakeholders. With this as a background, this study proceeds on the initial review that of all the stakeholders involved in the CSR process the public sector is one of the least involved in terms of collaboration, and seeks look into the reason or reasons why in spite of its importance, its role as inferred earlier is continually being neglected by a lot of firms who should know.

In doing this it becomes very necessary to ask several important questions, which will lead to, the basis of the whole research and on which premise the whole research will rest and this is:

> ***"Why do Companies not actively engage the public sector in developing and implementing the CSR agenda, How can it actively involve the Public sector and what does it stand to gain from this synergy?"***

Other supporting questions that would be asked in this project includes+;

i. Are public sector authorities really relevant to the CSR drive?
ii. In which ways and to what extent does the public sector affect private sectors CSR strategies
iii. Are there any demands from the public sector on the organisation in terms of requirements for their CSR strategies?
iv. Does the sector have the capacity to face the challenges posed by CSR implementation?
v. Can it sustain the CSR initiative?

Specific aim of this study would be to proffer ways of boosting CSR strategy effectiveness of The case company through advocating for a better public sector

\private sector partnership and in doing this, it would look at the relevance of the public sector in terms of promoting a healthy CSR agenda.
This study would also analyze the role of the public sector in the development and implementation of the CSR strategy in Nordea Bank and finally it will suggest ways of improving the synergy of the two sectors while highlighting what both parties stand to gain through the effective implementation of the partnership model

1.3 Content of Chapters

The first chapter starts with an introduction into the intendd line of argument percieved as a problem that needs to be solved or explained.
This is then followed by the problem formulation where the research question is formulated along the proposed argumentative line.

The second chapter will talk about the methodology employed in the project and arguments to support the particular choice.it will also talk about the data collection methods employed and the intended form of analysis.

In concluding the second chapter ,the assumptions made will be discussed ,so also will the limitations encountered in the project and finally the delimitation of the project will be discussed.

The third chapter gives an overview of what CSR is all about,talking about the history,its development over time.it will also talk about the various types and classification that exists,its reporting and also the codes and regulation that guides its implementation

The fourth chapter will discuss the intended theoretical framework which will serve as the foundation on which the whole project rests. The intended theory is the stakeholder theory and takes a point of departure from stakeholder identification and salience as the actual basis of analysis.

The fifth chapter will look at the case company which in this case is Nordea Bank ,its history, its organisation structure and operations, it will then proceed to look at the bank and its CSR initiative and strategies.the chapter will also look at Danske Bank as a form benchmark in terms of CSR as a preparation for a comparative analysis in the proceeding chapter.

The sixth chaper will deal with the analysis of the bank based on the theoretical framework adopted and the data collected in the methodology.
The final chaper will give the conclusions and recommendations based on the result of the analysis.it will also contain the references and appendix of the project.

Chapter

2

Methodology

This chapter will focus on the research design as well as the assumptions and limitations of the project. According to Yin (2003), a research design can be seen as a logical plan that links an initial set of questions to be answered to some set of conclusions. This design will not only indicate what type of data to collect but also indicates what would be done with the collected data.

2.0 Research design

According to Yin, 2003, research design is the logical sequence that connects the empirical data to a study's initial research question and ultimately to its conclusion.
The question of "Why do Companies not actively engage the public sector in developing and implementing the CSR agenda, How can it actively involve the Public sector and what does it stand to gain from this synergy? " can most effectively be tackled by looking at a representative 'case'. A case study as a methodology can be used to contribute to the knowledge of individuals, groups, organisations, social and political phenomena (Yin, 2003) as is the purpose of this project.

The case study method which is defined as "an empirical inquiry that investigates a phenomenon within its real-life context" and is said to " involve an in-depth, longitudinal examination of an event: a **{** HYPERLINK "http://en.wikipedia.org/wiki/Case" \o "Case" **}**. They provide a systematic way of looking at events, collecting **{** HYPERLINK "http://en.wikipedia.org/wiki/Data" \o "Data" **}**, analyzing **{** HYPERLINK "http://en.wikipedia.org/wiki/Information" \o "Information" **}**, and reporting the result"

Although in the preceding a paragraph a general description of the case study is given,but due to the several constraints such as time and resources it becomes necessary to make a choice of what type of case study that will be suited for this project and for this project,the preferred choice would be the single case

exploratory(revelatory) case study which firstly fulfills one of the reasons for a case study which is contributing to our knowledge of individuals,groups or related phenomena(Yin,2002).
The choice of a single case is backed up by several rationals but of most relevance to this project is the fact that it the case under study is reperesntative of a noticeably common phenomena,According to Yin,2002, the objective is to capture the circumstances and conditions of a commonplace situation which in this case is why the public sector is not accorded its significant relevance in the development of CSR strategies by private firms.

The choice of a single unit of analysis leads to the question of generalisation, for example ,would it be possible to generalise, the result from say, the banking/finance sector to other sectors or say from one country to another.
The researcher in this case found that in relation to the practice of CSR it is virtually impossible to make a generalization based on the fact the practice of CSR varies based on several factors among which include the sector within which the firm operates and most importantly on the institution where the firm is located (Crane and Matten,2005),this means that what works probably in the scandinavian countries may not necessarily work in other parts of the world.
In trying to resolve this issues,it was discovered that the best way to go about it is to generalize the findings to a theory as suggested by Yin(Yin,2002) where he states that case studies like experiments, are generalisable to theoretical propositions and not to populations or universes, the goal will be to expand and generalize theories. An example is given of Jane Jacobs(1961) in her book,*The Death and Life Of Great American Cities* where the book was based on the experiences in New York City ,but according to Yin,instead of her reflecting the the Single experience of New York,it covered broader theoretical issues in urban planning(Yin,2002).
This concept would be replicated in the context of this project vis a vis generalizing the findings to a theory which would as much as possible make the project applicable across various sectoral and geographical divides.

2.1 Data Collection and analysis

Empirical research methods are mostly divided into two categories namely: quantitative and qualitative. The quantitative approach involves numerical data or information relating to measurable variables, while the qualitative approach is characterized by describing and understanding the phenomena from a researcher's point of view. Qualitative methods are often associated with case studies (Yin 1994).

The method adopted in this study in data collection and processing is to employ a Single case study. Based on this purpose, the study is mainly qualitative rather than Quantitative.

The reliability and validity of the result of a research can be influenced by the method adopted to collect data. Also, sources for data collection can be either primary or secondary and there are said to be six different sources for data collection, namely: documents, interviews, verbal interviews, archival records, direct observation, participant-observation and physical artifacts (Yin, 1994).

For this study, the primary sources of data collection used is an interview with case company's personnel who is the group compliance manager of Nordea Bank , while secondary sources of data collection has been obtained from literature review of existing documents and annual reports of Nordea Bank CSR activities The analytical framework developed would be combined with the data collected to come out with an analysis of the findings obtained.

The strength of a case study lies in the ability to utilize multiple sources of evidence, which will be triangulated using the data triangulation method; this is to strengthen the reliability of the project.

The method of citation used for reference is the Chicago style manual (2003) and the choice of reference style adopted is the Author-date system.

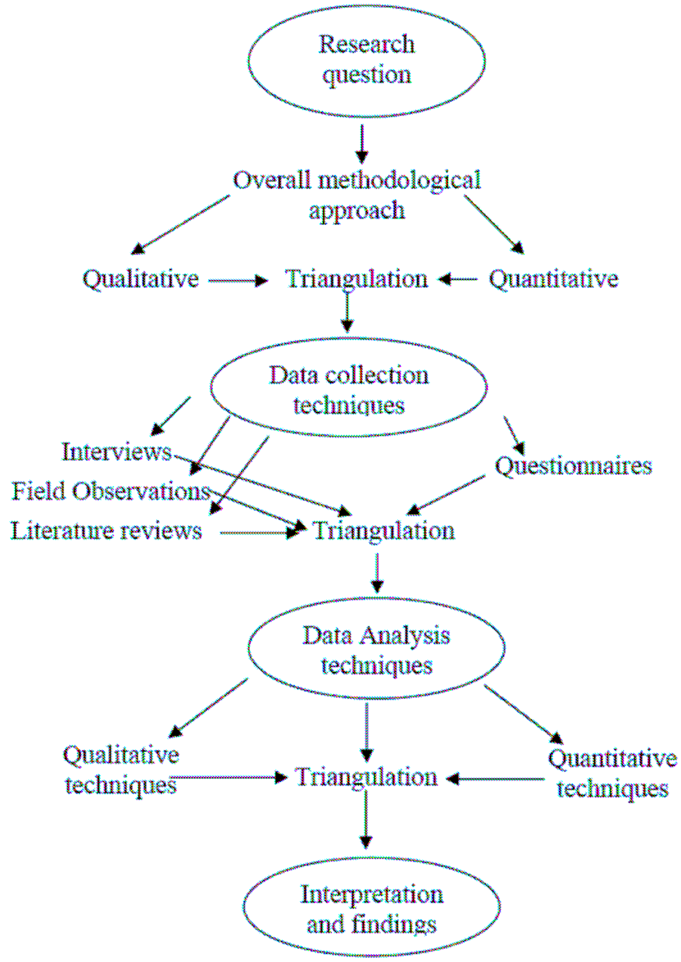


Fig 2.1 A summary of the features found in the research design (Brain white 2002,pg 28)

2.2 Limitations to the study

- There is the limitations of companies in the financial sector that carry out an extensive practice of CSR apart from the case company chosen

2.3 Assumptions and delimitation

This project is delimited to one single organization in the financial sector that has a relatively high social impact on its immediate environment through its day-to-day operations. This is with the assumption that it could serve as a representation of similar organisations both in the financial sector and beyond.

It is also assumed that at the end of the project the report would serve as as a catalyst to a process of change vis a vis the inclusion of the public sector in the CSR agenda of the case company and other similar companies.

Chapter

3

Corporate Social Responsibility

3.0 Historical and Institutional perspectives

Defining what Corporate Social Responsibility is a rather daunting exercise, this is because it is regarded as a fluid concept as postulated by Werther et al and is said to connote different meanings to different people and across different geographic and economic divides.

Over times several nomenclatures and terminologies have been used to put a name on it, some of which are Corporate Responsibility, Corporate Citizenship, Business Responsibility, and Corporate community engagement e.t.c
Some theorists have gone ahead to define Corporate Social Responsibility, for example some say it "the broad concept that businesses are more than just profit seeking entities, and therefore also have an obligation to benefit society"

In quoting South China Morning post of 2002 on Corporate Social Responsibility, it says the notion of companies looking beyond profits to their role in society is generally termed Corporate Social Responsibility, it portrays a company linking itself with ethical values, transparency, employees relations, compliance with legal requirements and overall respect fro the communities in which they operate.

It should however be noted that definitions of Corporate Social Responsibility have evolved over time based on perspectives of alternative cultural, legal and political assumptions of the roles and responsibilities of the firm.

This is shown in the table below

Table 3.1 ***Sample of evolving definitions of Corporate Social Responsibility***

Source	**Definition**
Bowen(1953)	The social responsibilities of businessmen refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of objectives and values of our society
Friedman (1970)	The social responsibility of the firm is to increase profits
Davis (1979)	Corporate Social Responsibility refers to the forms consideration and response to issues beyond the narrow economic, technical and legal requirement of the firm
Carroll (1979)	The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time
Jones (1980)	Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond what is prescribed by the law and union contract
Epstein (1987)	Corporate social responsibility relates primarily to achieving outcomes from organisational decisions concerning specific issues or problems which (by some normative standards) have beneficial rather than adverse effects on pertinent corporate stakeholders. The normative correctness of the products of corporate actions have been the main focus of corporate social responsibility
Wood (1991)	The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities, therefore, society has certain

	expectations for appropriate business behaviors and outcomes
Brown and Dacin(1997)	Corporate Social Responsibility is defined as company's status and activities with respect to its perceived societal or at least stakeholder obligations
Matten and moon (2004)	Corporate Social Responsibility is a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability and environmental responsibility .it is a dynamic and contestable concept that is embedded in each social, political, economic and institutional context

(Source Corporate Social Responsibility by Andrew Crane &Dirk Matten)

The table reiterates the fact that the path towards these definitions have not exactly been a technical exercise in describing what corporations do (Crane & Matten (2005) but more of a normative exercise in describing what corporations should be responsible for in society or even an ideological exercise in describing how the political economy of society should be organized.

Corporate Social Responsibility is all encompassing in its effects on a firm and according to Carroll (1979) in his four part conceptualization of Corporate Social Responsibility, the company does not only consist of economic and legal obligations, it also comprises of ethical and discretionary responsibilities.

Based on these assumptions he developed what is referred to as the pyramid of corporate social responsibility.

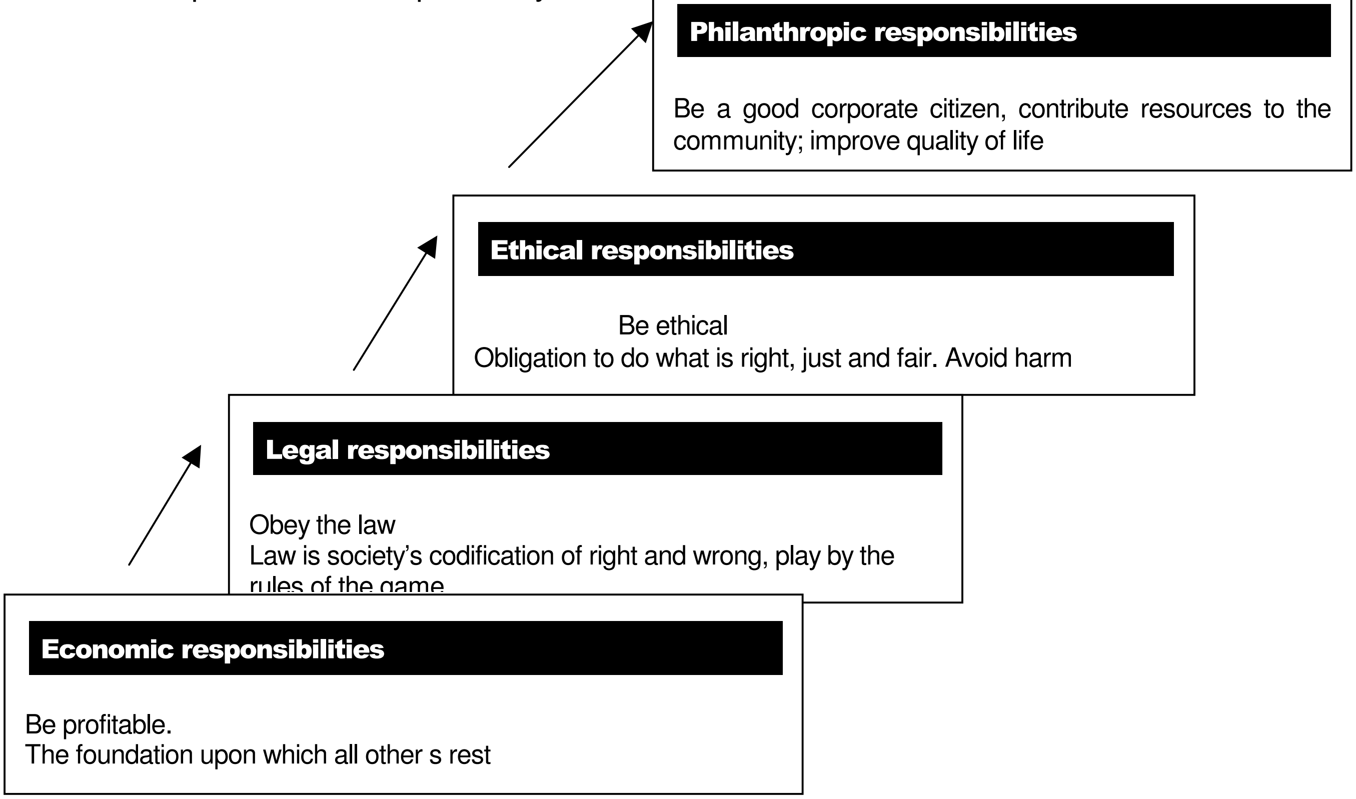


Fig3.1: the pyramid of corporate social responsibility (Adapted from Carroll's pyramid of CSR)

The pyramid shows the four components or responsibilities that make up the total Corporate Social Responsibility starting with the economic responsibility which is portrayed as the building block followed by the legal responsibilities where business is expected to obey the law as this is society\s way of endorsing acceptable behaviour.

Next is the ethical responsibilities, which is the firms obligation to do what is right, just and fair to avoid or minimize harm to stakeholders and finally, business is expected to be a good corporate citizen in terms of philanthropy for example contributing financial and human resources to the community and improving the quality of life

Carroll suggested that a total Corporate Social Responsibility is constituted by four major responsibilities namely

Economic, Legal, Ethical and Philanthropy

Each has its major characteristics as highlighted in the table below

Table 3.1 The four components of Corporate Social Responsibility as conceptualized by Carroll (Source: Archie B. Carroll,)

Economic responsibilities	***Legal responsibilities***
1. It is important to perform consistent with maximizing earnings per share 2. it is important to be committed to being as profitable as possible 3. it is important to maintain a strong competitive position 4. it is important to maintain a high level of operating efficiency 5. it is important that a successful firm be defined as one that is consistently profitable	1. it is important to perform in a manner consistent with expectations of government and law 2. it is important to comply with various federal, local, and state regulations 3. it is important to be a law abiding corporate citizen. 4. it is important that a successful firm be defined as one that fulfills its legal obligations. 5. it is important to provide goods and services that at least meet minimal legal requirements
Ethical responsibilities	***Philanthropic responsibilities***
1. it is important to perform in a manner consistent with expectations of societal and ethical norms. 2. it is important to recognize and respect new or evolving ethical /moral norms adopted by society. 3. it is important to prevent ethical norms from being compromised in order to achieve corporate goals. 4. it is important that good corporate citizenship be defined as doing what is expected morally or ethically 5. it is important to recognize that corporate integrity and ethical behaviour go beyond mere compliance with laws and regulations.	1. it is important to perform in a manner consistent with philanthropic and charitable expectation of society. 2. it is important to assist the fine and performing arts. 3. it is important that managers and employees participate in voluntary and charitable activities within their local communities. 4. it is important to provide assistance to private and public educational institutions. 5. it is important to assist voluntary those projects that enhance a community's quality of life.

It would be noteworthy to mention that what is referred to as a complete CSR based on this hierarchy is subjective, this is due to the fact that CSR as a concept is subjected to geographical interpretations for example a company operating in asia may operate with an ethical standard which might be acceptable in its location but not acceptable elsewhere based on what their own definition of “ethical” is. But as much as possible this project is limited to Denmark where there is to a large extent a clear-cut delineation of what these responsibilities are.
In summary and in the context of this project I would like to tow the line of Carroll stating that a total Corporate Social Responsibility is comprised of all the fore discussed responsibilities which in its implementation at times results in tension between responsibilities, it can therefore be inferred that a successful Corporate Social Responsibility framework would involve the resolution of all tension and conflicts to arrive at a mutually acceptable implementation of all responsibilities.

3.1 Approaches to Corporate Social responsibility

Approaches differ on firms choice of Corporate Social Responsibility strategies and proponents have tried to classify these choices based mostly based on geographical contexts. Authors such as Morsing et al,(2005) have talked about the Danish approach in its comparison to the American version. Others have identified the differences between the continental European and the Anglo Saxon approaches.

In their comments on the American approach to Corporate Social Responsibility, Morsing et al (2005) speaks of a Corporate Social Responsibility practice that emphasizes Corporate Social Responsibility as a competitive advantage, making it a locus of distinction with an emphasis on the individual corporation. While the continental defined approach is one in which the Corporate Social Responsibility is embedded in the regulatory and institutional framework and in which case Corporate Social Responsibility is of less concern to companies.

It should be noted here that the Danish system (the object of this study) falls within this latter category of institutionally embedded Corporate Social Responsibility and are most times lacking in visibility Morsing& Thyssen, (2006)

In the overall context of the aforementioned distinctions between Corporate Social Responsibility approaches, there seems to be a clear delineation into 2 categories namely the Implicit and the Explicit Corporate Social Responsibility Matten & Moon (2004)

Explicit Corporate Social Responsibility refers to corporate policies that lead companies to assume responsibility for selected areas of interest to society. It is said to involve voluntary, self interest driven policies, programs and strategies of corporations to address issues perceived by the company or its stakeholders as part of their social responsibility Matten& Moon, (2004)

Morsing et al (2006), stated that explicit Corporate Social Responsibility represents a specific focus on the corporation and hence emphasizes the imperatives and drivers for social responsibility that corporations can deploy. The focus of this model of Corporate Social Responsibility is encouraged not only by the corporations themselves but also by other business drivers such as public policy and government ideology, business associations and social representatives.

Implicit Corporate Social Responsibility on the other hand refers to a country's formal and informal institutions through which the Corporations' responsibility for society's interests are agreed and assigned to corporations Matten& Moon, (2004). In this form of Corporate Social Responsibility, the corporation is expected to address issues, which are perceived as appropriate and reasonable based on the society's norms and values and enforced by social, economic and political interests.

Implicit Corporate Social Responsibility is embedded in the business –society-government relations within a political system in a way that is defined as state defined. This form is prevalent in the Scandinavia and by association Denmark. Explicit and implicit Corporate Social Responsibility both deal with social issues in the relations of companies and stakeholders.

Chapter

4

Theoretical Framework

This chapter focuses on the theory that would be used to explain the organizational framework of the case company. The use of the selected theory, would not only serve to establish the validity/reliability of the research, but also provide a framework for a thorough analysis of the internal organization as well as the external influences on the company. This analysis will thus serve as guide to unveil the underlying factors that have contributed to the non-inclusion of the public sector in the CSR agenda of organisations.

Proponents of active CSR propose practices built around stakeholder analysis and engagement, including understanding stakeholder aspirations and needs and then communicating with and interacting with stakeholder groups (Moir, 2001). Doing this requires the use of the stakeholder theory.

The stakeholder theory of the firm is used as a basis to analyse those groups to whom the firm should be responsible .The firm in this context can be likened to a series of connections of stakeholders that the managers of the firm attempt to manage (Freeman, 1984)

According to Garriga & Mele, (2005), the most recent theories to support the concept of CSR are basically focused on four areas, namely;

1 Meeting objectives that produce long term profits
2 Using business power in a responsible way
3 Integrating social demands and finally
4 Contributing to a good society by doing what is ethically correct

With the myriads of views expressed as to what CSR really means, Garriga & Mele in their research saw the need to delineate these theories in search of a common theoretical grounding for the explanation and classification of the CSR phenomena. With this as a backdrop four major groups were identified.

The first is referred to as the instrumental group, where in this group the corporation is seen as an instrument for wealth creation and this implies its whole social responsibility.

The consideration in this group is the economic aspect of the interaction between business and society.

The second group is the political theory, which emphasizes the social power of the corporation vis a vis its relationship with society and its responsibility in the political arena.

The third group is the integrative theories, which according to Garriga and Mele emphasizes the fact that business depends on society for its continuity, growth and existence

The last is the ethical theories which postulates that the relationship between business and society is embedded with ethical values

It should however be noted that the classification of the group of theories arose out of the hypothesis that the theories and their approaches are reflections of aspects of social reality i.e economics politics, social integration and ethics which are all easily observable in any social system

The table below gives detailed insights into the previously explained group classifications

Table 4.1 CSR theories and related approaches

Types of theory	Approaches	Short description
Instrumental theories (focusing on achieving economic objectives through social activities)	Maximization of shareholder value Strategies for competitive advantage Cause related marketing	Long term value maximization • Social investments in a competitive context • Strategies based on the natural resource view of the firm and the dynamic capabilities of the firm • Strategies for the bottom of the economic pyramid Altruistic activities socially recognized used as an instrument of marketing
Political theories (Focusing on a responsible use of business power in the political arena)	Corporate constitutionalism Integrative social contract theory Corporate citizenship	Social responsibilities of businesses arise from the amount of social power that they have Assumes that social contract between society and business exists The firm is understood as bring like a citizen with certain involvement in the community
Integrative theories (focusing on the integration of social demands	Issues management Public responsibility Stakeholder management Corporate social performance	Corporate processes of response to those social and political issues may impact significantly on it Law and the existing public policy are taken as a reference for social performance Balances the interests of the stakeholders of the firm Searches for legitimacy and processes to give appropriate responses to social issues
Ethical theories (Focusing on the right thing to achieve a good society)	Stakeholder normative theory Universal rights Sustainable development The common good	Considers fiduciary duties towards stakeholders of the firm .its application requires reference to some moral theory (Kantian, utilitarian, theories of justice e.tc Frameworks based on human right. Labor rights and respect for the environment Aimed at achieving human development considering present and future generations Oriented towards the common good of the society

Source: CSR theories: Mapping the territory by Garriga and Mele)

From the table above it can be seen that all the mentioned theories have a sphere of influence that is virtually all encompassing in the society as supported by Rome (2005) who pointed out that every country's approach to CSR encapsulates a series of different element; political and institutional structures, political style and structure; emphasis on voluntary approach or acceptance of state guidelines and control; local and national views of the role of companies and the kind of educational systems and values it transmits ;what is expected of their leaders and historical traditions. These factors has led companies to be increasingly aware of the need to formulate their own approach to CSR in such a way that may lead to rethinking the role of companies in society that takes governance and sustainability as its core values Albareda et al (2005).

It can be inferred from the earlier paragraphs that in the CSR agenda, the major players are the Companies and the Government, with both working to have a positive impact on the society based on expectations what their responsibilities are or should be.
This reiterates the need for a collaboration between the companies and the government as it is hardly possible that either the company or the public sector can pursue the CSR agenda alone Morsing et al (2006) and Munkelien et al (2005) who stated that success in CSR implementation will only come from a growing capacity to bring their individual institutional expertise to bear in a joint development of CSR.

The figure below shows a scenario of what can be achievable by the cooperation between the government and companies and what could also be the result if there a lack of cooperation

Table 4.2 Initiatives on CSR

	Government (Public Sector)		
Company		***Absence of strategy***	***Encouragement of CSR***
	Absence of strategy	Lack of initiatives	One way public initiatives on control
	Development of CSR frameworks	Individual corporate initiatives	Shared vision, public initiatives to facilitate and combine resources (dialogues, partnership and networks)

(Source: Albareda, Ysa, Lozano, 2006)

From the table it would be seen t hat the best result is obtained in a scenario where there is contribution from both the Company in terms of development of CSR frameworks and the government in terms of Encouragement of CSR in other words a development of partnership model between the two parties.

This partnership is given legitimacy from the standpoint of organisations considering the public sector as a *stakeholder* whose demands are also considered in its pursuit of its organizational goals.

Stakeholders are defined as individuals or groups with legal, economic, moral or self perceived opportunity to claim ownership, rights or interests in a firm and its past, present or future activities Clarkson (1995) and under any definition within the stakeholder perspective, organisations are required to address a set of stakeholder expectations; thus management choice is a function of stakeholder influences. Brenner & Cochran (1991).

The existence of stakeholders is a consistent dimension in all organizational life, and therefore difficult to discount in any organizational model Rowley (1997), theorists therefore use stakeholder ideas to support their arguments.

Using the stakeholder approach as a theoretical basis involves identification and understanding of relevant stakeholders, it therefore follows that there is a need for classification scheme for categorizing stakeholders according to the type of influence they exert on the Organisation Rowley (1997). Based on research on this line several schemes exist, including Carroll's (1989) environmental sorting and primary and secondary classification; Freeman's (1984) internal and external change distinction, but of relevance to this project will be the choice of earlier method (Carroll's).

Clarkson, (1995,p.106) defines a primary stakeholder as one without whose continuing participation the corporation cannot survive as a going concern" with the primary group including "shareholders, and investors, employees, customers and suppliers, together what is defined as the public stakeholder group, the government and communities that provide infrastructures and markets, whose laws and regulation must be obeyed and to whom taxes and obligations may be due while the secondary stakeholders is defined as 'those who in the past, present or future influence or might be influenced by the firms operations without being directly engaged in transaction with the firm in question and thus are not essential for its survival Madson & Ulhøj, (2000)

Carroll, (1989) used stakeholder approach explicitly as a framework for organizing business and society topics and his research was furthered by the works of Brenner and Cochran (1999), whose efforts also led other researchers to realize that the stakeholder model could potentially explain and guide the structure and operations the established corporation Donaldson& Preston, (1995), Rowley (1997) leading to others like Hill and Jones, (1992) treating the stakeholder construct as the foundation for the business and society field ,which makes the theory of high relevance to the this study.

The theory's descriptive angle is emphasized by Brenner and Cochran, who argued that a stakeholder theory of the firm should describe and predict how organisations will operate under various conditions. Brenner& Cochran (1991). Which in this case is how the case company can actively engage the public sector in its CSR agenda.

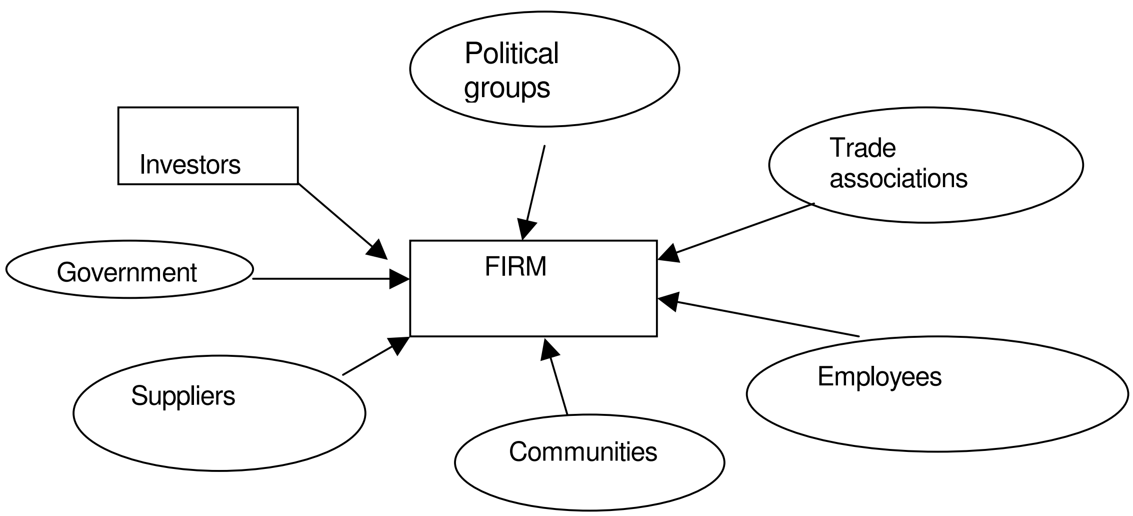
The Stakeholder theory encapsulates a majority of the properties of the previously discussed classification of CSR theories listed theories

To support the choice of this theory is the fact that business are economic activities that exists to meet needs in the society and further the financial interests

of the owners, it is argued that the most effective way of achieving this is by considering the needs and values of the key stakeholder groups because they can affect the success, even survival of the business.
Also it has been established that without sufficient stakeholder interests in CSR behaviour; corporations have less incentive to embrace CSR. (Freeman, & Velamuri, (2006).

The notion of stakeholders is now a well-grounded practice especially in modern business Donaldson & Preston, (1995) and its consideration is largely geared towards avoiding the risk of losing legitimacy societally Morsing et al (2006).
The process of identifying and coupling the stakeholders aspirations with the operations of the firm is the very essence of stakeholder theory leading to the formulation of what is referred to as the stakeholder model of the company as represented in the figure below

Figure 4.1 The stakeholder Model (Adapted from the stakeholder theory of the corporation)



From the figure above it can be seen that it is virtually impossible to divorce the stakeholders from CSR a fact the European Commission emphasised this link in its report defining CSR as a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with their stakeholders on a voluntary basis (EU Commission, 2001. p6)

Stakeholder theory as a framework emphasizes the importance of engaging stakeholders in long term value creation, Morsing et al, (2005) and in the words of Andriof et al, it (stakeholder theory) is regarded as a process whose perspective focuses on developing a long term mutual relationship rather than simply focusing on immediate profit but at the same time not undermining the importance of profit making.

The core of stakeholder theory according to Donaldson and Preston is based on two major ideas namely.

1 Stakeholders are persons or groups with legitimate interests in procedural and substantive aspects of corporate activities

2 The interests of all stakeholders are of intrinsic value i.e each group of stakeholder merit consideration for its own sake and not merely because of its ability to further the interests of some other groups

The theory also emphasizes the need for companies to move from focus on stakeholders being managed by companies to a focus on the interaction that companies have with their stakeholders based on a relational and process oriented view (Andrioff and Waddock, (2002 p.19) meaning an increased understanding of how managers not only manage stakeholders but relationships with them.

According to Andrioff et al, stakeholder relationships in this processional perspective are then a source of competitive advantage a fact corroborated by Dyer& Singh, (1998) where he states that *"companies with strong relations to other organisations, institutions and partners are seen to be in a better position to develop relational rent through relational specific assets, knowledge, knowledge sharing routines, complementary resource endowments and effective* governance" and one of the ways of achieving this is through the implementation of CSR. This would be the second hypothesis that would be tested in this research

According to Rowley, (1997) the stakeholder theory centers around two related streams namely;

1. Defining the stakeholder concept and
2. 2. Classifying stakeholders into categories that provide an understanding of individual stakeholder relationships

   The second point, which deals with the classification of the stakeholders, would be the centerpiece of the analysis and the framework that would be used is the one developed by Mitchell et al, 1997. This analytic framework is shown in the table below

Table 4.3 Key construct in the theory of stakeholder identification and salience (source Mitchell, Agle and wood (1997)

Construct	Definition	Sources
Stakeholder	Any group or individual who can affect or is affected by the achievement of the organisations objectives	Freeman, 1984;Jones, 1995; Kreiner& Bhambri, 1998
Power Bases	A relationship among social actors in which one social actor, A can get another social actor, B to do something that B would not have otherwise done Coercive- force or threat Utilitarian- material /incentives Normative- symbolic influences	Dahl, 1957 ;Pfeiffer ,1981 Weber, 1947 Etzioni,1964
Legitimacy Bases	A generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, definitions Individual Organisational Societal	Suchman, 1995; Weber 1947 Wood, 1991
Urgency Bases	The degree to which stakeholder claims calls for immediate attention Time sensitivity- the degree to which managerial delay in attending to the claim or relationship is unacceptable to the stakeholder	Original builds on the definition from the Merriam –Webster dictionary Eyestone, 1978; wartick&

	Criticality-the importance of the claim or relationship to the stakeholder	Mahon 1994 Hill& Jones 1992, Williamson, 1985
Salience	The degree to which managers give priority to competing stakeholder claims	Original builds on the definition from the Merriam –Webster dictionary

There are 3 aspects to the stakeholder theory Donaldson &Preston, (1995) namely the descriptive/empirical, the instrumental and the normative which each of these aspects or attributes quite different but mutually supportive.

The first attribute of the theory (***descriptive***) presents a model describing what the corporation is which is in term of the corporation being a constellation of cooperative and competitive interests possessing intrinsic value.
Looking at this attribute in terms of its relevance to the project will be the way it can or will be used to describe and sometimes explain specific corporate characteristics i.e the nature of the firm, its managerial thinking and interests e.t.c. It will also be used to reflect and explain, the past, present and future states of affairs of corporation and their stakeholders.

The second attribute is the ***instrumental***, which establishes a framework for examining the connections between the practice of stakeholder management (which in this context is defined as the way a firm takes into consideration stakeholder interests in its operations.) and the achievement of various corporate performance goals (Donaldson &Preston, 1995)
The approach tests the popular notion that firms that practice stakeholder management are more successful than those companies who do otherwise.
For the purpose of this project, the relevance of this attribute will be tested in terms of making a connection between stakeholder approaches and commonly desired objectives such as profitability .it involves several methodologies that may include direct observations or conventional statistical methodologies.

The third aspect or attribute is what is referred to as the ***normative***, which is regarded as the fundamental basis stakeholder theory and is said to involve the acceptance of the ideas of Donaldson& Preston already listed previously.
This aspect of stakeholder theory attempts to interpret the functions of and offer guidance about investor owned corporations on the basis of some underlying moral or philosophical principles and tilts strongly to the side of ethical behaviour as a result of long standing principles

Of no less importance is the fourth aspect which most times is rarely mentioned but would be of importance to this project is the fact that the stakeholder theory is also managerial in the sense that it does not simply describe existing situation or predict cause effect relationships Donaldson& Preston (1995) it also recommends attitudes, structures and practices that take together constitute stakeholder management
In this context stakeholder management requires as a major prerequisite, simultaneous attention to the legitimate interests of all appropriate stakeholders both in establishing organizational structure and general policies and in case by case decision making
Studies suggests an overlap of the 3 major aspects of the stakeholder theory as shown in the figure below

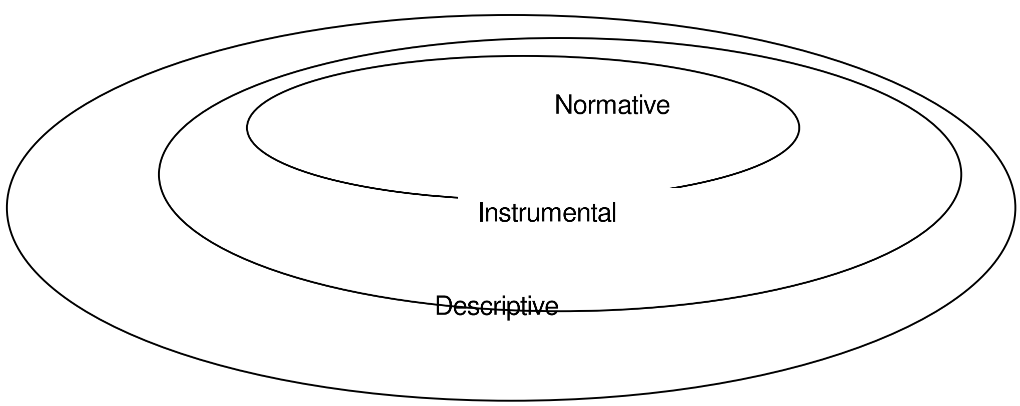


Fig 4.2 Three aspects of stakeholder theory

(Source: Donaldson& Preston, the stakeholder theory of the corporation)

From the figure, the external shell, which is the descriptive parts, represents the part that explains relationships that are observed in the external world. This part is supported by the instrumental and predictive shell in terms of causal effects such as if certain operations are implemented then certain outcomes is expected. Finally the central core of the theory, which is the normative aspect, is supported by the belief in the proposition that mangers and other agents act as if all stakeholder interests have intrinsic value, which is the fundamental basis of stakeholder management.

Chapter

5

Presentation of the case companies

This chapter focuses on the case companies, starting with a look at their operations, history and then the organisational management structure. it proceeds with a look at the working of CSR in the two organisations

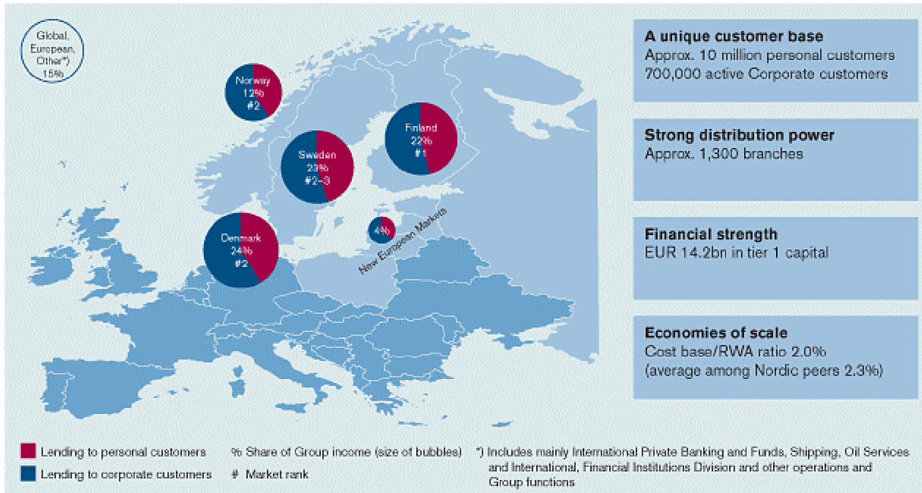
This sets the pace for a comparative analysis in the next chapter based on the chosen theoretical framework

Nordea Bank

Nordea is the largest financial services group in the Nordic and Baltic Sea region with a market capitalisation of approx. EUR 30bn, total assets of EUR 389bn. Nordea is the region's largest asset manager with EUR 157bn in assets under management. Nordea is a universal bank with leading positions within corporate merchant banking as well as retail banking and private banking. With approx. 1,300 branches, call centres in all Nordic countries and a highly competitive e-bank, Nordea also has the largest distribution network for customers in the Nordic and Baltic Sea region, including more than 180 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Nordea has approx. 10 million customers in the Nordic region and new European markets, of which 6.8 million are personal customers in customer programme and 0.7 million are active corporate customers.

Nordea – with an outstanding starting point



Gold customers, the most important personal customer segment, account for approx. one third of the customers in customer programme and are offered a complete range of products and services including a personal banker. Nordea has a clear emphasis on relationship banking with corporate customers and aims at becoming the house bank by combining Nordic resources and competences with local presence and – for large customers – by applying a customer team concept. Nordea pursues an organic growth strategy, with prudent risk management, and is well diversified. No geographical market accounts for more than one third of Nordea's total income. Nordea's total shareholder return (TSR) was 6.4% in 2007,only surpassed by two other banks in the European peer group. Since end of 2002, Nordea's accumulated TSR is 244%, also exceeded by two peer banks only. Return on equity was 19.7% in 2007, excluding nonrecurring items 19.1%. Nordea's long-term target is to double the risk-adjusted profit in seven years, with 2006 as the baseline.

On average, this requires a 10% annual growth. In 2007, the risk-adjusted profit increased by 15%. Following a successful transformation from four major national banks into one integrated cross-border financial services group, Nordea in 2007 embarked on the journey towards Great Nordea.

For the journey, Nordea in 2007 introduced three new corporate values: Great Customer Experiences, It's all about People and One Nordea team.

Nordea's formation Timeline

December 2001

All operations within the group conducted under the brand Nordea.

April 2001

Decision for ArosMaizels to change its name to Nordea Securities.

February 2001

Broad campaign to launch the name Nordea.

October 2000

The name of the new Nordic group - Nordea - is first presented. The name is the shortened form of Nordic Ideas.

October 2000

The Norwegian bank Christiania Bank og Kreditkasse was integrated into the Nordic Baltic Holding group. The Norwegian Banking and Investment Fund decided to sell its holdings in Christiania Bank og Kreditkasse to MeritaNordbanken at the price of NOK 49 per share.

June 2000

Flemings, the international asset management and investment group, and Aros Securities, the investment arm of Unibank A/S, decides to close down Fleming Aros. The company had been formed as an exclusive joint venture in November 1998. The investment banking activity conducted by Nordic Baltic Holding is in the future to be conducted under the name ArosMaizels.

March 2000

MeritaNordbanken and Unidanmark announce their intended merger, thereby creating the leading financial services group in the Nordic and Baltic Sea region, with stock market listings in Copenhagen, Helsinki and Stockholm. During a transitional period a corporate group subordinate to the holding company Nordic Baltic Holding conducts operations.

1997

Merita Bank merges with Nordbanken and forms MeritaNordbanken.

Nordea's formation was based on creating new possibilities. The possibilities of providing better financial solutions - better for the customer, better than the competitors, better than before - and to do this at lower cost and with higher quality.

This ambition is encapsulated in the group's mission statement: "Making it possible." This is about helping customers to achieve what they aspire to. The combined innovative strength and strong position in the Nordic region are vital success factors in this quest. Even the name is a reflection of this. Nordea stems from the combination of two words, "Nordic" and "Idea" - Nordic ideas. Since December 2001 all operations have been conducted under the brand name of Nordea.

Nordea today is the largest financial services group in the Nordic and Baltic Sea region. The strong Nordic base means that it can create fully integrate Nordic production and distribution networks, an essential part of its ambition to offer the best financial solutions.

Nordea is the clearest example of the structural change that has characterised the Nordic banking and insurance operations during the last decade. The change has been rapid and far-reaching. Indeed the landscape of the banking and insurance sectors has been transformed completely.

Corporate statement

The bank's whole essence can be represented like a building, which has a foundation, its building blocks and a roof. This is all encapsulated in its mission, vision, values and foundations all shown in the fig 1 below and explained further in the following paragraphs

Mission: Making it possible

Vision: To be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders.

Fig. 5.1 :|the essence of Nordea Bank

Values

Great customer experiences

We think and act with the customer in mind

We understand individual customer needs and exceed expectations

We deliver professionally

We create long-term relationships

It's all about people

We acknowledge that people make the difference

We enable people to perform and grow

We foster initiative-taking and timely execution

We assess performance in an honest and fair way

One Nordea team

We team up to create value

We work together across the organisation

We show trust and assume accountability

We make rules and instructions clear and applicable

Foundation

Profit orientation - cost, risk and capital

Organisational structure of Nordea Bank

The Nordea group is headed by the President, and Group CEO, he oversees the affairs of the bank, he is reported to directly by the group legal unit and the group management secretariat and strategy unit.

The group is further broken down into six operating units namely; Nordic Banking, Institutional and international banking, Group markets and savings, Banking products and group operations, Group corporate centre and finally group credit and risk control. The groups internal audit unit is also within the group but enjoys an autonomy

The Group's business organisation includes three customer areas:

Nordic Banking

Private Banking

Institutional & International Banking

In the bank, each customer area assumes the overall responsibility for the business relation with a customer or a customer group. Also The Group's business organisation includes two product areas, firstly. Banking Products which consists of the Account Products and Transaction & Finance Products and secondly Capital Markets & Savings which is comprised of Capital Markets Products,

Savings Products & Asset Management and also Life & Pensions

There are five Product Divisions in Banking Products and Capital Markets & Savings, which are responsible for the product and service delivery processes. Vital service and group functions are:

Group Operations

People & Identity

Group Corporate Centre

Group Credit & Risk Control

Group Legal

Fig 5.2: Integrated Group operating model:

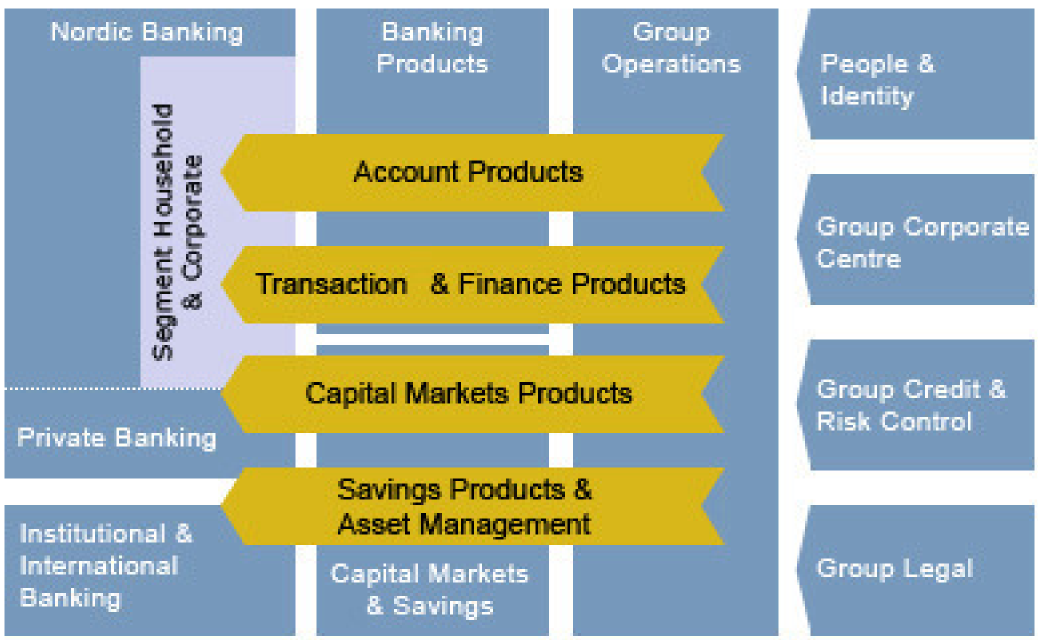
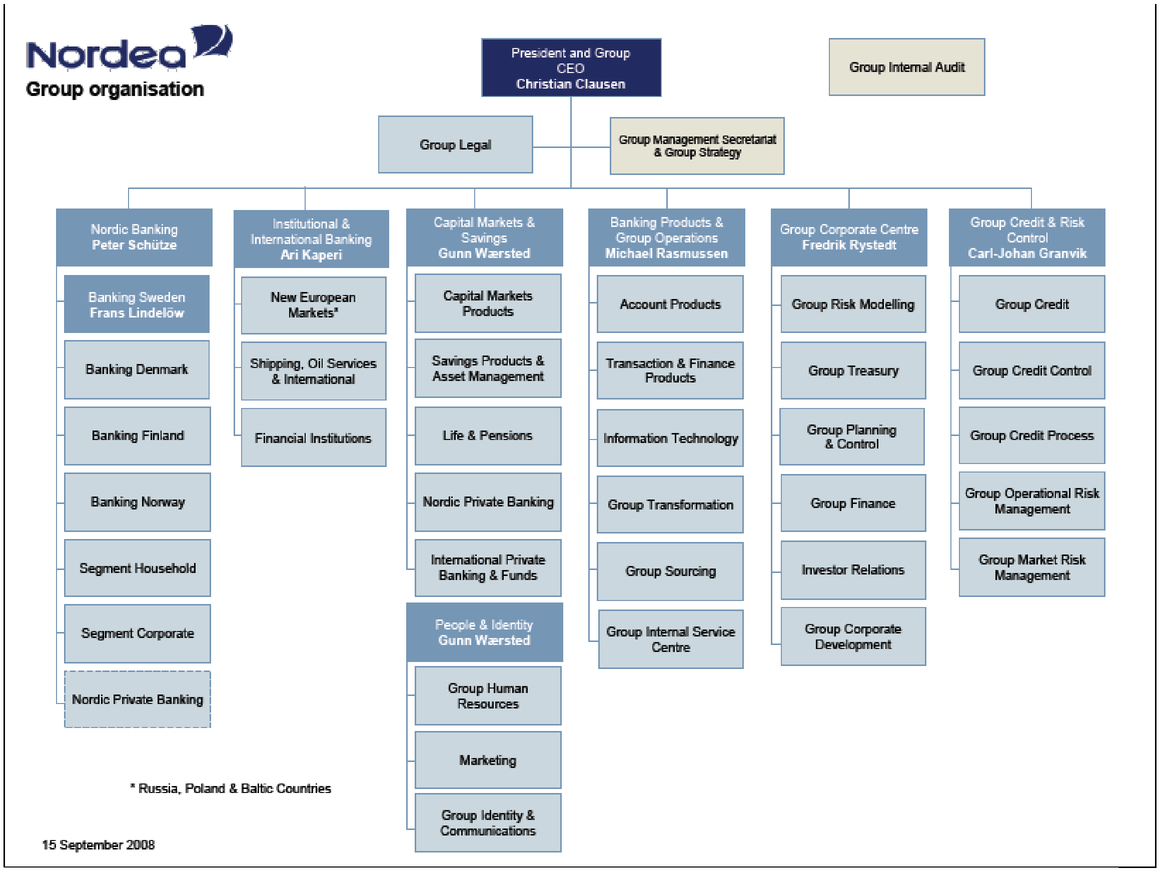


Fig 5.3: Organisation Chart of Nordea Bank



CSR in Nordea

According to the Nordea group, Corporate Social Responsibility is defined as a concept whereby a company maintains and enhances its relations with internal and external stakeholders that reach beyond just the purely financial performance of its business.

The expected end result in mind is trust, reputation and good business conduct (The Bank's definitions of Stakeholders are parties who hold an interest in the company and its activities that reach beyond the purely financial performance of the business.

Corporate Social Responsibility)

The Nordea brand is built on the two components Nordic Ideas, "which reflect very much what we are and want to be". Traditional values in the Nordic region are much focused on community, good citizenship and caring for people and the environment. These are the ideas that have been imbibed at Nordea and on which the cultural heritage built, and business developed on.

The journey towards the adoption could be noticed as far back as 2002, (SOURCE Nordea Bank Annual report) where at the period it was referred to as corporate citizenship and not reported explicitly. By 2005,it became, more pronounced and reported in the company's annual report and gained ground and better articulated up till the year 2007.

The CSR policy and procedure in the company is said to be a reflection of the group's business strategy and is designed to support its main business objective for example in 2007 there was an introduction of new Nordea values which translated into the initiation of a new CSR strategy.

The company also prides itself as a good corporate citizen and this embedded in its managerial thinking as evidenced in the fact that the Nordea corporate citizenship principle has served as the main standard of corporate citizenship since 2002

The main focus of Nordea's CSR is on business conduct and ethics and the reasons given this are;

a. A common set of value and behavioural guidelines is a core element in building a common corporate culture
b. Secondly is the issue of operational risks, which has lead to the development of a standard of business ethics to minimize such risks.

The bank is also involved in active contact with the larger society through the conduct of open and frequent dialogue with stakeholders.

In terms of CSR accounting, the company supports the United Nations Global compact, which is a set of ten principles for responsible business and the United Nations Environmental Program finance initiative. Also the bank is the first Nordic Bank to adopt the Equator principle. (The Equator principle is a global financial industry benchmark for determining, assessing and managing social and environmental risks in project financing.

In terms of concrete activities done regarding CSR the following activities have been carried out in the past year.

Nordea adopted the Equator Principles in February 2007

• Nordea (Savings and Asset Management units) signed the United Nations Principles for
Responsible Investments (UNPRI) in November 2007.

• An internal Social Responsible Investments (SRI) policy has been developed and is being implemented stepwise starting Q3 2007 by establishing operational procedures, organisation and partnering with third parties helping Nordea executing the strategy.

• Nordea is extending the scope of the tools for evaluating environmental risks in corporate lending also to assess social risk. The extended tools will be implemented during 2008. The extended scope is also reflected in the credit policy and strategy as well as in the credit instructions.

• A strategy process leading towards a new Nordea CSR strategy was initiated during the autumn. This work will continue throughout 2008.

Danske Bank

Although the Group's banking activities can be traced further back, the Danske Bank Group came into being, in legal terms, when it began to establish subsidiaries in the twentieth century and presented its first consolidated annual accounts in 1980. The Group began to look like the one we know today at the turn of the century when it developed new business areas. It is now one of the largest financial enterprises in the Nordic region and has a unique international banking concept.

1809 and 1873 – two important years

All of the Group's banking, insurance and mortgage finance units, which are currently supported by its shared IT platform, were established as independent businesses in the nineteenth century – Northern Bank (1809) being the oldest and Handelsbanken (1873) the youngest.

1970-1980 – expansion in Denmark and internationally

By 1975, the Group saw little scope for further expansion in Denmark. But the expanding export markets provided opportunities internationally, and the Group developed a new strategy. The first sign of this strategy was the opening of Danske Bank International in Luxembourg in 1976. The international expansion accelerated in the following decades with the establishment of more branches and subsidiaries.

1990 – liberalisation and growth through mergers in Denmark

Three banks, Handelsbanken, Provinsbanken and Den Danske Bank, merged in 1990 under the name of Den Danske Bank as a result of the liberalisation of Danish banking legislation. Knud Sørensen was appointed chairman of the Executive Board. He held this position until 1998 when he was succeeded by Peter Straarup.

The integration of the three banks' IT systems gave the Group a technological lead. It benefited from this position in the 1990s when IT operations were one of its major projects. The Group's financial performance improved from the middle of the 1990s, and the price of its shares saw an upward trend.

1990s – new business areas

The Group also developed new business areas in the 1990s. The purchase of Danica Pension in 1995 made the Group one of the largest life insurance and pension providers in Denmark. The Group strengthened its position as a market leader considerably when it merged with RealDanmark (BG Bank and the mortgage provider Realkredit Danmark) on January 1, 2001.

1997-2005 – increased international expansion

The Group introduced a new strategic concept in 1997: the Nordic region as its home market. The Group had been doing business with companies in northern Europe for many years, so it established branches in Oslo, Stockholm and Helsinki. The Group then acquired Östgöta Enskilda Bank in Sweden in 1997 and stockbroking companies in Norway, Sweden and Finland in 1998. The Group's purchase of Fokus Bank in Norway in 1999 also emphasised its Nordic strategy. Its international operations were further expanded in 2005 with the acquisition of National Irish Bank in the Republic of Ireland and Northern Bank in Northern Ireland.

2007 – Sampo Bank – Finland and the Baltic countries

The Group strengthened its position in the northern European markets again in 2007 with the purchase of Sampo Bank. The purchase included Sampo Pankki in

Finland as well as Sampo bankas in Lithuania (now: Danske bankas), Sampo Banka in Latvia (now: Danske Banka) and Sampo Pank in Estonia.

The management structure of Danske Bank

The Danske Bank Group is organised primarily into management, business areas and resource areas. The business areas include various divisions, with five resource areas supporting the activities in the business areas.
The organisation of the Danske Bank Group consists mainly of management and several business and resource areas.

Overall management structure

The Group's management comprises the following:
Board of Directors
Executive Board
Executive Committee
Internal Audit
Danish public limited companies have a two-tier management structure consisting of a board of directors and an executive board. In addition, the Board of Directors of the Danske Bank Group has also established an Executive Committee.
Board of Directors

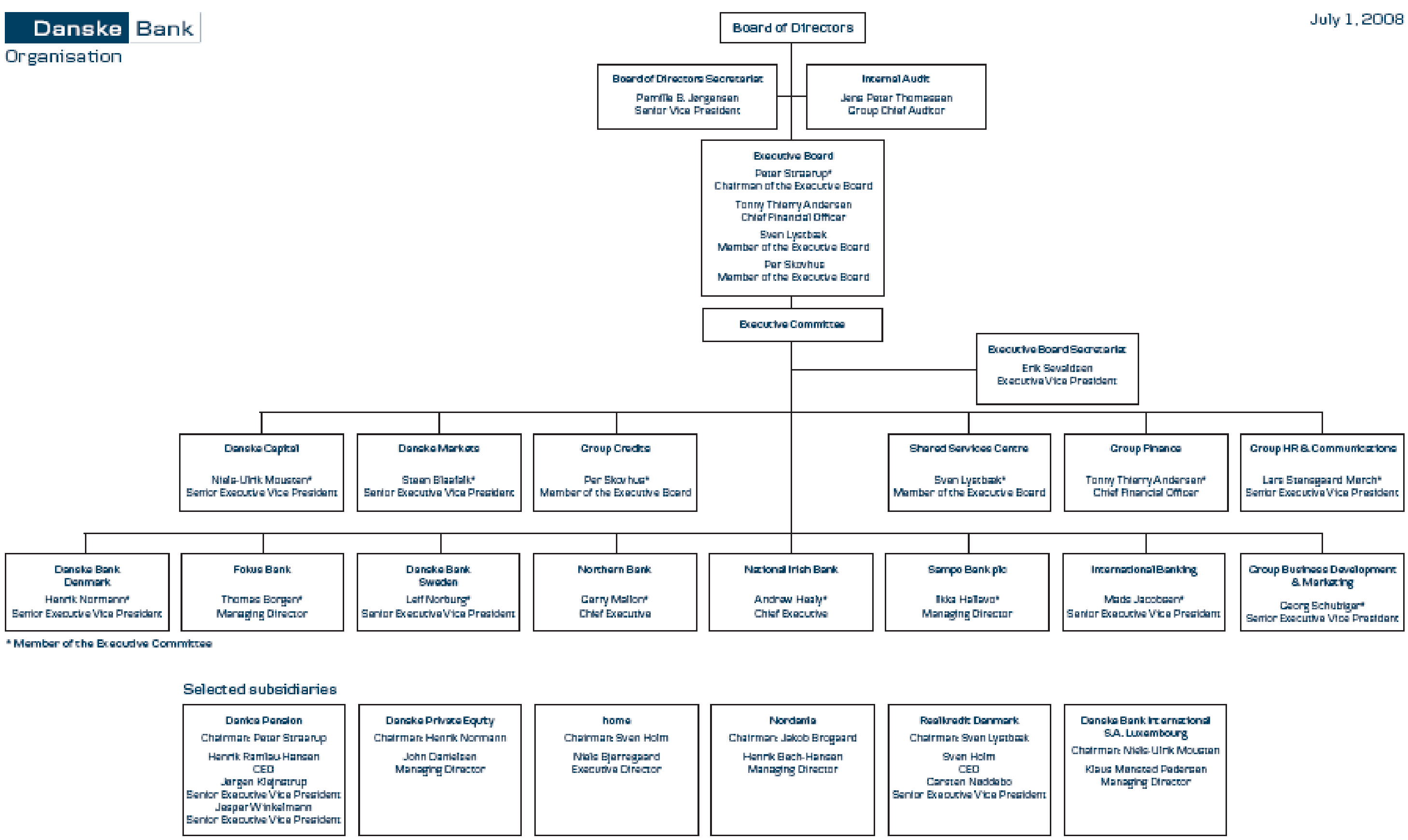
Board members are elected at the Annual General Meeting on the recommendation of a special nominating committee. Shareholders have the right to vote and can also nominate candidates. The Board of Directors consists of 15 members – five of whom represent the staff is responsible for ensuring that the Group's organisation is sound it is composed of members elected for two years, with re-election possible thereafter is elected by majority vote.
Executive Board

Members of the Executive Board may not sit on the Board of Directors. The Executive Board consists of five members is responsible for the day-to-day management of the Group is represented on the Executive Committee is appointed by the Board of Directors.

Executive Committee

The Board of Directors approves the Executive Committee. The Executive Committee has the Group's CEO as Chairman consists of 15 members is responsible for management across the Group consists of senior management from selected subsidiaries, business and resource areas.

Fig 5.4 *Organisational structure of Danske Bank*



Business areas in the group include the following:

Banking

Activities within life and pension insurance and mortgage finance

Activities in the financial markets – Danske Markets

Asset management activities - Danske Capital

Resource areas

The shared platform is developed and supported by the following resource areas:

Group Business Development
Shared Services Centre
Group HR & Communications
Group Finance
Fig 5.1: Organisational structure of Danske Bank

CSR In Danske Bank

The Danske Bank group defines Corporate social responsibility as the commitment to the society we are part of and our willingness to offer our stakeholder more than we are legally obliged to and they define their stakeholders as any individual or groups which can affect or are affected by the group, now or in the future. They are concerned with a range of issues related to the way business is run.

The Danske Bank Group's CSR policy is based on our five core values: integrity, commitment, accessibility, expertise and value creation.
Integrity - in business conduct and in dealings with the community at large
Accessibility - electronic and physical - in business and communications
Value creation - for shareholders, customers and employees
Expertise - through high standards of quality and professionalism
Commitment - to customers' financial affairs

In a diversified enterprise such as Danske Bank, the core values generate a common identity and ensure that customers co-operate with a well-defined business partner. The core values guide staff members in their daily work, and they are at the heart of value-based business operations and management. The core values also provide a mental focal point for daily business activities across the Group. In this way, they support the transition from rule-based to attitude-based behaviour anchored in the five core values.

The purpose of implementing the core values is to help the individual employee ensure that his or her decisions, efforts and actions towards customers and colleagues live up to the values.

Implementation involves a number of activities, for example the annual appraisal interview, core value checks and core value projects.
The manager of each area, often assisted by a core value project manager, is responsible for ensuring that employees know and use the core values. The Human Resources and Communications departments are responsible for advising on and supporting the process.
The companies in the Danske Bank Group all apply the core values in different ways.
The Group wants to ensure fair treatment of its stakeholders, minimise its negative impact on the environment and contribute to mutually favourable financial results based on social responsibility.

Customers`

The Danske Bank Group wants to establish a long-term and mutually beneficial relationship with each customer. In every context, the customer must be treated professionally and with respect. The Group will work to achieve high customer satisfaction ensure that existing and potential customers receive the best possible information about products, prices and terms set and comply with ethical guidelines regarding advisory services and customer relationships in general ensure that all customer groups have easy access to the Group's services

Employees

The Danske Bank Group wants to give everyone equal opportunities. The Group will work to give employees access to lifelong learning secure employees' ability to work.

- Ensure a reasonable work-life balance exercise responsibility concerning outsourcing, staff reductions and other activities related to the takeover of new companies
- Treat employees fairly and on the basis of transparent principles
- Continue to ensure that all employees are employed on collective agreement terms

- Maintain the best possible relations with employee organisations
- Recruit highly qualified employees and support the diversity of its staff and managers

Environment

The Danske Bank Group wants to minimise its impact on the environment and its environmental risks. The Group has adopted a separate environmental policy committing itself to a systematic approach to the treatment of environmental matters and the assessment of customers' environmental risks further enhancing environmental awareness among employees

The responsibility for the environmental policy is vested centrally in the organisation, and the intention is to report periodically to the public about the Group's environmental impact and its progress in the area.

Society

The Danske Bank Group’s main contribution to society is providing financial infrastructure that enables efficient financial solutions in the local communities in which the Group operates and by being an employer. We see it as our duty to be involved in our local communities, and we spend resources on active participation in their development – both culturally and socially.

The Danske Bank Group's efforts to make its expertise available and to contribute to the development of society are anchored in the Group's mission to be the best local financial partner and our sponsor universe, which consists of three main pillars: knowledge, culture and sports:

Knowledge: The Group wants to create a shared universe for its research, finance and investment expertise and the expertise of the worlds of politics, academia and culture. The object of joining forces is to inspire and generate new knowledge, creativity, innovation and growth.

Culture: The Group considers close ties between culture and business a strong asset for all stakeholders. We thus want to play an active part in the further development of the dynamics between cultural and corporate life.

Sports: The Group wants to support activities that give children and young people in particular the best possible conditions for pursuing an active and healthy lifestyle.

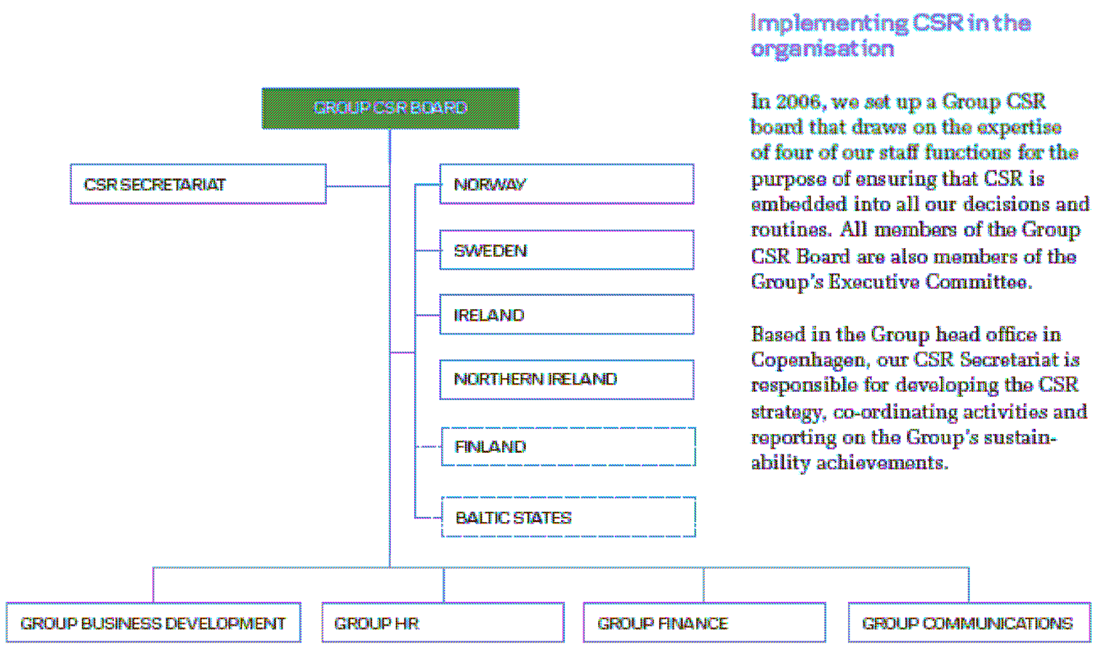
Responsibility for CR

This CSR policy has been adopted by Danske Bank's Board of Directors and applies to the entire Group. Danske Bank's CR Board monitors the drafting and implementation of the required business procedures. Compliance with business procedures as well as the basis for external reporting on CR-related matters is validated by the Group's Audit Department.

The Group will reassess its policy on an ongoing basis and will involve representatives from external stakeholder groups.

The group has a dedicated CSR secretariat Based in the Group head office in Copenhagen, the CSR Secretariat is responsible for developing the CSR strategy, co-ordinating activities and reporting on the Group's sustainability achievements.

Fig 5..5: The structure of CSR operations in Danske Bank



Initiatives of the bank regarding CSR in the preceding year include;

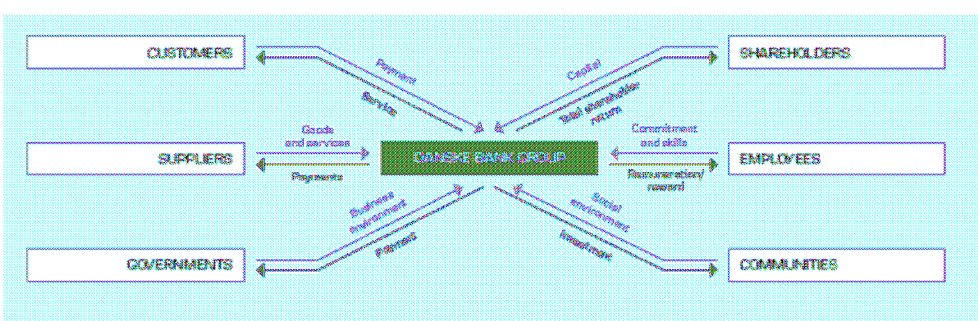
- Developed group CSR strategy for the next three years
- Joined the UN global compact
- Introduced stress management policy in Denmark
- Developed financial literacy program
- Approved climate change strategy
- Implemented environmental management system in Sweden, Norway, Ireland and Northern Ireland
- Approved code of conduct on bribery and corruption

  Launched internal CSR website on the intranet.
- Developed Group CSR strategy In terms of CSR accounting, the group On August 9, 2007, the Danske Bank Group joined the UN Global

Compact – the world's most extensive initiative for corporate social responsibility. By joining the Global Compact, the Danske Bank Group wants to demonstrate its commitment to advancing corporate social responsibility globally. With a determination to integrate the Global Compact's ten principles in the areas of human and labour rights, environment and anti-corruption into our business activities and to communicate our progress as we go along. The first measure of this was the formalisation of the Group's position on corruption and bribery in a code of conduct that will be implemented in early 2008.

The whole CSR strategy in the bank has been majorly stakeholder driven and the bank does this with a lot of stakeholder interaction on different levels as shown in the diagram below

Fig 5.6: Showing stakeholder interaction in Danske bank group



Finally in terms of CSR reporting In 2007, the Group joined the Global Reporting Initiative's platform for sustainability reporting. The GRI framework is widely recognised and well tested by hundreds of companies around the world. The result is a dedicated CSR report organised around four main areas of the group's activities namely; Customers, employees, environment and society.

Chapter

6

Analysis of the case company

The analysis of the case company is done in two parts, first with the stakeholder theory supported with data obtained from the interview with the CSR compliance manager of Nordea Bank, while the second part is with emphasis on the use of stakeholder identification and salience paradigm. This is in the context of salience based on Power, legitimacy and urgency. The information obtained from the interview as well as literature review and archival data served to consolidate the analysis. The analysis concludes with a comparative analysis of the bank with a similar bank in the same financial and institutional setting but with a perceived different result based on a more active involvement with the public sector

Nordea bank is a major Scandinavian bank and from their report is reputed to be " the largest financial services group in the Nordic and Baltic sea region". It has an enormously large economic base as documented in the chapter on the case company.

The bank has a very wide customer base that cuts across a large population across a large geographical area with its core competence in the services, it would be naturally expected that the bank would possess stakeholders across a wide and varied strata of the society.

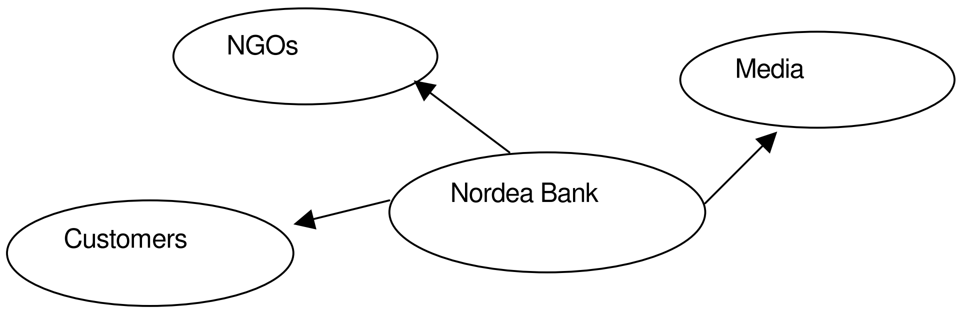
Constructing a stakeholder map of the bank would look similar to the one illustrated in fig 1.1 which includes the likes of the government, employees, NGO'S, customers e.t.c. This stakeholder network is also similar to that possessed by the comparative company i.e Danske bank (see fig 5.1) as documented in their CSR report. According to the interview carried out with the compliance manager of Nordea bank Sonja Lohse, this is not the case as only about three entities are considered as their “real” stakeholders and they are namely;

The media,

NGOs and Customers

So an actual stakeholder network in terms of CSR for Nordea bank would look like this

Fig 6.1 Actual Stakeholders of Nordea Bank



Nordea bank considers the media and the NGOs as most critical and issues relating to them are dealt with on the basis of “arising needs’ for example if a controversial issue comes up in the media that might pose a risk to the reputation and integrity of t he organisation, the CSR officer responds to it. This corroborates Paine (2003) who asserted that risk management is one of the reasons why organisations carry out CSR activities (see Fig 1.2)

From the interview with the compliance manager and as shown on the figure above, It can be seen here that firstly the government is not considered as a critical stakeholder so the necessity of it been involved in the bank’s CSR strategy is not active. On the other hand Danske bank considers most of its stakeholders very important and tries to address them as much as possible although in varying degrees, as the CR board consists of external stakeholders who are consulted on a constant basis.

Secondly there is no pressure or any risk factor from the government therefore the risk reason to carry out CSR agenda is not in anyway applicable to the government or the public sector. Considering table 4.2 as framework for CSR interaction, it would be seen that the scenario is more of individual corporate initiatives due largely to the prevailing absence of public sector demands in terms of pressure in which case the company alone makes decisions as it deems fit and most times in relations to its own goals when it comes to issues relating to CSR. Information received from the Nordea bank's compliance indicated no form of pressure from the public sector, a reason that was attributed to the ownership structure of the bank in which the government has a substantial stake.

Still continuing in the line of Paine's submission of reasons why organisations carry out CSR, Nordea bank has been able to win over some key accounts and also gotten some competitive edge based on its practice of but this has purely been a more of a business strategy initiative angle rather than a governmental involvement benefit in which case the company's thinking in line operation without any governmental restraint or involvement.

Nordea bank and its comparative bank (Danske bank) operate in the same financial sector in the same economy, but have two different perspectives of what CSR is, how the stakeholder is defined and their level or measurement of importance. This may be attributable to their organisational framework, which is analysed using the descriptive angle of stakeholder theory.

The CSR unit in Nordea bank, headed by the group's CSR officer, its activities are mainly carried out by compliance officers (the interviewee for this project is the compliance manager). The CSR unit is a small department in the overall structure of the bank, therefore taking into consideration the placement of the unit in the overall structure of the organisational chart, it may be a little difficult pushing across a CSR agenda to the top echelon of the organisation especially if its contradicts the company's goals and objectives. This assumption was debunked by the compliance manager who said that the top management is very receptive to CSR ideas, but the actual fact on ground stated that the company's CSR policy is driven by the organisational goals. It therefore could be safe to assume that as long as including the public sector in the CSR agenda is not in the agenda; the CSR unit does not have enough "Power" to enforce a different opinion

In contrast to this, Danske bank has a dedicated CSR secretariat with more workforce assigned and whose sole activities are strictly CSR issues. The CSR secretariat is overseen by the CSR board, which consists of members who belong to the Group Executive Committee. This committee is placed closed to the leadership of the bank in the organisational chart and therefore it is expected that it would be easier to Push through a CSR agenda since they have more power to influence decision making and policies in their favour. (This by implication means that if the top management does not see the need for public sector inclusion and the CSR unit feels otherwise, then it is easier for them to advocate for it and get the idea accepted).

The fact that companies operate in the same environment is not a guarantee that companies would react the same way to the same challenges, another point of view is looking at organisations in terms of their characteristics, from this it can be seen that Nordea Bank is not been proactive as it relates to CSR issues especially in terms of fostering stakeholder relations especially as compared to that of Danske bank who have clear cut strategies of stakeholder interactions including with the public sector.

The compliance manager of Nordea, bank asserted that the bank is presently satisfied with the current level of interaction although it aspires to get better at it (towards the Danske Bank system) but the company policy dictates a slow moves towards it as in her words "the company is not willing to promise what it can not deliver"

Looking at the history of the bank it can be seen that CSR is a current trend considering the period the bank started identifying with the concept and this stage, which is still regarded as part of the learning process that does not necessarily involve putting the public sector in the way of the process

The public sector having been identified in the earlier chapters of this project as a primary stakeholder based on prescribed definition. But this is just a part of stakeholder analysis and moving beyond takes us past just a mere classification but towards stakeholder classification as the basis of analysis.

In line with this, I will use the three attributes of stakeholder identification as prescribed by Mitchell et al, (1997) see table 4.3 and they are namely;

a. The stakeholder's power to influence the firm

b. The legitimacy of the stakeholder relationship with t he firm

c. The urgency of the stakeholder

Using the first attribute of power, which in this context is defined as a relationship among social actors in which one social actor A, can get another social actor B to do something that B would not otherwise have done

In regards to the analysis in this project, the public sector according to the information obtained from the interview has a lot of power based on the fact out of all the bank's stakeholders, it is the only one that can guarantee the effective operation of the firm in terms of possessing the institutional capacity. This is evident firstly in the ownership structure of the bank and secondly the business rules and regulations (work ethics, tax regulations e.t.c) binding on the operation of the bank are set by the agencies in the public sector.

In spite of all this, i.e the power to influence and make policy directives and exert pressure on the bank, the relationship between the bank and the sector is merely casual and rarely goes beyond compliance with basic expectancy such as payment of taxes and observance of legal requirements. This agrees totally with the initial assumption of this project that the public sector faces neglect. This fact is made known from the interview where the public sector is not mentioned as the very important stakeholder of the bank (fig. 6.1)

It was also discovered that there is no specific interface of interaction between the bank and the public as stakeholders are dealt with on an individual basis and as at when its necessary.

In essence, the public sector is not known to put any pressure on t he bank in terms of the development and implementation of its CSR agenda.

The normative core of stakeholder theory is focused almost exclusively on defining the basis of stakeholder legitimacy where legitimacy in the context of this analysis refers to socially accepted and expected structures of behaviours. Pertaining to this analysis, one of the expectations, which also, is one of the hypothesis being tested is that the public sector as an important stakeholder should be actively engaged, but from results gotten from the interview this is not the case.

The reason borders on the fact that although the sector possesses a legitimate claim, it does not or has not really taken advantage of its legitimacy.

This can be further explained from the perspective of t he Danish institutional framework that already has a great element of CSR embedded in its system which in a way has taken majority of responsibility issues off companies. In essence there has been `a divergence of roles between the public sector and the private except in very few cases for example the inclusive labour strategy of one of the for ministers in Denmark which sought to encourage companies to consider disadvantaged members of the work force in its employment practices. Apart from that, there has not been any major collaboration in terms of CSR.

Legitimacy can also be viewed in terms of the companies seeking to consolidate on their licence to operate, and as long there is no pressure on that license then, no reason is seen enough to involve the public sector in the CSR agenda as a means of ensuring the "licence". The case company according to its organisational goals as relates to CSR does not see need to involve the public sector("we are satisfied with the current level of CSR practice"-Nordea compliance manager)

The last attribute as an analytic tool is Urgency, which is defined as the degree to which stakeholder claims call for immediate action and is based on two parameters namely;

a. Time sensitivity- the degree to which managerial delay in attending to the claim or relationship is unacceptable
b. Criticality- the importance of the claim or the relationship to the stakeholder

Based on the first criteria of time sensitivity, the bank has been able to consistently follow its own pace as regards the design and implementation of its CSR agenda, as revealed from the interview where it was stated that "the bank was not in a particular hurry towards implementation but rather following the company vision and strategies that does not necessarily favour a speedy CSR policy.

The lack of time sensitivity in the case company is attributed to more dominant pressure from other stakeholders such as the media and NGOs

As pertaining to criticality, the public sector claims is not considered as very important as the non engagement of t he public sector is not governed by any form of regulation or enforcement.

This analysis has tried to explore and explain the reasons that can be attributed to the non-engagement of the public sector in the CSR agenda of the case company.

The analysis is concluded with a comparative analysis of a similar organisation (Danske Bank) in the financial sector and in the same institutional framework.

This part of the analysis is done based on the premise that CSR performance is a constructed reality and can largely be based on perception. Here, the comparison is perceived to have a better CSR practice than the case company.

The choice of the comparative company is based on a study of similar financial institution which this researcher considers a better practitioner of CSR, this position was confirmed by the compliance manager during the interview who stated that based on the peer review carried out by the company itself, Danske bank is a confirmed sector leader in the practice of CSR□

The result of the comparative analysis is shown in the table below

Comparative area	**Nordea bank**	**Danske Bank**
Institutional model	Scandinavian business model	Same
Claim to CSR	Yes	Yes
Business Sector	Financial	Financial
Definition of CSR	" A concept whereby a company maintains and enhances its relations with internal and external stakeholders that reach beyond just the purely financial performance of its business"	The Danske Bank group defines Corporate social responsibility as the commitment to the society we are part of and our willingness to offer our stakeholder more than we are legally obliged to
	Nordea bank	**Danske Bank**
Reporting	Less extensive, it takes a portion in the company's annual report CSR is handled by a unit that is not totally autonomous although	More extensive- there is a dedicated CSR report and a very detailed CSR fact book showing the company's

	there are currently plans to start a separate CSR secretariat	activities. There is also a standalone CSR secretariat that handles all matters relating to CSR The CSR report follows the GRI's` G3 guidelines on which the comoany applies level c
Accounting	United Nations Global compact. UNEP FI	Subscribed to SA 800, The United Nations global compact. And UNEP FI
Approach	More implicit style but tending toward the explicit	Explicit model
Areas of CSR activity	Business conduct and ethics	Customers, employees, environment and society.
Public sector involvement	The stakeholder is not considered very strategic to its CSR initiative	Consults with stakeholders including the public sector in developing CSR initiatives

This part of the analysis would be used to answer the second part of the research question dealing with how can the public sector be actively engaged in the case company's CSR programme.

From the table and other supporting studies, the major differences in the companies is their approach to the practice of CSR, Danske Bank practices the explicit form of CSR which makes them more proactive in their CSR strategy even though they both operate in the same institutional environment and working in the same business line.

The Danske Bank practice of the explicit form of CSR resulted in a more publicized CSR policy as evident in their CSR reports, which are quite voluminous and informative. Also is the fact that the bank has a dedicated CSR secretariat that handles or issues relating to CSR. This is a move that is just been planned by Nordea Bank.

Chapter

7

Conclusion and perspectives

The case of how Nordea Bank can improve its relationship with the public sector has been the focus of this project, this being the culmination of the initially proposed research question, which is

> ***"Why do Companies not actively engage the public sector in developing and implementing the CSR agenda, How can it actively involve the Public sector and what does it stand to gain from this synergy?"***

As a guide to this study, several methods, tools and theories were deployed but the major thrust has been the use of the stakeholder theory.

The choice of the theory in particular is because the case company is first a service based company with stakeholders from a lot of sectors and secondly because the public sector as one of its stakeholders is considered very important based on its strength and the gains organisations stand to gain from a partnership with it.

Although the public sector is perceived as a very important stakeholder, this research has shown that when it comes to the implementation of Corporate Social responsibility agenda, the sector is not necessarily considered as one of the most important drivers but rather an organisations internal goals and objectives.

This is partly attributable to the Scandinavian institutional system, which already has a major element of CSR embedded fact corroborated on Nordea's homepage "Traditional values in the Nordic region are much focused on community, good citizenship and caring for people and the environment"

The first part of the research question, which is, Why does Nordea Bank not actively engage the public sector in developing and implementing the CSR agenda has been answered in the analysis chapter of the project and based on that four major reasons can be adduced to it namely;

1. The bank does not face any form of pressure from the public sector in terms of how to run its CSR strategy.

2. The bank is driven by its own internal goals and objectives and at the present moment proactive CSR system is not top on the list
3. There is no form of governmental regulation as to the implementation of CSR which reduces the legitimacy of the public sector to interfere in a private organisations policy
4. The institutional framework of the company's base already has a lot of CSR activities embedded as a normal practice and it therefore does not permit duplication of roles.

On the second part of the research question which is how can Nordea bank engage the public sector in its CSR agenda is answered with the following suggestions;

1. There is need for a deliberate interaction with the public sector, through an active management commitment. This can be done through an explicit company directive to that effect and aligning the company's goals in that direction, which ultimately redirects it CSR policy along that line also
2. The practice of CSR is not just enough in itself, but also very important is the issue of CSR auditing and Reporting which the company is rated a little low in contrast to the comparative bank (which uses the GRI as framework for its reporting and has a dedicated CSR secretariat for disseminating its CSR information). This project advocates this because the reporting becomes the interface through which the public perceives the CSR policies and agenda of the organisation and through which legitimacy is guaranteed.

The third part of the research questions is answered based on studies of what other companies have experienced in terms of gain by its synergy with the public sector and they are listed below;

i. The fact that globalisation as a fast emerging trend supports the explicit form of CSR practice (and public sector synergy by implication) implies that the company also moves inline with that trend as a means of staying globally relevant and consolidate its licence to operate.

ii. Synergy in CSR can inform the development of national competitiveness approach. Three strategies as regards this are;
   a. Aligning national investment promotion strategies
   b. Turning market access impacts of CSR to positive competitive advantage
   c. Aligning business CSR practice with the broader public good

iii. Public sector understanding of CSR in international supply chains and foreign direct investment can help build and ensure the long term sustainability of the both the environment and the company's CSR agenda

iv. CSR can help improve new strategies to address gaps in public sector capacities

v. Stamps legitimacy on a company's licence to operate

And finally CSR can offer valuable insights for partnerships that create synergies between the complementary skills of public private and civil society actors to achieve public goals related to sustainable development.

As a suggestion, there is need for Nordea bank to be proactive in its approach to CSR in terms setting the agenda for the public sector as this not only leads to innovation but also a positive effect on the company's bottom line. Then the company can be said to be operating a complete CSR according to the pyramid of CSR.

On a final note, I would like to refer back to the initial question of whether the outcome of this project can be generalized to the whole financial sector or even to every other business sector.

The position of this researcher is that it would be quite difficult to generalize based on several reasons; first is the fact that every company is different from each other especially in terms of the composition of its executives and it is virtually impossible to have organisations with the same hierarchical composition.

The second reason is that companies are driven by their own internal and private goals and there are as it were as many goals as there are companies.

Lastly the research was carried out on a limited sample population that is, one case company, which may not be sufficient to put down an absolute argument for generalization.

The researcher would therefore recommend further research in this area with the use of multiple cases.

Appendix A

Questionnaire

Background information

- What is your education
- For how long have you been working for Danske Bank
- For how long have you been working with CSR
- What is your current job-function

1. Stakeholders

a. Do you consider the public sector as one of your stakeholders?

b. if it is, would you say the public sector is an important stakeholder?

c. Please name the three most important stakeholders (groups)

d. how would you assess your relationship with your stakeholders especially the public sector stakeholders

e. has the relationship yielded positive result in terms of for example profitability and efficiency in operations and the overall goals of the company

f. are there any particular programs that allows you to come in direct with the public sector

g. if so, is it the bank's initiative or from the stakeholder

2. CSR

a. Does your organisation practice CSR?
   i. How do you define it?
   ii. Can you provide concrete examples

b. What factors drive your CSR strategies and initiatives?

c. How is the work organised?

d. Are there any particular pressures to implement specific CSR strategies?

Are there any demands in terms of CSR by your stakeholders in general?

e.

f. if so, are there any demands in terms of CSR by your public sector stakeholders?

g. Would you consider your CSR practice as pro activity or reaction to external stimulus or pressure?

h. Has the company been able to achieve competitive advantage with the practice of CSR in its operations?

i. in what specific ways has the implementation of CSR strategies impacted the company's operations?

j. what part of the workforce is responsible for the development of your CSR agenda

k. how is the agenda transmitted to all the workers in the organisation

3. CSR & the role of the public sector

a. what are your expectations of the public sector as regards CSR

b. Is the sector meeting your expectations?

c. Do you see a greater need for partnership or are you satisfied with the current level of relationship with the public sector?
d. Considering that CSR is a voluntary action, do you feel the public sector should have any role at all in the development your CSR strategy?

Considering the fact that the Danish society is essentially a welfarist society, do you consider your CSR as having a real impact on the society?
e.

Appendix B

The United Nations Global compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html" \t "_self" **}** in the areas of **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/humanRights.html" \t "_self" **}**, **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/labourStandards.html" \t "_self" **}**, **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/environment.html" \t "_self" **}** and **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/anti-corruption.html" \t "_self" **}.** By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

Never before have the objectives of the international community and the business world been so aligned. Common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labour and the United Nations. Many businesses recognize the need to collaborate with international actors in the current global context where social, political and economic challenges (and opportunities) – whether occurring at home or in other regions – affect companies as never before.

This ever-increasing understanding is reflected in the growth of the UN Global Compact, which today stands as the largest corporate citizenship and sustainability initiative in the world -- with over 5500 corporate participants and stakeholders from over 130 countries. The UN Global Compact is a leadership platform, endorsed by Chief Executive Officers, and offering a unique strategic platform for participants to advance their commitments to sustainability and corporate citizenship. Structured as a public-private initiative, the UN Global Compact is policy framework for the development, implementation, and

disclosure of sustainability principles and practices and offering participants a wide spectrum of specialized workstreams, management tools and resources, and topical programs and projects -- all designed to help advance sustainable business models and markets in order to contribute to the initiative's overarching mission of helping to build a more sustainable and inclusive global economy. (See How to Participate.)
The UN Global Compact has two objectives:

1. Mainstream the ten principles in business activities around the world
2. Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

With these twin and complementary objectives in mind, the UN Global Compact has shaped an initiative that provides collaborative solutions to the most fundamental challenges facing both business and society. The UN Global Compact seeks to combine the best properties of the UN, such as moral authority and convening power, with the private sector's solution-finding strengths, and the expertise and capacities of a range of key stakeholders. The initiative is global and local; private and public; voluntary yet accountable. The UN Global Compact's has a unique constellation of participants and stakeholders -- bringing companies together with governments, civil society, labour, the United Nations, and other key interests.
The benefits of engagement include the following:

- Adopting an established and globally recognized policy framework for the

  development, implementation, and disclosure of environmental, social, and governance policies and practices.

- Sharing best and emerging practices to advance practical solutions and strategies

  to common challenges. Advancing sustainability solutions in partnership with a range of stakeholders, including UN agencies, governments, civil society, labour, and other non-business interests.

- Linking business units and subsidiaries across the value chain with the UN

Global Compact's Country Networks around the world -- many of these in developing and emerging markets.

- Accessing the United Nations' extensive knowledge of and experience with

sustainability and development issues.

- Utilizing UN Global Compact management tools and resources, and the

opportunity to engage in specialized workstreams in the environmental, social and governance realms.

In summary, the UN Global Compact exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance realms. By partnering with companies in this way, and leveraging the expertise and capacities of a range of other stakeholders, the UN Global Compact seeks to embed markets and societies with universal principles and values for the benefit of all.

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- **{** HYPERLINK "http://www.un.org/Overview/rights.html" \t "_blank" **}**
- **{** HYPERLINK "http://www.ilo.org/public/english/standards/decl/declaration/text/" \t "_blank" **}**

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:
{ HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/humanRights.html" \t "_self" **}**

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle1.html" \t "_self" **}**:

Businesses should support and respect the protection of internationally proclaimed human rights; and

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/Principle2.html" \t "_self" **}** make sure that they are not complicit in human rights abuses.

{ HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/labourStandards.html" \t "_self" **}**

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle3.html" \t "_self" **}**: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/Principle4.html" \t "_self" **}**: the elimination of all forms of forced and compulsory labour;
- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle5.html" \t "_self" **}**: the effective abolition of child labour; and
- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle6.html" \t "_self" **}**: the elimination of discrimination in respect of employment and occupation.

{ HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/environment.html" \t "_self" **}**

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle7.html" \t "_self" **}**: Businesses should support a precautionary approach to environmental challenges;
- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle8.html" \t "_self" **}**: undertake initiatives to promote greater environmental responsibility; and

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle9.html" \t "_self" **}**: encourage the development and diffusion of environmentally friendly technologies.

{ HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/anti-corruption.html" \t "_self" **}**

- **{** HYPERLINK "http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/principle10.html" \t "_self" **}**: Businesses should work against corruption in all its forms, including extortion and bribery.

Appendix c

ABBREVIATIONS

CSR	Corporate Social Responsibility
EMS	Environmental Management System
EMAS	Eco- Management and Audit Scheme
ISO	International Standardisation Organisation
OECD	Organisation for Economic Co-operation and Development

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