

# CHALMERS



## Corporate Social Responsibility in Practice

How do a Swedish medium sized IT company handle CSR?

*Master of Science Thesis in the Master's Programme International Project Management*

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CHALMERS UNIVERSITY OF TECHNOLOGY  
Göteborg, Sweden 2012  
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Examensarbete / Institutionen för Bygg- och miljöteknik,  
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## ABSTRACT

There are several problematic areas to handle in the society today, for example climate change, poverty, and violence just to name a few. The development of the business world is moving towards an increasing responsibility on corporations and how they affect the society. A company's reputation can be hugely affected, both positively and negatively, depending on how this responsibility is handled. When studying this responsibility, the term CSR (corporate social responsibility) was used.

This study consists of a thorough literature review and a case study at the medium sized Swedish IT company Medius. The case study was performed by doing semi-structured interviews with nine employees and four board members to find how Medius is handling CSR related issues today, how they can develop within the area of CSR, and how they can achieve having employees motivated to work with CSR. By this the study aims at giving guidance to Medius on how to develop their responsibility to society. By exploring this specific case the study also aims at giving an example to other organizations of how CSR can be handled and developed. By publishing this example the author hopes to increase the interest and awareness of responsible business practices among other small and medium sized Swedish companies.

Key words: Corporate social responsibility, CSR, development, SME, medium sized company

Samhällsansvarfullt företagande (CSR) i praktiken:

Hur hanterar ett svenskt medelstort IT företag samhällsansvar?

*Examensarbete inom Mastersprogrammet International Project Management*

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## SAMMANFATTNING

Det finns många problematiska områden att hantera i dagens samhälle, till exempel klimatförändringar, fattigdom, och våld för att nämna ett fåtal. Utvecklingen av affärsverksamheten ändras mot ett ökande ansvarstagande för hur företag verkar och hur de påverkar samhället. Ett företags anseende kan påverkas stort, både positivt och negativt, beroende på hur detta ansvarstagande hanteras. I denna studie om företagsansvar kommer termen CSR (corporate social responsibility) att användas.

Denna studie består av en genomgående litteraturstudie och en fallstudie på det medelstora svenska IT-företaget Medius. Fallstudien genomfördes med semi-strukturerade intervjuer med nio anställda och fyra personer i ledningsgruppen för att ta reda på hur Medius hanterar CSR-relaterade frågor idag, hur de kan utvecklas inom CSR-området, och hur de kan motivera sina anställda att jobba med CSR. Målet med denna studie är att genom detta ge Medius vägledning i hur de kan utvecklas inom CSR. Genom att undersöka detta specifika fall har studien även som mål att ge andra organisationer ett exempel i hur CSR kan hanteras och utvecklas. Genom att publicera detta exempel hoppas författaren på att öka intresset och medvetandet för ansvarfullt företagande bland andra mindre svenska företag.

Nyckelord: Samhällsansvarfullt företagande, CSR, utveckling, SME, medelstort företag

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## **Preface**

In this study, the concept of Corporate Social Responsibility in small and medium sized companies has been explored in terms of a thorough literature review and a case study at the Swedish medium sized IT company Medius. The study was performed to explore an example of how responsible business practices are handled in a small to medium sized Swedish company, and what can be done to help the development in this area. The research was performed during the spring in 2012 and is a thesis in the Master's Programme International Project Management at Chalmers University of Technology in Gothenburg, Sweden.

There are several things that have made this research project possible. First of all I would like to thank the interviewees at Medius for taking part in the study and thereby sharing personal information. I would also like to thank Josef Pålsson, Daniel Bengtsson and Eva Eriksson at Medius who have helped me to form the study and supported me along the way. Last but definitely not least I would like to thank my supervisor, associate professor Pernilla Gluch, at Chalmers who has provided expertise in the research area and by that made the research aim achievable.

Göteborg, June 2012

Tobias Jäger







# 1 Introduction

This section will present the background to this study, an overview of the company where this study was performed, the purpose for this specific study, research objectives and limitations.

## 1.1 Background

There are many difficulties in today's society. We continuously hear about global warming and its consequences, socially disfavoured people, child labour in development countries, desolation of forests and extension of animal species which disturb the balance of diversity. It is therefore important for the corporations to make sure to decrease the negative impacts they have on the surrounding society, or even have an increasing positive impact. To take this responsibility among corporations is getting increasingly acknowledged, and Morsing and Perrini (2009) describe this corporate social responsibility (CSR) as the corporate activities to engage in socially responsible behaviour.

The business environment is changing rapidly where technology, globalisation and CSR are the key drivers for this change (Walker, Pitt and Thakur, 2007). Walker, Pitt and Thakur (2007) present the increasing pressure for environmental reporting as a good opportunity for organizations to achieve a competitive advantage by showing their environmental qualifications and thereby differentiating themselves in the marketplace.

Medius, the company studied in this thesis work, plan to expand their business and have a goal to be listed in the stock exchange within three years. This put some pressure on the organization in terms of annual reports. According to Swedish law the annual report needs to include non-financial information necessary to understand the development of the company, their position and relevant results to the particular business, including information in environmental and social issues.

With the stock exchange listing in mind, Medius question their performance within the area of CSR. Previously the focus has been on developing the quality of their products and financial growth, but Medius feel that now could be a good time to bring more "soft" values into the organization. To do this it is important to make the whole organization work towards the same direction. Collier and Esteban (2007) describe the importance of the employees' willingness to collaborate to reach the set CSR goals, since according to Collier and Esteban it is the employees who carry the main burden of corporate responsibility in terms of ethical behaviour in the everyday working life.

## 1.2 The studied company: Medius

Medius is an IT-Company founded in 2001 and is today in a leading market position in Sweden at business solutions that simplify and automate business processes. Medius develop their own IT solutions to support the customers' enterprise resource planning systems (ERPS) to create more efficient information flows, such as supplier invoice handling. Medius' business concept is simply to offer complete and qualified IT product solutions to support to the customers' ERPS in order to simplify and rationalize their processes.

As mentioned above, Medius develop their own software product called Mediusflow which automates processes and workflows. With this product Medius can offer their customers efficient solutions to reduce costs and at the same time increase the control over the company's administrative information flows. The business environment where Medius is operating is characterized by a large growth and competition is getting tougher.

Medius is a fast growing company and have four offices and approximately 130 employees in Sweden today. In 2008 Medius decided to expand to the global market and had by 2010 eight new international offices and an increased partner network. Even though the headquarter is situated in Sweden Medius can, with a total of approximately 170 employees today, reach customers globally through subsidiaries in USA, Great Britain, Australia, the Nordic countries, BeNeLux, France, Poland, and through global delivery partners (see figure 1.1).



*Figure 1.1 – Medius' offices and subsidiaries in 2012.*

The existing codes of conduct material at Medius consist of an environmental policy and a work environment policy. The environmental policy explains how Medius shall operate to make sure to have an environmental sustainable development. Generally the policy state that Medius shall reduce the environmental impact from the core business activities, purchase environmental friendly products for internal use, and make sure to give the employees necessary knowledge to follow the policy. The work environment policy is about social and ergonomic aspects in the work place, including employee rights and how to handle the employees in a socially responsible manner.

### **1.3 Purpose**

It is believed by the author that many small and medium sized Swedish companies have both the ambition and possibilities to act more socially responsible, but lack the knowledge to take the initiative. Being socially responsible can also include helping the social environment in terms of e.g. donations to non-profit organizations. By doing this study the author hopes to raise the interest and motivation to make initiatives in CSR among other Swedish companies in the same situation as Medius.

In context of Medius' stock exchange listing, the board of directors want to increase their CSR performance. The purpose for this thesis is therefore to highlight what CSR can mean for a company like Medius, and to identify strengths and barriers in the organization to have employees motivated in taking an increased level of social responsibility. This thesis therefore aims at helping the company to decide what actions to make in order to successfully implement a suitable CSR strategy.

The research aim is therefore formulated as:

To evaluate and describe the meaning of CSR, and to identify motivational strengths and barriers among employees linked to enhanced CSR, for a medium sized IT company in Sweden.

This raises the following research questions:

RQ1: How are CSR issues handled at a medium sized Swedish IT company today?

RQ2: What are appropriate CSR initiatives for a medium sized Swedish IT company?

RQ3: How can a medium sized Swedish IT company achieve having an organization motivated for CSR initiatives?

## **1.4 Objectives**

To reach the research aim and answer the research questions the following objectives have been completed:

- To find tools and models appropriate to identify Medius' way of managing CSR today and in the future.
- Review literature to identify what CSR frame is appropriate for a company like Medius.
- Find best practice companies in a similar context to Medius to compare with.
- To identify what the board of directors and employees at Medius see as appropriate future CSR activities for Medius.
- To find an appropriate tool or model to evaluate motivation among employees at Medius in order to identify motivational strengths and barriers for an organizational CSR change.

## **1.5 Limitations**

The research will be a case study at Medius, geographically limited to Sweden. The study is therefore limited to the specific company's operations in Sweden and only Swedish employees have been participating in the interviews. Also, the data gathered from the board members and the employees at Medius will be limited to the interpretations of the interviewees chosen and the authors interpretation of the data gathered. All data gathered in the interviews are also limited to the interviewee's willingness to share personal thoughts and beliefs. Some may consider this type of data personal and will therefore not give a full picture of the actual situation.

The author's understanding of CSR and its meaning in Medius' context will be limited to the literature found by the author, and the author's interpretation of the literature. Likewise, the models used to evaluate the gathered data are limited by the literature found by the author and the author's interpretations of the use of the models.



## 2 Literature Review

The literature review aims at giving the reader insight in the specific research area chosen. The literature will firstly give a broad description of CSR, and later describe the meaning of CSR in small and medium sized enterprises (SMEs). The models used for the analysis of this study will also be presented and explained.

### 2.1 Defining CSR

As CSR may not be familiar to everyone, this section will describe the concept of CSR in broad terms and give information on previous research specific areas within CSR which are important for this study.

#### 2.1.1 What is CSR?

What role and responsibility corporations have to the society have in all times been discussed. Ideas on what corporations' obligations, rights and responsibilities are change over time. Therefore, our idea of how corporations should be organized, act and what role they should have in our society is not static. Instead is our impression of corporations continuously changing together with changes in the society. There is today an increasing attention to corporations' responsibilities to society. A main driver of this awareness is the scandals which took place in the late 1990's and early 2000's (Grafström et. al, 2008). Examples of these scandals are:

- Nike who used child labour and employees with inhumane working conditions in third world countries.
- Enron where the executives hid a huge amount of debts from failed deals and projects, which ruined the company.
- Skandia where leaders in the company hid huge amounts of money and claimed it for themselves.

Corporations have an important part in developing the society by creating job opportunities, products and services, which can be seen as some sort of social responsibility. However, Löhman and Steinholtz (2003) argue that corporate social responsibility is something companies do voluntary and is beyond what is demanded by the law. Löhman & Steinholtz state that it is something that is done with consent of the company's stakeholders and is a wider commitment than paying tax and producing products and services.

There is today no exact answer to what the corporation's social responsibility is. A clear definition of what it covers has not yet been defined. Even though several researchers have tried to define the social responsibility of corporations, it is today up to each individual company to define what their social responsibility is. This can also be seen as an advantage since each company get the chance to adapt the ideas of CSR to their own operations (Grafström et. al, 2008).

According to Grafström et. al (2008), CSR is not about saving the world but rather to make sure that your company does not cause harm to the society and environment, and actively work to change the world to the better.

The EU commission (2011, p. 3) gives a broad definition of what CSR is by defining CSR as “*a concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholders on a voluntary basis*”. Further, the EU commission (2011, p. 6) explain that for enterprises to fully fulfil corporate social responsibility they should “*...have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:*

- *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;*
- *identifying, preventing and mitigating their possible adverse impacts.*”

The interests for corporations’ responsibilities to society can be today noticed in many ways. For example, there are established financial indexes listing socially responsible corporations, there are standards and guidelines for implementation and reporting social responsibility, UN and the EU-commission have corporation’s social responsibility as a high priority subject on their agenda, consultant firms focusing solely on social responsibility have been established, and universities teach special courses in social responsibility (Grafström et. al, 2008). CSR has also been increasingly acknowledged by academics the last decades (Laudal, 2011). Laudal states that the number of publications mentioning “corporate social responsibility” has increased from 222 in 1996, to 555 in 2000, and 5140 in 2008. Laudal presumes that this also means that there has been a huge increase in CSR related activities in recent times.

According to Washington (2009), the recent global financial crisis has made it increasingly accepted that efficient economic systems and free markets are dependent on firms taking social responsibility who take part in transparent and fair transactions. As we today tackle challenges as globalisation and climate change, broader terms of corporation’s responsibility than simply the economic capital is needed. Loosemore and Phua (2011) present other important forms of capital which is getting increasingly relevant:

- Manmade capital (roads, ports, health services, etc.)
- Natural capital (clean water, unpolluted oceans, healthy ecosystems and atmosphere, etc.)
- Social capital (human relationships, communities, etc.)
- Cultural capital (traditions, value, etc.)
- Human capital (knowledge and skills, etc.)

By performing well in CSR, companies try to increase their reputation which helps them to build relations and keep competence. Good reputation can also help bring investors and shareholders to the company (Grafström et. al, 2008). There is also research showing that a good reputation when it comes to social responsibility can better the chances of the company to survive a time of crisis (Schneitz and Epstein, 2005).

## 2.1.2 The CSR tipping point

Loosemore and Phua (2011) describe a CSR initiative as an evolutionary process and something that not all firms are ready to jump straight into. The proper timing is different between companies and depends on the level of maturity in the specific market (customer demand), the internal capabilities (employees, skills, knowledge, culture, etc.), and the business environment the company is operating in (competitors, supply chain capabilities, etc.). These factors determine the point when a specific company can become receptive for a CSR initiative and is by Loosemore and Phua (2011) called the CSR tipping point. This phenomenon explains why some companies feel ready for a CSR initiative while others do not. By being aware of this, companies can take the opportunity to be early adopters of this change and thereby receive a great competitive advantage creating innovative products and thereby claim a 'first mover' status.

A way for enterprises to handle CSR is to create codes of conduct. Mendes and Clark (1996) present five generations demonstrating how codes of conduct have evolved to meet new expectations on business (see table 2.1). This model sees the development of codes of conduct as phenomenon gradually advancing in extent. As demands from society increases over time, the codes have become increasingly comprehensive to meet the demand and thereby new generations have evolved.

*Table 2.1 – Five generations of CSR maturity (Mendes and Clark, 1996, pp. 1-3).*

<b>Generation</b>	<b>Content/Style</b>
First	Deal primarily with conflict of interest, ensuring that employees obey laws and act exclusively in the interest of the company.
Second	Addresses the commercial conduct of employees, including corruption and bribery of officials.
Third	Address the employee right and rights of others in direct relationship with the corporation, such as customers and suppliers.
Fourth	Address a broader range of issues, including community and environmental concerns.
Fifth	Take up social justice issues, particularly in countries whose governments do not respect basic human rights.

### 2.1.3 Different ways of categorizing CSR

The way companies can work with CSR can be divided into two perspectives: social responsibility by charity or social responsibility by being responsible for the company's core activities. However, most companies use both perspectives to take social responsibility (Grafström et. al, 2008).

Charity is today getting more common in companies. Examples of how companies use charity to take social responsibility is TeliaSonera who report that they sponsor the World Childhood Foundation, McDonald's Sweden present their commitment in Ronald McDonald children's fund, and the Swedish network operator Tele2 give charity to the Swedish help fund for children, BRIS (Grafström et. al, 2008).

Taking social responsibility for core activities include taking social and environmental consideration both when it comes to the company and the wider society. More concrete this means that the company has to analyse in what way their business operations affect the environment and the society in order to identify critical activities with negative effects, and try to minimize these (Grafström et. al, 2008).

Policy examples from the service sector are about climate compensation when flying, how the coffee used is produced, and how much paper is used at the office. However, it is not enough to claim to be socially responsible by just doing a few of these examples. Companies actively working with CSR in the service sector usually broaden their responsibility by influencing customers and suppliers to follow social and environmental requirements (Grafström et. al, 2008).

Working with CSR by looking at the core activities is greatly affected by the company's geographical spread. The complexity for a company which only operates in Sweden is less compared to a company operating in many different countries. It is especially complex for companies who operate in countries where bribery, corruption and wanting set of regulations concerning the environment and society are a fact (Grafström et. al, 2008).

Prakash (2000) present a model to categorize a company's actions into four different sections (see table 2.2). The model builds on two dimensions: firstly, if the actions meet/exceed profit criteria, and secondly, if the action is required by the law.

Table 2.2 – Interpretation of the Prakash model (Prakash, 2000, p. 4).

Actions who...	are required by the law	are not required by the law
<b>meet or exceed profit criteria</b>	Type 4 – both the requirements of the law and the profit incentive makes it happen	Type 1 – the profit incentive makes it happen
<b>do not meet or exceed profit criteria</b>	Type 3 – the requirements of the law makes it happen	Type 2 – action who are not required by the law and lack clear profit incentives

As previously defined, CSR refers to actions that are beyond what is required by the law, which in this model refers to type 1 and type 2. The Prakash model therefore indirectly categorizes CSR activities into actions who are motivated by profit incentives (type 1), and actions who are not motivated by profit incentives (type 2).

#### **2.1.4 Financial and CSR performance**

CSR is today often interpreted as a business operation strongly connected with financial return. The dominating motives among companies to increase their engagement are to attain increased profit. CSR is therefore often not about doing good solely, but rather to do good and thereby doing profitable business. The development of CSR is now more about business strategy than charity (Grafström et. al, 2008). Furthermore, Löhman and Steinholtz (2003) argue that companies still need to make sure they are financially sustainable while put money into a CSR initiative. It still needs to be able to handle its primary and core activities. The meaning of CSR is therefore, according to Löhman and Steinholtz, to combine this with social and environmental concern in relation to the stakeholders.

Many studies have been done concerning CSR in relation to financial performance. However the results obtained from these studies vary a lot, where some show a positive correlation, some show a negative correlation, some show a U-shaped relationship and other show no correlation at all. In relation to this, Margolis and Walsh (2003) argue that this kind of research is based on questionable assumptions regarding the measurement of CSR performance. They argue that the essence of these studies conclude that when CSR does not seem to ‘pay’ it is not viable from a strategic standpoint. Further they point out that CSR create benefits that might even be impossible to measure since in reality the benefits are situated in created values. In relation to this Loosemore and Phua (2011, p. 4) state that *“any CSR strategy should therefore be founded on an understanding that corporations serve a broader range of human values than can be captured by a sole focus on economic values”*. However, Loosemore and Phua (2011, p. 16) also state that *“although CSR is exciting as a concept, there is a danger that it may only cause confusion unless the precise return on investment can be measured with some level of uniformity”*, which, if true, can cause problems.

#### **2.1.5 CSR in a Swedish context**

Grafström et. al (2008) present a study by Svenskt Näringsliv (Swedish Business World) in 2003 which shows that Swedish youngsters find an attractive employer someone who take social responsibility and show clear moral norms. Another study by Apéria et. al. (2004) showed that CSR was ranked as the sixth most important factor to influence a company’s reputation among the 2,640 respondents in Sweden. Also, 90 per cent of the Swedish respondents who knew about CSR thought that companies should take social responsibility. However, only 20 per cent thought that the social responsibility reaches beyond shareholders, employees, and customers.

A more recent study by PwC (2012), performed by doing 500 interviews, using a web panel, with the Swedish public show a change of the way Swedish people see social responsibility among companies, compared to the previous mentioned studies. The result from this study show that 93 per cent of the respondents think it is important/very important for the business world that companies include environmental and social concern in their business. Furthermore, as much as 91 per cent find it important/very important that companies actively try to develop young

people's possibilities in society and work for gender equality. Also, 74 per cent of the respondents think it is important/very important that companies work for a development towards ethnical and cultural diversity.

The above mentioned study also included 100 telephone interviews with randomly selected CEOs for Swedish companies with more than 100 employees. The results from these interviews show that many of the CEOs are critical to their performance today concerning several important areas in CSR, for example ethnical and cultural diversity, gender equality, environmental and social concern, and questions regarding strengthening young people's possibilities in the work life and society. They also see this as important areas to develop to stay competitive in the future (PwC, 2012).

## **2.2 CSR in small and medium sized enterprises (SMEs)**

Gibcus and Van Hoesel (2004) present the main difference between a SME and a large enterprise to be the number of employees. A SME is defined as an enterprise with a maximum of 250 employees working full time (European Commission, 2005), (Morsing and Perrini, 2009).

Santos (2011), among others, state that the company size is an important factor when it comes to CSR engagement, where larger companies are more involved with CSR practices and also have a greater awareness of the benefits it can provide for their business. Morsing and Perrini (2009) argue that a greater understanding of CSR practices in SMEs will have a great positive impact for the global economy, the society, and the SMEs themselves. This section will therefore present previous studies concerning CSR in SMEs to get an idea of how CSR is handled in SMEs today, and how it can be handled at Medius in the future.

As mentioned earlier, CSR does not have a precise definition. This is also true for SMEs which makes it important to understand that firms will engage in CSR from different starting points (Ryan et. al, 2010). (Morsing and Perrini (2009) state that SMEs are engaged and motivated to work with CSR issues in other ways than large enterprises. They also acknowledge that more research within the area is needed to truly in detail understand strategies for SMEs to implement CSR practices.

### **2.2.1 The grand scale of small business**

Even though one small firm may not have a huge impact on the surrounding environment, all small firms combined have a massive impact. Morsing and Perrini (2009) present information on SMEs' contribution to the social environment and the economy in Europe, what he refers to as 'the grand scale of small business':

- SMEs provide around 76 million jobs in the EU.
- Ninety-nine per cent of all companies in Europe are SMEs.
- SMEs are dominant in contributing to GDP.
- SMEs serve as 'growth labs' for innovation and risk-oriented product development.
- SMEs are a foundation for long-term growth dynamics and for development of larger companies.

It is thus important that SMEs operate in a sustainable manner, since all SMEs combined have an important role in the society.

### **2.2.2 Previous research on CSR in SMEs**

Murillo and Lozano, (2006) define CSR in SMEs as a way to increase health and safety among employees, improve work climate and productivity, and as a way to differentiate and be recognised in an increasingly competitive market. Morsing and Perrini (2009) present research showing that SMEs from the Nordic countries also created innovation when adopting CSR. These Nordic SMEs saw CSR as a business opportunity for increased competitiveness. Santos (2011) explains that most European SMEs take social responsibility, including taking responsibility for employees as well as the community and the environment. However, the social responsibility can be carried out informally without being reflected in the companies' commitment. Furthermore, both Santos (2011) and Morsing and Perrini (2009) state that many SMEs make sure to take social responsibility because of the personal beliefs and values of the founders and the employees. Morsing and Perrini (2009) therefore state that the implementation of CSR in SMEs is dependent on the motivations of owners and managers.

Revell et. al (2010) present various previous studies among SMEs whose results differentiate from the previous mentioned studies. The studies they present show a negative picture of the way SMEs see CSR. One of the studies presented by Revell et. al (2010) is Revell (2007) who performed 40 interviews with UK SMEs within the construction and restaurant industries and discovered that the respondents did not see eco-efficiency as a viable strategy due to insufficient payback gained compared to the time and resources spent. Another study presented by Revell et. al (2010) is Drake et al. (2004) study among UK SMEs who found that among the 42 enterprises participating there were little belief in any positive correlation in environmental performance and economic performance. According to Revell et. al (2010, p. 276) Drake et al. (2004) conclude that '*...a lack of consumer demand is a key barrier for firms, and that government policy should be focused on stimulating consumers as well as businesses to embrace environmental good practice*'. Other studies by Mckeiver and Gadenne (2005) and Simpson et al. (2004) both show that, among the studied SMEs, about 80 per cent of the respondents do not see any positive correlation between environmental and financial performance. Hillary (2004) found that the main reason among SMEs to not have an environmental management system was the lack of pressure from customers.

### **2.2.3 Incentives and obstacles for SMEs to adopt CSR**

Santos (2011) presents data from a Portuguese study showing the main motivational factors, benefits, and needed support types for Portuguese SMEs in context of a CSR implementation.

The main motivational factors to implements CSR practices are: an increased business performance deriving from a reduction in costs and/or higher sales (71 per cent), an increased level of employee satisfaction (70 per cent), consumer and client loyalty (69 per cent), and ethical and civic principles (61 per cent) (Santos, 2011).

The main benefits found among the SMEs are: better reputation among clients, consumers and business partners (78 per cent), higher employee motivation (75 per cent), raising quality (73 per cent), and better productivity (69 per cent) (Santos, 2011).

The most relevant support types among the SMEs are: the need for learning about best practice (77 per cent), the existence of incentives and tax breaks (74 per cent), training programs (71 per cent), the sharing of experiences (68 per cent), and state support (66 per cent) (Santos, 2011).

From this data Santos (2011) concludes that the scope for motivation among the Portuguese SMEs was in added social and economic value, where pressure from key stakeholder only show as an average motivational factor. The main benefits associated to CSR practices also show an increase in social and economic value, where reputation among clients and partners, employee motivation, quality, and productivity are the main improved factors. The support types needed show a balance between information sharing and training, and help from the state (Santos, 2011).

The Portuguese study mentioned above also identifies obstacles among the Portuguese SMEs in context of a CSR implementation. From this study Santos (2011) can conclude that there is no single obstacle which is general for all SMEs involved in the study. The greatest obstacles identified were: the lack of time (56 per cent), lack of information (54 per cent), and insufficient financial resources (42 per cent) (Santos, 2011).

“Inexistence of any relationship with company activities” was stated as an “average” obstacle among 51 per cent of the SMEs, but considered as a “lesser” obstacle among 37 per cent of the SMEs participating in the study (Santos, 2011).

Santos (2011) also mentions results from other studies, demonstrating obstacles as: the fact that managers never having considered CSR on beforehand, the lack of any relationship between CSR activities and company strategy, the difficulties in measuring the impact of such practices, and the lack of time and financial resources.

The interpretation of the author is that the latter mentioned studies present what SMEs, who have not yet performed any CSR practices, see as obstacles to start working with CSR. The study among the Portuguese SMEs, on the other hand, gives information on how SMEs who have already implemented CSR practices see as obstacles. The obstacles may therefore be different when starting a CSR initiative, and when actually performing a CSR program.

## **2.3 The leaders’ and employees’ role for support of CSR**

Löhman and Steinholtz (2003) present the importance to base the leadership on the company vision and values. The importance lies in the belief the organization have in these values, the belief that the company may reach the goals they say they want to reach, since it is belief that create enthusiasm. It is thus important that the leaders’ commitment feels real, that they eliminate upcoming barriers and show the way forward, and that they appreciate and pay attention to initiatives from the employees. This is essential in order to reach the goals set.

According to Grafström et. al (2008), CSR can be used to strengthen the company’s position towards employees and potential employments by being an exciting employer. Löhman and Steinholtz (2003) explain this by stating that everyone wants to believe in something and wants a reason to be loyal. This is the reason why it will become increasingly important for companies to be able to explain how and why they create their specific norms. Löhman and Steinholtz continue by stating that, from a CSR perspective, the employees are by far the most important stakeholders for a



company. Whether it is a production company or a service oriented company does not matter, the employees still carry the most important resource, competence. It is thus important that the employees understand what the CSR perspective mean for the company. If the employees do not have this knowledge and understanding, no value will be created, which means that the effort made was just a waste of resources (Löhman and Steinholtz, 2003).

The employees consequently play a big role in meeting the CSR goals. It is therefore essential to have a workforce motivated to help achieving the set goals. Ramus et. al (2007) present a model based on empirical research suggesting four contextual variables explaining employees' motivation to *'...engage in extrarole behaviours in general and eco initiatives in particular'* (7 p. 558) (see figure 2.1). The four variables presented by Ramus et. al (2007) are:

- Support from the direct supervisor, or another second party responsible for overseeing a task
- One's perception of an organization's related norms
- Personal predisposition toward the behaviour
- One's belief in one's own ability to successfully perform the action

Ramus et. al (2007) intent in developing this framework is to help interested organizations to effectively motivate employees to take eco initiatives to help the corporate greening process. According to Ramus et. al (2007, p. 563) this model helps organizations *'to better understand the factors that motivate employees to engage in behaviours that help promote environmental stewardship'*.

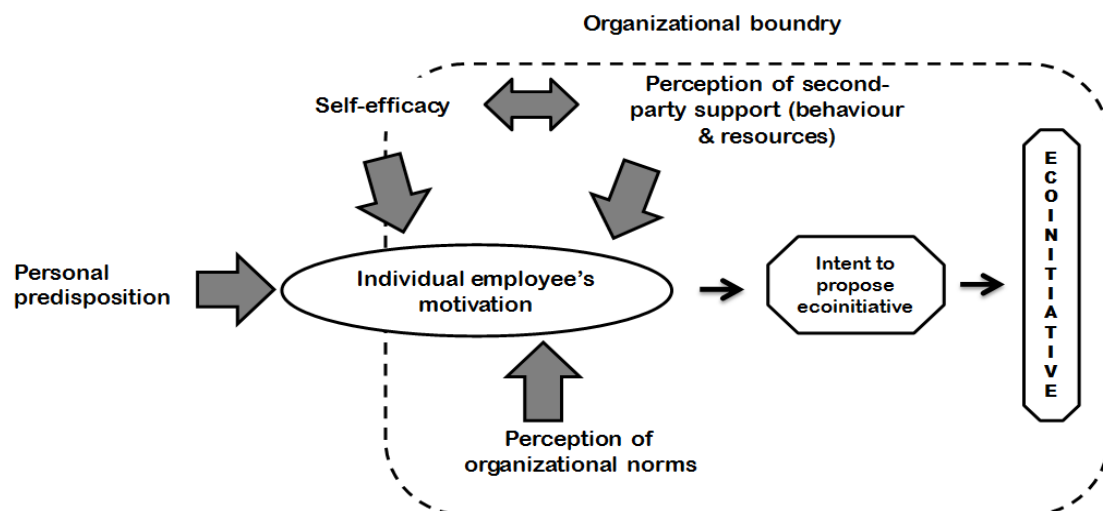


Figure 2.1 – A visual explanation of the four conceptual variables of employee motivation for extra role behaviour by Ramus et. al (2007).

## **2.4 Model to build a CSR strategy**

The task to define what CSR really mean for an organization is difficult since there are loads of alternatives. Grafström et. al (2008) presents a model with questions that should work as a starting point when defining CSR for a specific organization (Grafström et. al 2008).

### **What do we want to achieve with a CSR engagement?**

The goal of CSR is often defined as creating a sustainable economic, social and environmental development in society and for companies. However, this goal is too generic to be useful. Grafström et. al (2008 ) presents a way to break down this goal by asking what the specific company want to achieve with its CSR activities. That stakeholders, for example competitors, put pressure on the company to take CSR initiatives can be a starting point, but it is not enough to define the purpose of the change in strategy. It is important that the company analyses what motives they have to work with CSR. The corporate goals within CSR must be individual and adapted to the organization's operations (Grafström et. al 2008).

### **What effects do we expect by achieving these goals?**

It is important to answer what long term effects the company want to achieve. If a goal is to have a good reputation among customers, the desired effect could be described as an increase in the customers desire to buy the product, which in long term affect the corporate financial results. If the goal instead is to be an attractive employer, the desired effect can be that the employees thrive better at work, which increases the possibilities to keep and recruit competent staff (Grafström et. al 2008).

### **What do we need to do to achieve our goal?**

When a company have asked themselves the above questions can they discuss what CSR activities they find appropriate. CSR initiatives which are not thought through can often lead to problem instead of getting positive effects. It is important to balance between different interests when working with CSR. It is therefore important to deeply analyse what this balance should look like and what actions are appropriate to implement (Grafström et. al 2008).

### 3 Research Design

This chapter explains the choice and practical application of the method used. The aim is to give the reader an overview of how the research was designed and performed.

#### 3.1 Selection of method

The research aim was formulated after a thorough literature review within the areas of CSR, sustainability and SMEs using the Chalmers University of Technology library, and the search engine Nora at Northumbria University. An appropriate research aim and research questions was then formulated. The questions were discussed with Josef Pålsson, my supervisor at Medius, in order to make sure the research aim was applicable for the company.

Quantitative research is a deductive approach to test already existing theories and is often performed by performing questionnaire studies with a large number of participants, while qualitative research is an inductive approach to generate new theories by in detail observing a selection of few participants (Bryman, 2008). Qualitative research was argued more suitable since the research aim is to in detail examine this specific case, which is also supported by Bryman (2008), and Yin (2003).

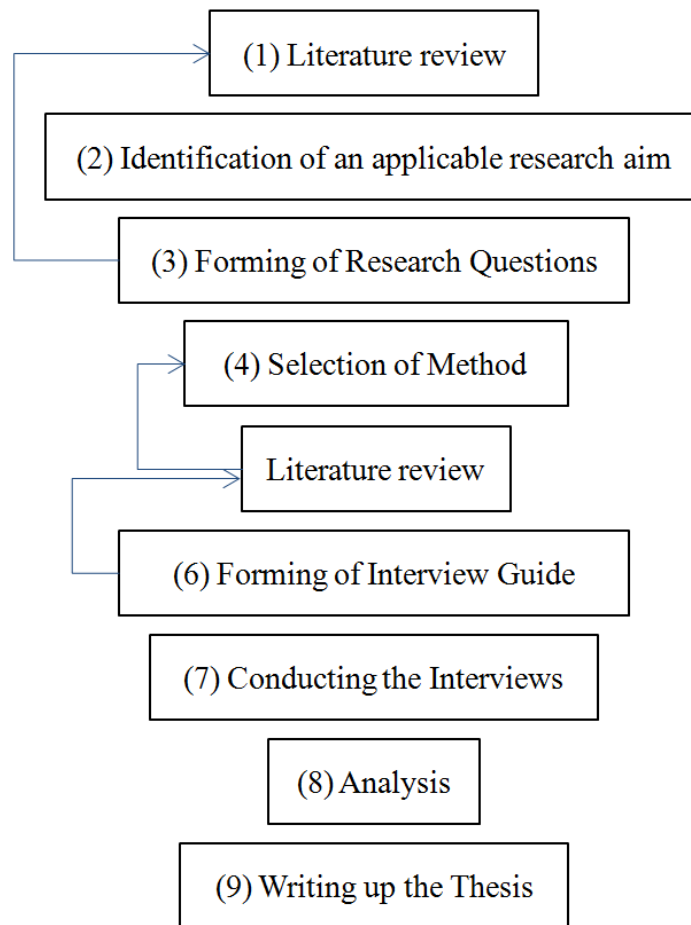


Figure 3.1 – The program of research for the performed study.

## **3.2 Application of method**

The program of the research activities for the study is presented in figure 3.1, and explained further in the subheadings of this chapter.

### **3.2.1 Literature review**

The study started with a literature review within the topics sustainability and CSR. This initial literature review was performed to give the author an idea of interesting research areas not yet widely explored. The research area of CSR in SMEs was discovered, and generally explained in the literature as a less discovered topic. When formulating a research aim beneficial for Medius there were various important areas within CSR which was considered important. Due to the time constraints for this research project the study needed to be limited to one specific focus when performing the research. The employee motivation aspect was found most crucial for Medius, and therefore focused on in this case study.

When the specific research areas were decided a more in depth literature review was performed, again using the Chalmers University of Technology library and the search engine Nora at Northumbria University.

### **3.2.2 Selection of best practice companies**

In order to find best practise companies in taking social responsibility in a similar business context to Medius the site 121.nu (2012) was used. This site presents a list of companies on the Stockholm stock exchange divided into three sections. Looking at the “small cap” section limits the list to companies with an exchange value of less than 150 million euro. This was performed to find the smallest stock exchange listed companies.

From this list, 21 of the companies were described to operate in a market similar to Medius, namely consultants within IT, ERPS (Enterprise Resource Planning System), and management consultants. Out of these 21 companies, five were selected based on information on their business area found at their web sites. The selected five companies were considered most similar to Medius. The annual reports were read for these five companies, and two companies were then selected as best practice examples. The last selection of the final two companies was based on the mentioned CSR activities in the annual reports. The two selected companies could declare a distinct CSR strategy with practical examples performed by the company to support the stated strategy.

### **3.2.3 Interviews**

A qualitative method with semi-structured interviews was used when gathering data. Interviews were performed with nine employees with various roles in the organization, and four members of the board of directors. This was done to get a broad representation where answers from people with different roles in the organization could be compared in the analysis.

In semi-structured interviews, unlike unstructured interviews, the researcher has a list of questions or topics as a guide when gathering data. This helps the researcher to gather information in the specific research areas, but still gives leeway to the interviewee on how to reply (Bryman, 2008). Semi-structured interviews were therefore used in this case study to make a comparison between the different interviewees possible. The interview guides (found in appendix A) consisted of

specific research topics with a few examples of questions to make it easy to track the interview progress.

### **3.2.4 Analysis**

The interviews were transcribed. Each transcript was then summarized with the information relevant to this research. The summarized interviews were divided into two groups, the employees and the board members, and compared to find areas of consensus and disagreements among the two groups. Where strong disagreements among the interviewees were found the individual ideas and arguments were presented.

The research aim is not to test the validity of the literature for this specific case, but rather to deeply understand the organization and what the different agreements, disagreements, ideas, interpretations and arguments among the interviewees could mean for the development of CSR within the organization. The literature was used to give guidance and inspiration when answering the research questions.

An analysis of the corporate policy documents was also performed to deepen the analysis of the organization. The reason to include policy documents in the analysis was that the employees see these documents as important motivational factors. Investigation in Medius' policy documents would therefore allow a more extensive answer to RQ2, which handles how Medius can manage a future development in CSR.



## 4 Findings

This chapter will present the data gathered from the interviews necessary to answer the research questions. The data will not be presented in detail showing what each individual interviewee said. Instead, the findings will be presented to show consensus and disagreements between the interviewees, divided into two sections; the employees and the board of directors. This chapter will also briefly present information on Medius' current codes of conduct.

### 4.1 The employees' perceptions

The sample of the nine interviewed employees (6 males and 3 females) varies in age between 23 and 57 years, where the average age is 32.4 years and the median age is 29 years. The time employed among the interviewed employees varies from 0.5 years to 7 years, where the average employment time is 3.7 years and the median employment time is 2.5 years.

#### 4.1.1 Definitions

The definition of CSR varies among the interviewed employees. However, three general groupings of the way to see CSR were identified.

**Environmental focus:** Four of the employees explain their view on CSR as mainly focusing on environmental sustainability. Three of those four see traveling, efficient use of resources, and purchasing choices as vital elements. One of the four mainly associates the environmental sustainability with a producing company, where the life cycle perspective is important.

**Social focus:** Two of the employees see CSR as a focus mainly on social sustainability. They both mention that making sure to not exploit resources in development countries, for example child labour, is of primary concern. Another example mentioned is the social aspect within an organization, to take good care of the employees and make sure to create a safe and inspiring work environment.

**Social and environmental focus:** Three of the employees define CSR as including both social and environmental aspects. All three think CSR is to change the society to the better by for example minimizing negative effects in the environment, doing good deeds in developing countries, and sponsoring local activities, for example a sports association.

When asking what reason the interviewees see in taking social responsibility, seven out of nine think it should be both because of marketing purposes to gain a competitive advantage, and for good causes to change the society to the better. The remaining two interviewees see the reason to be the pressure from customers. It is sometimes a demand to be able to take place in procurements, and it is thus important to create a good image.

#### 4.1.2 CSR at Medius

When asking the employees what they know Medius is doing to take social responsibility today there were a broad variation, where a few did not know any specific activities at all and some could mention several different things. The most frequently mentioned things were that Medius sponsors local sports activities,

subsidizes clean vehicles, advocates traveling by train, takes good care of the employees, and by their IT product work for a society without a lot of printed papers being shipped around all over the world.

Even though some of the interviewees could explain a few things Medius does for the society, they also mentioned that it is not something that is widely known. The employees are not aware of any distinct strategy within the area of CSR.

Eight out of the nine interviewees think Medius should increase their social responsibility. Seven out of those eight employees mention the importance to work with CSR within a reasonable extent. They argue that with Medius' plans on growth and current competition, there are few resources to put in CSR activities, and it should not put constraints on the overall business activities.

When asking for the employees thoughts of Medius, eight out of nine think that their picture of Medius as an employer would change positively if a greater social responsibility becomes of current interest. Some of the employees mention the lack of strategy and standpoint in important questions. Examples are ethical considerations when doing business with other organizations, and purchasing office materials and food.

### **4.1.3 Employees motivation to work with CSR**

One common factor that all of the interviewed employees see as essential to be motivated to work with CSR are clear directions to follow. Other factors vary where some need to find the specific CSR approach interesting to be motivated, and others need appreciation from the leaders within the organization.

Eight of the nine employees find Medius' norms and organization culture in line with an increased level of social responsibility. The employees overall interpretation of Medius seems to be a modern company who take good care of its personnel, with an interest to develop in the area of CSR.

All interviewees think that there is a team spirit at Medius and there is never a problem to ask for help. Some mention that you might have to wait for some time before you can get help, since the tempo and workload is high.

Only two of the employees feel confident to perform CSR actions, where the rest feel that they need to know more about the subject and information from the leaders. Overall the employees feel that an increased awareness in the company would help.

## **4.2 The board of directors' perceptions**

The sample from the board of directors consists of four persons (3 males and 1 female) and varies between 34 years and 50 years of age, where the average age is 39.3 years. The employment time at Medius varies between 6 and 11 years, where the average employment time is 8.5 years.

### **4.2.1 Definitions**

The definition of CSR among the members of the board is rather similar. They all see both the social and environmental aspects as important parts of social responsibility. Another thing the board members have in common is the perception that CSR is to do something more than what is demanded by the law.



When asking for the board members opinions on the reason to take social responsibility there was a wide consensus that it is not primarily driven by financial benefits. The primary reason mentioned is to show the company's standpoint in this type of questions. All interviewed members of the board show a strong awareness and concern for problems in today's society. They thus find it important that these personal values are reflected in the company and are recognized as a part of their brand image. Other mentioned reasons to work with CSR are to create a sense of belonging within the organization and that these aspects are considered vital to have a sustainable future.

#### **4.2.2 CSR at Medius**

There seem to be no clear agreement among the interviewed board members in what Medius do today to take social responsibility. Three out of four mention the company's own IT product as a way to create benefits to the society by reducing the amount of printed papers and transportation among their customers. Beyond that there is little consensus. Other things mentioned are however; environmental policy, subsidize clean vehicles, travelling by train, recycling of paper and glass, recruitment of young people and helping them in the start of their career, close collaborations with universities, and taking social responsibility for the employees. It is also mentioned by one of the board members that there is no consistency in these actions, but rather common sense mixed with personal initiatives.

When asking the board members if they want Medius to work more actively with CSR they all answered yes, and also gave a few examples of what they consider appropriate CSR orientations; charity to fellow humans in the local community or in developing countries, profile the IT product as a green product, adjust premises to be more energy efficient, and to have closer collaborations with universities. Two of the interviewees mention that it is important to create a strategy which the whole organization sees positively. It should not be seen as a burden and cause conflicts. They argue that it therefore is important that the CSR concept is well thought through. One interviewee state that if the strategy idea is well thought through the implementation will be no problem, the challenge lies in creating a great idea which the organization wants to follow.

#### **4.2.3 CSR goals**

In order to get an understanding of what the board members find as suitable CSR initiatives they were asked what they see as appropriate short term CSR goals. The main finding was that the board firstly wants to achieve a greater understanding of the subject, get it up on the corporate agenda, form a strategy, and raise the awareness in the company of what is about to happen. When a strategy is formed they want to educate the employees, making CSR a well-known term within the organization, frequently seen in newsletters. Interviewees of the board then want to get the strategy into documents and start communicating this with important stakeholders.

In a long term perspective the board members want to create CSR routines within the organization and to be able to profile the company within the area of CSR, as an organization caring for others and not just themselves. One of the board members also mention the importance to review the results gained to see what effect the CSR activities create. This board member does not believe that a strategy which does not create benefits for the organization itself is appropriate for Medius.

All interviewed board members think the development of Medius should include an increased level of social responsibility, and that it is well in line with the company norms and culture. Therefore they believe that a big change is not needed. One of the board members explains that the team spirit and taking social responsibility for each other is the foundation of Medius' values. That even though any specific CSR strategy has not yet been formed, the ideology is already there in peoples' mind sets.

What the board members think is needed is to make social responsibility more visual both within the company and to other stakeholders through information and workshops at each office, and include it in business presentations.

#### **4.2.4 The board's perception of employee motivation**

All interviewed members of the board think that developing a CSR strategy at Medius will have a positive effect on the employees. They also believe that they need to actively motivate the employees in order to successfully reach future CSR goals. The main motivation challenges they see is to make sure the information reaches everyone, have concrete arguments to explain the new strategy which the employees can be committed to, and to make the change feel real and living, not only a paper product. Ideas to do this is are to form policy documents with clear guidelines, to break down what the CSR goals will mean for each individual by giving tips and guidance what to be aware of and have in mind, and to make the challenge of social responsibility to something fun, like introducing a competition among the offices for example.

### **4.3 Two best practice companies**

Two identified companies comparable to Medius and already listed on the stock exchange are Connecta and Readsoft. In their annual reports they present what they do to take social responsibility. Connecta are ISO 14001 certified and continuously work to reduce their negative impacts on the environment. Connecta help other companies by identifying and realisation of business opportunities within sustainability by assisting the companies in developing sustainable business models and to optimise logistics flows with the help from IT solutions. Connecta also state that they help the society by arranging inspiring lectures and workshops within IT for girls in the eighth grade. By this Connecta hopes to increase the interest for IT among young women to increase the diversity in IT educations (Connecta, 2012).

Readsoft mention how their business decreases the usage of paper among companies and organizations worldwide, and by this the paper production is also reduced. Readsoft report their investments in advanced equipment for video conferences to minimize traveling. Readsoft also mention their social sponsoring to local activities and make examples from year 2011: The Exodus Foundation in Australia where the employees at Readsoft once a month help cook and serve food to socially disfavoured people, and the Milton Keynes Dragon Boat Race in UK where Readsoft helped collecting money to McMillan Cancer Support (Readsoft, 2012).

## 5 Analysis

The analysis section will use the literature presented in the Literature Review (chapter 2) together with the data presented in the Findings (chapter 4) to create a groundwork for answering the set research questions stated in the introduction. Finally, the research questions will be summarized.

### 5.1 Creating a framework

In order to simplify the analysis, a framework has been developed combining the idea of “two ways of handling CSR” presented by Grafström et. al (2008) (found at page 8), and idea of basing CSR activities into profit/non-profit incentives based on the Prakash model presented by Prakash (2000) and discussed at page 9. The developed framework aims at simplifying the classification of CSR activities by dividing CSR activities into charity/core activities and the profit/non-profit incentive motive (see table 5.1).

*Table 5.1 – A framework to categorize CSR activities.*

<b>CSR activities who...</b>	<b>are motivated by profit incentives</b>	<b>are not motivated by profit incentives</b>
<b>are connected to core activities</b>	Type 1	Type 2
<b>are connected to charity</b>	Type 3	Type 4

### 5.2 CSR at Medius today

In order to find how Medius is handling CSR related issues today the data from the interviews and the current codes of conduct will be analysed. The interview data concerning Medius’ current CSR activities will be mapped by using the framework presented in table 5.1 above.

#### 5.2.1 The way Medius operates

Since there is little consensus between both the board members and the employees of what Medius is doing today to take social responsibility, one can conclude that there is no well-known strategy within this area. Even though there is no distinct strategy formulated concerning social responsibility, some activities performed by the organization can still be closely related to CSR. The framework presented in table 5.1 will be used to categorize the activities mentioned in the data presentation.

Table 5.2 – Medius’ current CSR related activities.

CSR activities who...	are motivated by profit incentives	are not motivated by profit incentives
are connected to core activities	<p>Developing an IT product to reduce customers’ paper handling</p> <p>Environmental policy</p>	<p>Advocates travelling by train</p> <p>Taking social responsibility for the employees</p> <p>Recruitment of young personnel</p> <p>Subsidizes clean vehicles</p>
are connected to charity	Collaboration with universities	Sponsors local sports activities

Clearly the majority of these activities are related to the company’s core activities. Though since there is no defined strategy there is no consistency in many of these actions, which is also mentioned by one of the board members. The environmental policy, for example, is only mentioned by one of the nine interviewed employees. However, being able to present a number of different activities associated with CSR does show an organizational awareness which, according to the author, is a good starting point to form a CSR strategy.

### 5.2.2 Current codes of conduct

The work environment policy presented earlier show that Medius have a distinct strategy of how to treat the employees in order to be an attractive employer with motivated staff. This is also supported by the interviewed employees who all confirm how well they thrive at work and see Medius as a caring employer. The environmental policy gives information of how Medius work for a sustainable development. However, both from the employees and the board members, few of the actions mentioned in the policy were mentioned in the interviews, and many employees were not even aware of any environmental policy. Even though the environmental policy handle many relevant and important issues, it could be argued useless if the actual actions are not performed, and few know about the existence of it. The reason for this can be that the document only covers what to do, and not how to do it. It simply does not give sufficient information to be helpful.

## 5.3 Future CSR development at Medius

In order to suggest appropriate CSR activities, both the literature and the interviews will be analysed by using the “model to build a CSR strategy” presented at page 14.

### 5.3.1 Model to build a CSR strategy

As the literature suggests, the following three questions will be answered to identify in what way, according to literature findings and the interviews, Medius should work with CSR in the future.

### **What do we want to achieve with a CSR engagement?**

As previously mentioned, CSR can be performed for different reasons. It can both be done for profit maximization, for the sake of doing good to the society, or an attempt to combine the two. In the literature review, many other benefits associated with CSR are mentioned, for example employee satisfaction, consumer and client loyalty, better reputation and employee motivation.

From the interviews with the board members one can conclude that they do not see financial return as the one and only benefit they want to achieve from CSR. However, they want to achieve some benefits from CSR activities, not only doing good for the sake of it. The interpretation of what Medius want to achieve with a CSR engagement is:

- To have a reputation of being a modern and caring company

### **What effects do we expect by achieving these goals?**

There is little information from the interviews with the board members what effects they want with a CSR strategy. However, the following three effects are argued appropriate:

- To obtain a competitive advantage
- To be a more attractive employer
- To increase employee morale and motivation

Competitive advantage is definitely an effect Medius want to achieve, and according to the reviewed literature something that can be achieved from a good reputation. There are many surveys, where a few are presented in the literature review, showing that one can be a more attractive employer from having a reputation to act responsibly to the society. The interviews with the employees also underpin this argument. The effect to increase morale and motivation among employees are also well supported in the literature and the interviewed employees, where eight out of nine would see more positively on Medius if CSR would earn a greater focus.

### **What do we need to do to achieve our goal?**

To answer the pressure from customers, Medius created an environmental policy. However, the policy is not something that is used frequently since it gives no information how to manage the environmental concern. The environmental policy therefore needs to be developed further to give detailed information to the reader. One way to get help with this is well developed checklists and diplomas to help organizations work in an environmentally sustainable manner.

Internal social aspects are handled well at Medius. To broaden the social aspects of CSR, Medius can also perform external socially responsible activities, which can be seen as charity. Charity activities could for example visualize the company values, which at Medius are taking social responsible for other human beings, belief in young people's abilities, and sports/competitions. Table 5.3 categorizes examples of additional CSR activities to be applied at Medius.

Table 5.3 – Examples of appropriate CSR activities for Medius.

CSR activities who...	are motivated by profit incentives	are not motivated by profit incentives
are connected to core activities		Policy document concerning social responsibility including a detailed environmental policy Environmental diploma Environmental compensations when travelling
are connected to charity	Close collaboration with high schools and universities	Financial assistance to a non-profit organization

Even though the motive for these actions is mainly not financial return, it can in the long run help the company economically by an increased reputation and thereby a competitive advantage and an increased productivity from motivated staff.

## 5.4 CSR and employee motivation

In order to analyse the motivation among the employees the model presented in the literature review will be used. To give a reminder of the visual explanation of the model it is also presented here in figure 5.1.

**Support from the direct supervisor, or another second party responsible for overseeing a task** – All of the interviewed employees see the possibilities to get help from colleagues positively, where there is never a problem to ask for help. However, there is no clear role answering for questions concerning CSR. It might therefore be an idea to have someone responsible for helping colleagues in the CSR development.

**One's perceptions of an organization's related norms** – Eight out of nine interviewed employees find Medius' norms in line with a development in social responsibility, which is a good starting point. The employees also mention that clear guidelines would create motivation to act socially responsible at work. It is therefore important to create policy documents giving guidance to the employees, and the feeling that they are acting in harmony with the organizational goals.

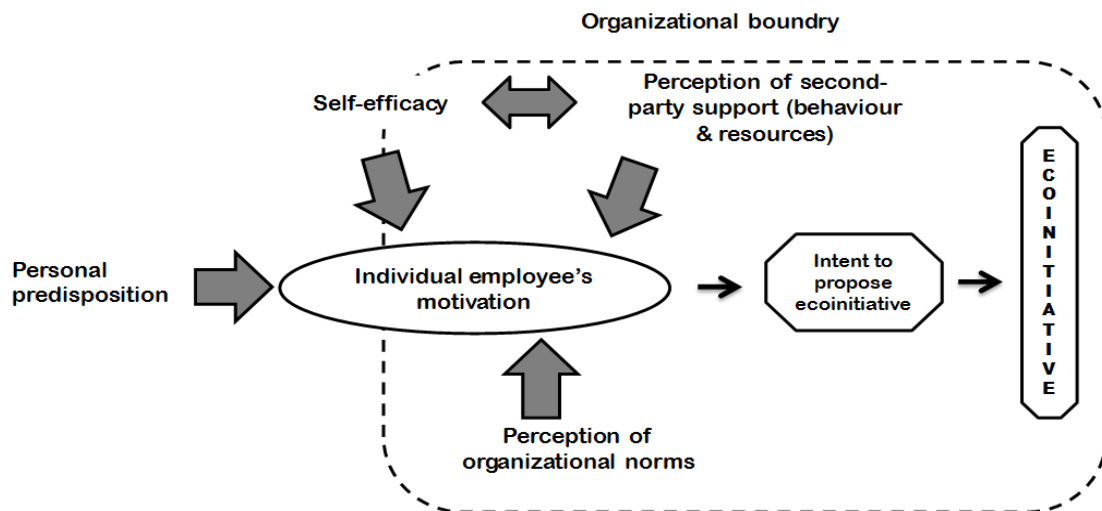


Figure 5.1 – A visual explanation of the four conceptual variables of employee motivation for extra role behaviour by Ramus et. al (2007).

**Personal predisposition toward the behaviour** – All of the interviewed employees have an awareness of social and environmental problems in today’s society, where some are more informed of social aspects and some of environmental. Even though the model place the personal predisposition outside the organizational boundaries, the author believes that the organization can have a positive effect on the employees’ predisposition by increasing the knowledge of current social and environmental problems, and what the organization itself is doing to change the society to the better.

**One’s belief in one’s own ability to successfully perform the action** – As mentioned in the data presentation, only two of the employees feel confident to perform CSR actions, where the rest feel that they need to know more about the subject and information from the leaders. The importance is therefore stressed yet again, to increase the knowledge of the employees within the area of CSR, and to make sure the employees get necessary help to feel confident in making CSR actions.





## 6 Discussion

In order to draw conclusions from this research project there are several areas that needs to be discussed. This chapter will therefore discuss the findings and the analysis in relation to the presented literature.

### 6.1 This case as an example

In this research the author wanted to deeply study a case to be able to present an example of how a Swedish SME work with CSR, and how they can develop within this area. The aim of doing this is to show the company how to develop the way they take social responsibility, and at the same time increase the awareness for, and the interest of, CSR among other Swedish SMEs.

So what do Medius do to take responsibility to the society today? Most activities are not motivated by profit incentives. They can however turn profitable in a long term perspective, if they are developed and communicated to the stakeholders. Most CSR activities performed today are connected to the company's core activities by trying to reduce negative effects on the environment, giving students and newly graduates thesis and job opportunities, and by sponsoring local activities. So is this case an example which other companies can learn something from?

The author's interpretation is that the IT industry is innovative, both in terms of products, the organizational culture, and the way to treat the staff. Young professionals are given responsibility early and have good opportunities for improvements. CSR could be argued to be another step further in this development, to show that the organization also take responsibility for the surrounding society.

In order to develop in this direction there needs to be an interest, an awareness and knowledge for this within the organization. This thesis can then give inspiration in taking social responsibility to other companies, and hopefully Medius can develop within this area and show the way forward to make CSR grow within SMEs in the IT sector. As argued by Morsing and Perrini (2009), increasing the understanding of CSR practices in SMEs will have positive effects on the society as well as the SMEs themselves.

### 6.2 CSR – Is it something for Medius?

To make this change happen, CSR needs to be an appropriate way forward for Medius. Is this the appropriate time for Medius to develop in CSR? To answer this, the CSR tipping point and CSR obstacles presented in the literature will be discussed.

#### 6.2.1 The CSR tipping point

The CSR tipping point, presented by Loosemore and Phua (2011), explains when a specific organization becomes receptive for a CSR initiative. It is therefore important to know if this has yet occurred at Medius. The different factors deciding the CSR tipping point will therefore be discussed.

**The level of maturity in the specific market (customer demand)** – Medius have an environmental policy due to pressure from customers. Not all customers, but some. This differentiation in customer demand can be explained by the fact that Medius sell

their IT solutions in many different industries. The level of maturity in the market therefore varies, and Medius need to be able to respond to the most mature markets as well as the lesser mature markets. As explained by Grafström et. al (2008), the attention to companies social responsibility is increasing which indicate that all markets are evolving in the area of CSR. Medius therefore need to respond to the mature markets which are continuously evolving.

**The internal capabilities (employees, skills, knowledge, culture, etc.)** – Löhman and Steinholtz (2003) present the importance to base the leadership on the company vision and values. At Medius the board members' values concerning CSR have not successfully been shared throughout the organization. However the awareness and knowledge of today's challenges in society, both among the employees and the board members, create a culture which the author believes is receptive for a CSR initiative. To make progress the leaders need to define a CSR strategy, find consensus and spread the values through the organization.

**The business environment the company is operating in (competitors, supply chain capabilities, etc.)** – The software industry does not have any direct effects on the surrounding society. Looking at annual reports by Swedish enterprises similar to Medius, CSR or sustainability are no widely used terms. However, there are a few companies reporting their developed strategies to take social responsibility, for example Readsoft and Connecta which was presented in the findings. As Loosemore and Phua (2011) describes, being early to adopt these changes could help the organization to earn a great competitive advantage.

So has the CSR tipping point occurred at Medius? Based on the previous discussion it is starting to happen right now. Medius will need more knowledge, knowhow within the organization and driving forces to overcome the challenges ahead.

## **6.2.2 Overcoming the obstacles**

Several obstacles concerning CSR were mentioned in the literature review. These will be discussed to find ways for Medius to overcome the obstacles.

**The lack of time and lack of information** – The people working at Medius do have a high workload. To overcome these barriers it might be needed to have resources within the organization that are responsible for the CSR activities and have knowledge to share. However, the suggested CSR activities do not require any time consuming undertakings from the employees.

**Insufficient financial resources** – As Grafström et. al (2008) explains it, CSR is not about making drastic changes which could ruin the company but rather to do what you can to change the society to the better. The CSR activities suggested does not require any major investments, and can be implemented subsequently. Therefore the financial resources should not be an obstacle for Medius.

**The fact that managers never having considered CSR on beforehand** – All the board members have had this in mind, and already implemented a few actions within the area of CSR. Therefore should not this be an obstacle at Medius.

**The lack of any relationship between CSR activities and company strategy** – As mentioned in the analysis, CSR values are well in line with the values at Medius. What is suggested is that Medius make CSR as a part of the organizational strategy, and thereby perform the core activities in accordance to the CSR strategy.

**The difficulties in measuring the impact of such practices** – As stated by Margolis and Walsh (2003), the organizational parameters which affect for example reputation and employee motivation are hard to measure. It is thus important to find a way to analyse what impacts the CSR strategy is having on the organization since Medius want it to deliver positive results in some way. Since Medius still is a rather small enterprise it may even be handled by follow up seminars at each office where the employees and the leaders can discuss this matter.

Washington (2009) describes that since we today tackle challenges as globalisation and climate change, broader terms of corporation's responsibility than simply the economic capital is needed. It is therefore also important to find ways to measure what positive impact the changes is having on the society. These are challenges Medius will have to overcome to develop an effective CSR strategy

### **6.3 Motivation among employees**

The model by Ramus et. al (2007) was used to evaluate employee motivation for extra role behaviour in CSR. It was found that the main two things needed are more knowledge on CSR among the employees, and clear guidelines to follow from the leaders.

The suggested CSR activities includes both environmental and social aspects within both charity and core activities. Examples are environmental diplomas, which in Sweden are earned through systematic environmental concern in the business operations and by actively work to reduce the environmental impact, and social concern through the social charity activities. The CSR activities defined in the analysis could therefore be argued to handle a wide CSR perspective where both environmental and social issues are handled.

It is therefore important to increase the knowledge in social and environmental problems in society among the employees, and what the organization is doing to take social responsibility. It is also important to explain what the social responsibility will mean for the employees and how it will affect their role in the organization.

Since both the employees and the board members see policies and guidelines as essential to successfully perform a CSR strategy it is also important to have policy documents where a broader range of issues, including community and environmental concerns are addressed, equivalent to the fourth generation in the generations of codes of conduct model presented by Mendes and Clark (1996) (see table 2.1).



## 7 Conclusions and Ideas for Further Research

The aim of this study was to attain a practical example of how CSR is handled in a Swedish SME within the IT software sector. The research was therefore performed by doing a case study at the medium sized Swedish IT company Medius. Qualitative data was gathered by holding semi-structured interviews to explore Medius' way of handling CSR issues today, a possible development of CSR at Medius, and to find out what is needed to have employees motivated to help this development. The data was presented showing agreements and disagreements among the interviewees in important standpoints for this research by comparing the transcribed interviews. A thorough literature review within the areas of sustainability and CSR laid the foundation for this study by providing information on important areas to address and previous research. This then helped the analysis by providing results from previous research and models to make an accurate analysis.

### 7.1 Answering the research questions

In order to get an overview of the research results the answers to the research questions are summarized below.

#### **RQ1: How are CSR issues handled at a Swedish IT SME today?**

There is no specific CSR strategy formulated in this case study example. However, there is an awareness of social and environmental problems among the leaders and the employees. Some CSR activities are already performed without any CSR strategy due to the board members interest of acting responsibly. These activities were presented in the analysis in table 5.2 and are listed below.

- Developing an IT product to reduce customers' paper handling
- Environmental policy
- Advocates travelling by train
- Taking social responsibility for the employees
- Recruitment of young personnel
- Subsidizes clean vehicles
- Collaboration with universities
- Sponsors local sports activities

There are two policy documents in place today, environmental policy and work environment policy. The work environment policy is handling internal social responsibility aspects. This strategy is according to both the employees and the board members followed. The environmental policy on the other hand is in place due to pressure from customers, and is neither a well know or used strategy in the company.

#### **RQ2: What are appropriate CSR initiatives for Swedish IT SMEs?**

In this case study the focus lies on achieving a reputation of being a modern and caring company. The expected outcomes of the CSR strategy are to become a more attractive employer, to have an increase in staff motivation, and by this earn a

competitive advantage. Appropriate CSR initiatives identified to this case are presented in table 5.3 and also listed below.

- Policy document concerning social responsibility including a detailed environmental policy
- Environmental diploma
- Environmental compensations when travelling
- Close collaboration with high schools and universities
- Financial assistance to a non-profit organization

### **RQ3: How can a Swedish IT SME achieve having an organization motivated for CSR initiatives?**

From this case study it can be found that in order for Medius to have employees motivated to take social responsibility at work the following is needed:

- To increase the awareness and the knowledge of CSR among the employees in the organization
- To have someone responsible for CSR related questions to support the employees and act as a force driving the CSR initiatives forward
- To create clear guide lines for the employees to follow

## **7.2 Ideas for further research**

The ambition with this study has been to increase the awareness and interest for CSR among Swedish SMEs. The ambition was also to give inspiration to Swedish SMEs to develop their business activities to include an increasing amount of social responsibility. In order to give ideas for further research one must question, what research needs to be done to increase the awareness, the interest, to inspire, and by this also help Swedish SMEs further?

According to the author there needs to be a qualitative focus since quantitative studies often answers the “what”, but not the “how” which is needed to motivate companies. It is therefore suggested that more qualitative studies are performed in small and medium sized companies within different industrial sectors in Sweden. By performing semi-structured interviews with the companies’ executives the studies should aim at identifying how CSR activities are handled in other small and medium sized Swedish companies, and to find what would motivate the executives to incorporate an increasing amount of social responsibility to their business.

By gathering this data from a wide range of Swedish SMEs one could start mapping similarities and differences in CSR between markets and by that actually learn about market specific incentives and obstacles in CSR. With this information one could actually help each market become more mature and learn from each other.

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## **Appendix A**

### **Interview guide – employees (author’s translation from Swedish)**

#### **Goal: To find out about the employees perception on CSR**

- What does corporate social responsibility mean to you?
- Why do you think one should act socially responsible?

#### **Goal: To find out about the employees opinions on CSR at Medius**

- What does Medius do to act socially responsible?
- Do you think Medius should increase their social responsibility? Why/why not? In what way? To what extent?
- What advantages/disadvantage/possibilities/obstacles could Medius face when taking an increased level of social responsibility?
- How would your attitude towards Medius as a company and as an employer change if CSR would earn a greater focus? Why?

#### **Goal: To find out about the employees motivation to work with CSR**

- Do you think the culture and norms at Medius is in line with a change towards taking an increased level of CSR? Why? In what way?
- Do you get the help you need to efficiently learn at work? Examples?
- Do you feel secure to always be able to ask colleagues for help?
- Do you feel confident to on your own take CSR related initiatives at work? Why?
- How would you be motivated to act in a way to help Medius take an increased level of CSR? What is required and why?

## **Interview guide - board members (author's translation from Swedish)**

### **Goal: To find out about the board members' perception on CSR**

- What does corporate social responsibility mean to you?
- Why do you think one should act socially responsible?
- How does a mature and learning organization act according to you?

### **Goal: To find out about the board members' possible CSR goals**

- How do Medius work with CSR today?
- Do you think Medius should increase their social responsibility? Why/why not? In what way? To what extent?
- What CSR goals do you find reasonable for Medius? Long-term/short-term

### **Goal: To find out about how the board members plan to work with CSR in the future**

- Do you think the culture and norms at Medius is in line with a change towards taking an increased level of CSR? Why? In what way? Is a big change needed?
- What advantages/disadvantage/possibilities/obstacles could Medius face when taking an increased level of social responsibility?
- Has any major strategic changes been performed at Medius? How did that go? What was considered problematic? Was any organizational strengths for such a change identified?

### **Goal: To find out about the board members' thought on the employees**

- How do you think the employees' attitude towards Medius as a company and as an employer would change if CSR would earn a greater focus? Why?
- What do you think should be done to motivate the employees to help Medius to take an increasing level of social responsibility? What is required and why?

## **Interview guide – employees (original)**

### **Mål: Att ta reda på de anställdas uppfattning om CSR**

- Vad betyder socialt hållbart företagande för dig?
- Varför skall man enligt dig agera hållbart som företag?

### **Mål: Att ta reda på de anställdas tycke om CSR på Medius**

- Vad gör Medius idag för att ta samhällsansvar?
- Tycker du att Medius borde jobba med CSR? Varför/varför inte? På vilket sätt? I vilken utsträckning?
- Vad har Medius för fördelar/möjligheter/nackdelar/hinder för att göra en sådan förändring?
- Hur skulle din syn på Medius som företag och arbetsgivare ändras om det blir aktuellt med CSR initiativ? Varför?

### **Mål: Att ta reda på de anställdas motivation**

- Tycker du att Medius normer och företagskultur ligger i linje med ett CSR initiativ? Varför? På vilket sätt?
- Får du den hjälp du behöver för att effektivt lära dig nya saker? Exempel?
- Känner du en säkerhet att du alltid kan få hjälp om du behöver fråga något?
- Känner du dig självsäker på att ta initiativ inom CSR i arbetet? Varför?
- Hur skulle du bli motiverad att agera i linje med att hjälpa Medius att ta mer socialt ansvar? Vad krävs och varför?

## **Interview guide - board members (original)**

### **Mål: Att ta reda på ledningens uppfattning om CSR**

- Vad betyder socialt hållbart företagande för dig?
- Varför skall man enligt dig agera hållbart som företag?
- Hur agerar en mogen och lärande organisation enligt dig?

### **Mål: Att ta reda på vilka mål ledningen har med en satsning på CSR**

- Hur jobbar Medius med CSR idag?
- Tycker du att Medius borde jobba med CSR? Varför/varför inte? På vilket sätt? I vilken utsträckning?
- Vilka mål tycker du är rimliga för Medius? Långsiktiga/kortsiktiga.

### **Mål: Att ta reda på hur ledningen tänker sig ett fortsatt arbete med CSR**

- Tycker du att Medius normer och företagskultur ligger i linje med ett CSR initiativ? Varför? På vilket sätt? Behövs en stor förändring?
- Vad har Medius för fördelar/möjligheter/nackdelar/hinder för att göra en sådan förändring?
- Har tidigare större strategiska ändringar gjorts på företaget? Hur har det då gått? Vad har varit problematiskt/hinder och vad har varit Medius styrkor för en sådan förändring?

### **Mål: Att ta reda på ledningens tro på de anställda**

- Hur tror du de anställdas syn på Medius som företag och arbetsgivare ändras om det blir aktuellt med CSR initiativ? Varför?
- Hur skall man enligt dig motivera anställda att agera i linje med att hjälpa Medius att ta mer socialt ansvar? Vad krävs och varför?