

The Danish Model of Corporate Citizenship: The Novo Group

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This chapter includes a description of the Danish business corporation group, *The Novo Group*. The transnational corporation Novo Group (with *Novo Nordisk* and *Novozymes*), based in Denmark, represents a Danish/Scandinavian model of corporate citizenship, corporate social responsibility, business ethics, and values-driven management (Rendtorff 2010, 2011; Jensen et al. 2013). Novo Nordisk is a pharmaceutical company that generates value by producing and selling insulin medicine to diabetes patients worldwide. It is also a major market leader in the field of the production of pharmaceutical health-care products. Novozymes is a major player in the biotechnology industry which produces and sells enzymes.

Novo Nordisk and Novozymes have developed a management strategy based on sustainability and fundamental ethical values. These corporations also integrate stakeholder communication and stakeholder management into their practices as an important part of their strategy to promote corporate self-awareness and communication. Novo Group's practices contrast with those of other companies which are not so

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focused on compliance, but the strategies and visions of Novo Nordisk and Novozymes can be said to be rather ambitious, going far beyond what is expected by law.

Values-driven management and business ethics are often considered to be corporate instruments for contributing to the betterment of the world and society. Fundamental values are not directly used as an instrument of compliance, but as tools for creating an atmosphere of identity, image, and self-awareness of the corporation (Pruzan 2001; Rendtorff 2009, 2012), and as components of organizational culture that help create the right atmosphere in an organization. Moreover, values are also connected with external stakeholders in the sense that they contribute to the formation and identification of ethics as a central component of the identity of an organization (Rendtorff 2009, 2012, 2013).

The major challenge to both Novo Nordisk and Novozymes is maintaining their progressive business model of corporate citizenship, stakeholder management, CSR, and sustainability in an increasingly competitive, international pharmaceutical industry, and biotechnology business environment. In addition, the Novo group is faced with the challenge of maintaining the image of pursuing a progressive business model while becoming a world leader in the pharmaceutical industry and in the biotechnology business.

1 Novo Nordisk: Values, Triple-Bottom-Line, and Balanced Scorecard

The major company in the Novo Group is Novo Nordisk, which is an independent transnational company with its headquarters in Denmark. The structure of the company is based on a fundamental division between research and production units. The pharmaceutical industry and healthcare corporation Novo Nordisk had in 2016 over 42,600 full-time employees in more than 75 countries and was making sales in 180 countries. The B shares of the company are listed on the stock exchange in Copenhagen, London, and the New York Stock exchange (www.novonordisk.com). The organization has established an office for stakeholder relations to deal with business ethics and corporate social

responsibility. On the organizations' websites are details about their different stakeholders (shareholders, customers, suppliers, patients and their families, public authorities, NGOs, and local communities) (www.novonordisk.com). The company considers itself to be a health-care company and a world leader in diabetes care. Novo Nordisk's main product is insulin for treating diabetes-related illnesses, but the corporation also works with researchers who seek a cure for diabetes and produce diabetes-related medicines and treatment procedures (for example, the company is engaged in research into genetic manipulation, the use of genetically modified organisms, stem cell research for treatment, etc.). In addition, the company is working in areas such as hemostasis management, growth hormone therapy, and hormone replacement therapy (www.nordisk.com).

The Novo Nordisk Company was founded in 1926 when the Nordisk Insulin Foundation was established. In 1941, Novo launched its first enzyme (trypsin), and in 1951 the Novo Foundation was set up to support different causes and supports the company (Novo Nordisk 2002). Novo Nordisk's industrial insulin production started following a merger between Nordisk Gentofte and Nordisk Industri in 1989. Mads Øvlesen, who has been the executive director of the organization for many years, become chairman of the board in 2000, while Lars Rebien Sørensen became the CEO. He was replaced by the new CEO, Lars Fruergaard Jørgensen, in 2016, as commercial pressure mounted on the company. In 2005, Lise Kingo, who had been responsible for stakeholder relations for many years, was also vice president for corporate relations and reputation, indicating the importance placed on values-driven management and corporate social responsibility. She later became executive director of the UN Global Compact in 2015. The corporation ranks very highly on the Dow Jones Sustainability Index.

Even at the beginning of the 1970s, Novo Nordisk was experiencing a major crisis due to media awareness of the potential environmental damage of the enzymes that Novo were at that time using to produce soap for washing. Because of the intense international criticism, the corporation lost significant market share for a while. However, this event was also a wake-up call for the organization which realized the importance of taking a values-based approach and dealing with societal

expectations. At that time, the firm had no capacity for crisis management and therefore could not overcome the crisis and establish mutually trusting relationships with the public. One particular incident in which the corporation was not at fault was rather damaging, and Novo's earnings were significantly reduced. As a result of this, the firm very decided early on to follow a more proactive strategy toward the public. Because Novo Nordisk engaged in dialogue with the environmental movement so early, the corporation was one of the first to publish an environmental report (in 1994) (Novo Nordisk 2002). However, in 1993 the organization experienced another crisis due to the realization that it was not able to meet US quality standards for products. It was at this point that it started to develop a comprehensive, value-driven management program, among other initiatives. *The Novo Nordisk Way of Management* and the corporation defined a charter of fundamental values.

However, Novo Nordisk still encounters criticism, and new forms of stakeholder management are needed. The debate about the responsibility of pharmaceutical companies for sick and poor people in South Africa in 2001 challenged the corporation's legitimacy, and it was forced to emphasize that it was a commercial organization, even though it was working to promote corporate social responsibility and to fight diseases across the world. The firm felt that the international debate about pharmaceuticals and the company's responsibilities in less developed countries was being raised by interested organizations with a poor understanding of the challenges and problems of running a socially responsible corporation.

The company's vision is very ambitious. In the Novo Nordisk Charter are listed the fundamental values and commitments that follow from the company's vision. The ambitious vision contains the following goal: "We will be the world's leading diabetes care company" (Our aspiration is to defeat diabetes by finding better methods of diabetes prevention, detection, and treatment. We will work actively to promote collaboration between all parties in the healthcare system in order to achieve our common goals), "We will offer products and services in other areas where we can make a difference" (Our research will develop and market such products ourselves whenever we can do it as well as or better than others), "We will achieve competitive business results" (Our focus is our

strength. We will stay independent and form alliances whenever they serve our business purpose and the cause we stand for.), “A job is never just a job” (We are committed to being there for our customers whenever they need us. We will be innovative and effective in everything we do. We will attract and retain the best people by making our company a challenging place to work), “Our values are expressed in all our actions” (Decency is what counts. Every day we strive to find the right balance between compassion and competitiveness, the short- and the long-term, self and commitment to colleagues and society, work, and family life), “Our history tells us, it can be done” (www.novonordisk.com).

The very far-reaching vision of Novo Nordisk, a leader in the search for a cure for diabetes, makes saving diabetes patients the primary purpose of the organization. The charter of values and commitments is based on this vision and seeks to ensure that the corporation contributes to improving people’s lives and work. Moreover, the company seeks to be innovative and to link concern for sustainability and triple-bottom-line management to putting its vision into practice. Novo Nordisk seeks to be a competitive financial performer while adhering to the principles of ethical business conduct.

It is on this ethical foundation that Novo Nordisk defines its values. The organization and its employees should be: “Accountable” (Each of us shall be accountable—to the company, ourselves, and society for the quality of our efforts, for contributing to our goals, and for developing our culture and shared values, “Ambitious” (We shall set the highest standard in everything we do and reach challenging goals), “Responsible” (We shall conduct our business in a socially and environmentally responsible way and contribute to the enrichment of the communities in which we operate), “Engaged with stakeholders” (We shall seek an active dialogue with our stakeholders to help us develop and strengthen our businesses, “Open and honest” (Our business practices shall be open and honest to protect the integrity of the Novo Group companies and of each employee), “Ready for change” (We must foresee change and use it to our advantage. Innovation is a key to our business and therefore will encourage a learning culture for the continuous development and improved employability of people)” (www.novonordisk.com).

These values are defined as the core principles of action for the organization, and are used as external and internal tools in the creation, maintenance, and development of an ethical organizational culture (a “cultural frame” for the management of the organization) (Schultz et al. 2000; Rendtorff 2009). As artificial creations, the values can be said to guide the aims and strategy of the organization, and are instrumental in the formation of Novo Nordisk’s corporate identity and corporate image. They combine personal values and organizational values, and express the spirit of the corporation as a collective unit, guide the activities of employees, and should also, as an expression of corporate citizenship, shape relations with stakeholders. It is the intention of Novo Nordisk that these values should be given life through the daily practice of the management of the organization at all levels.

The vision and value charter are linked to the triple bottom line and the concept of sustainable development. In addition, the company is focused on using instruments to assess the value performance of the organization, which is linked to its performance in all the categories of the triple bottom line. Acting to promote the triple bottom line is considered an integral part of the business of the organization in terms of preserving the planet and the quality of life for future generations. The different elements of this triple bottom line (people, planet, and profit) are components of the sustainable business. Sustainability and triple-bottom-line reporting imply that the corporation acknowledges its financial, environmental, and social responsibility (www.novonordisk.com). Financial responsibility relates to the need for ongoing improvements in financial performance. Environmental responsibility means meeting the objective of maintaining an open dialogue with stakeholders, including taking responsibility for bioethical issues and animal welfare in research, production, and development. Clinical trials should also respect research ethics and medical (clinical) ethics. The corporation subscribes to the *International Chamber of Commerce Business Charter for Sustainable Development* and to the *UN Convention on Biological Diversity* (www.novonordisk.com). Moreover, social responsibility includes complying with the *Universal Declaration of Human Rights*, other international human rights standards, as well as health and safety guidelines for employees. Novo Nordisk has created a number

of fundamental goals in relation to social responsibility which show its efforts to put values into practice. These fundamentals take the form of very detailed descriptions of how managers and units in the organization should comply with values and use them in their daily practice to improve the working atmosphere and quality at work (www.novonordisk.com).

In connection with the emphasis on the triple bottom line, Novo Nordisk has also made efforts to establish stakeholder reporting and corporate social responsibility practices throughout the supply chain. One important feature of the implementation of values is the way the company is entering into dialogue and communication with stakeholders, including patients and NGOs. The organization works with multi-stakeholder partnerships and international patients, as well as research and governmental groups, to improve the research and treatment of diabetes-related illness.

Instead of focusing on compliance, formal compliance structures and ethics offices act as guarantors for the achievement of the strategic aims of values-driven management. Novo Nordisk stresses that a number of accounting and other practical instruments are important in the implementation of values. These include financial follow-up and reporting, environmental and social reporting, organizational audits, facilitations, and succession management (www.novonordisk.com). In particular, the organization emphasizes the importance of using different external and internal auditing instruments (risk management, control, and governance) in value implementation. Moreover, stakeholder feedback is considered an important source of information about the responsiveness of the corporation. Stakeholder feedback is collected by working closely with different stakeholders such as employees and patients (www.novonordisk.com).

The firm uses different forms of alternative accounting and reporting measures in order to demonstrate its concern for stakeholder dialogue. In addition to yearly financial reporting, Novo Nordisk publishes an annual sustainability report which focuses on the social and environmental responsibility of the firm, including bioethics and animal ethics. It is the group's intention that these sustainability indicators and traditional economic indicators be tightly linked (for example, Novo

Nordisk has designed a strategy of combining balanced scorecard management with sustainability management). The corporation finds it very important to measure the progress it is making with putting fundamental values into practice and uses different instruments for this purpose.

In connection with the Sarbanes-Oxley Act that has been implemented in the USA (which is designed to strengthen corporate governance and improve the transparency of accountancy measures in the aftermath of the collapse of Enron and World Com), Novo Nordisk has also improved its corporate governance structure. The company has followed the recommendations of the *Danish Committee on Corporate Governance, Nørby-Udvalget*, since 2001 (www.novonordisk.com). These corporate governance goals include increasing the transparency and openness of corporate management and corporate accounting. In connection with improvements in corporate governance, the corporation has established a system for supporting whistle-blowers, although this does not play a significant role in values-driven management at Novo Nordisk.

We can see how Novo Nordisk has located stakeholder management at the center of their conception of corporate governance. (Fig. 1) In fact, in conceiving their place in the world as a participant in a stakeholder network, Novo Nordisk sees itself as a part of the web whose links are closely connected. What is particularly interesting about this stakeholder diagram is that the organization is pictured not at the center of the diagram but elsewhere. The mission of Novo Nordisk is, first of all, to cure particular diabetes-related illnesses, symbolizing its role as a contributor to society, rather as at the center. Stakeholder management involves listening and contributing, as well as using instrumental strategies to promote survival and make a profit (Bonnafous-Boucher and Rendtorff 2016).

The company's annual reports present a vision of the firm as a good corporate citizen in terms of the goal of "being there" as a responsible, honest, and accountable firm with regard to the individuals who are dependent on their products, employees, and society as a whole. This vision combines social responsibility with competitiveness: the focus of Novo Nordisk management efforts. All reports since 1999 have stressed the importance of the concept of the triple bottom line as

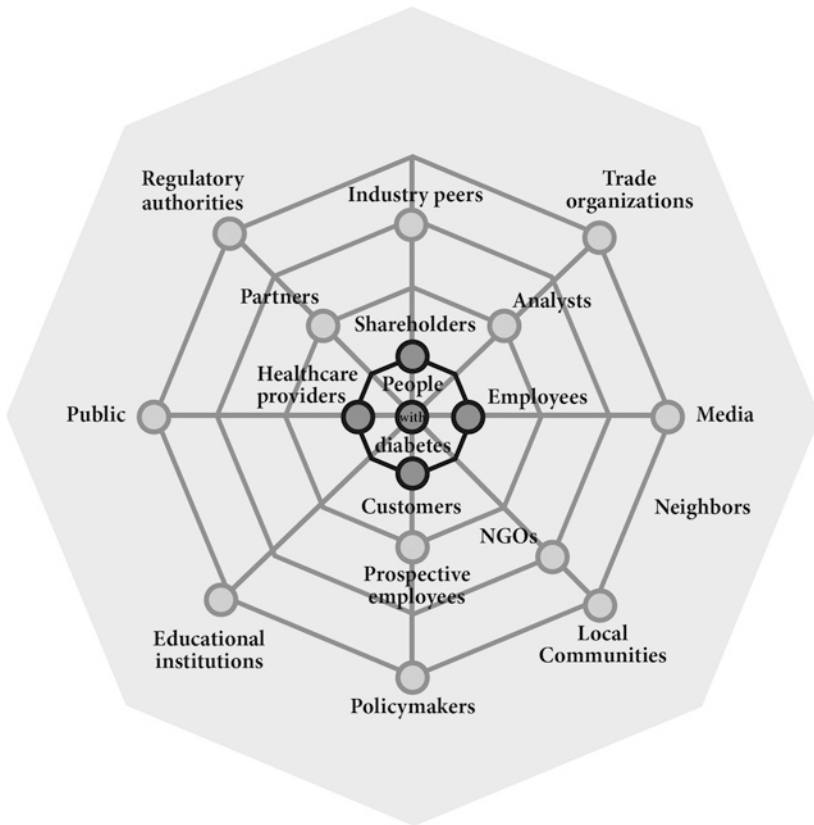


Fig. 1 Novo Nordisk's stakeholder network

an instrument for integrating the different activities of the firm. They are also very interesting reports because they focus on creating a dialogue about ethical dilemmas (www.novonordisk.com)— for example, the dilemma between profit-seeking and the task of fighting disease. In the aftermath of the crisis created by the criticism of the pharmaceutical industry in South Africa, this focus on dilemmas is relevant. NGOs claimed that the corporation was not helping sick, poor people, but was instead focused on profit-making, a claim which was supported by the executive director Lars Rebien Sørensen when he stated that Novo Nordisk was “not a Humanitarian Organization.”

This statement was a response to the debate about patient's rights and the responsibilities of health-care corporations. It may have been that this pressure from NGOs and other organizations influenced Novo Nordisk to redraw their stakeholder diagram in such a way that Novo is not located at the center of the stakeholder network, but strives to present its activities as part of the contribution to common social goods and values.

In its reports on sustainability and corporate social responsibility, the corporation continues to report on human rights, stakeholder dialogue, progress in bioethics, animal ethics and welfare, respect for diversity and multiculturalism in the workplace, environmental protection, gene technology, eco-efficiency, social responsibility, and corporate governance. All the issues are described with an emphasis on the concrete efforts of the corporation to improve its activities in relation to the specific issues.

Novo Nordisk tries to place health policy at the center of the effort to create a better world. The report addresses the question "Can diabetes be defeated?", to which the corporation responds that it does not only want to be viewed as a producer of medicine, but also as a contributor to education and diabetes prevention and treatment efforts (www.novonordisk.com). The aim is "simply" to save the world from diabetes. In the report, the corporation also emphasizes its efforts to pursue an integrated approach to corporate social responsibility: "Novo Nordisk is a biotech based health care company that strives to conduct its activities in a financially, environmentally and socially responsible way" (www.novonordisk.com). The corporation represents itself as a global company that engages with global health policy according to UN goals and the *Oxford 2020* vision about global health care. It has, according to its different annual reports about corporate social responsibility, produced insulin for 11–13 million people worldwide, which it considers an important contribution to social responsibility. The strategy of the company is to make a substantial global contribution to combatting Type 1 and Type 2 diabetes in the Western World, but also in developing countries, where this illness is becoming even more prevalent. The corporation stresses how it is involved in concrete projects with

local stakeholders in the developing world that are designed to promote health and human rights and decrease environmental impact. It also stresses that its annual reports adhere to globally recognized standards, including AA1000AS, ISAE 3000, and the UN's Global Compact Principles. Reporting in compliance with these standards is an indication of the company's efforts to satisfy the expectations of society.

Accordingly, from the above material we can see how Novo Nordisk functions as a company that integrates business ethics, corporate social responsibility (Rendtorff 2011, 2013), and corporate citizenship with concern for human rights in order to create a blend of integrity and economic performance (Rendtorff 2015, 2017).

2 Novozymes: Sustainability and Biotechnology Production

In 2000, Novo Nordisk decided to continue producing enzymes using a separate company and thereby created Novozymes. The reason for this decision was a strategic desire to create a company which could focus on enzymes and biotechnology, leaving Novo Nordisk to continue producing insulin and health-care products. Moreover, strategic considerations relating to the risk management of different ethical issues related to human and natural biotechnology, and an increase in market potential may have shaped the decision to operate as two companies. Novozymes has a focus on natural biotechnology, and less so on biotechnology for use in health care. The new company has a *Sustainable Development Strategy Group* consisting of top-level managers and a *Sustainability Development Center* closely connected to executive management (Novozyymes 2004). These groups are responsible for improving sustainability policy and strategy. Every year, after a process of dialogue with the board, executive management, and major stakeholders, the group puts forward a revised strategy. Ever since the annual report of 2004, Novozymes has published an integrated report in which reporting on financial, environmental, and social reporting is included (Novozyymes 2004).

Novo and Novozymes share a common charter of values as a part of the Novo Group, but Novozymes has also developed its own approach to sustainability and to triple-bottom-line management. Both companies have defined values and integrity as important to their corporate identity. The values are applied at both the individual and organizational level, while sustainability and corporate social responsibility is the ethical foundation of the company vision which is expressed in Novo Group's Charter. Even though it subscribes to this charter, Novozymes' vision is, due to differences in strategy, different to that of Novo Nordisk (www.novozymes.com). Novozymes' Vision is the following: "Our vision: Where we are heading: We imagine a future where our biological solutions create the necessary balance between better business, cleaner environment and better lives. To get there: We will drive a significant expansion of the market for industrial biotechnology with enzymes and microorganisms as our basis. We will find new and improved solutions to serve the market for biopharmaceuticals. We will achieve double-digit growth with a leadership position in all markets served. Customers and partners throughout the world will seek our collaboration because of what we do and how we do it. People from all over the world will want to work for us because of what we do and how we do it. Society will be inspired by our work to choose biological solutions as a key part of the future" (www.novozymes.com).

We can see that this vision, like that of Novo Nordisk, is also extremely ambitious, placing the corporation at the head of the race to create a better environment and better biological solutions to the world's problems. Novozymes' vision defines corporate action and culture and is the basis for promoting institutional responsibility in society. We may claim that the values, visions, and stakeholder dialogue of Novo Nordisk have been developed to define the "good corporate citizenship" of the corporation. In order that its vision of corporate citizenship operates in the spirit of compliance with international norms and societal expectations, Novozymes has defined a basic set of commitments in close conformity with the declarations and regulations of the United Nations, whose international agreements and conventions the company supports. These include, in particular, the universal values contained in the *United Nations Universal Declaration of Human Rights*

and the *United Nations Global Compact*. Novozymes also refers to the *United Nations Convention on Biological Diversity* and the *International Chamber of Commerce's Business Charter for Sustainable Development* (www.novozymes.com). These norms and guidelines function as the basis for the sustainability policy and daily operations of Novozymes.

Moreover, this is the foundation of Novozymes' application of the concept of sustainability as expressed in the triple bottom line. Novozymes stresses its financial, environmental, and social commitments and responsibilities, which are geared to: supporting economic performance and value-creation; improving environmental performance and respecting biodiversity, and promoting stakeholder dialogue and respect for fundamental human rights, labor rights, and health and safety issues at the workplace (www.novozymes.com). In this sense, Novozymes considers values-driven management to be a tool for developing corporate social responsibility in the organization. It commits to the Novo Group Charter (which describes the values and fundamental operating principles of Novo organizations) and in addition has created a specific description of its desired personality: "Our personality: Who we are: Spark—curious, fast and enterprising. (We nurture creativity and courage because the greatest ideas are always unexpected and we must be ready to act when opportunities turn up. We are curious, fast and enterprising making us able to see things in a new perspective, step out of the routine and rid ourselves of limitation). Passion—we love what we do and make it happen. (Being dedicated and constantly fascinated allows us to realize big ideas. We love our work because it is challenging and gives access to a cleaner, greener, and easier everyday life. And we're determined to make it happen). Openness—we do what we say, and say what we do. Our stakeholders deserve a partner they can trust. We open our doors and take the time to listen because the most relevant ideas are formed in dialogue. And when ideas are good, we make sure they travel openly and are quickly acted upon). Science—good science makes for better business and better lives. (We honor a long-term commitment to science by applying a combination of discovery, experience and understanding to unlock the magic of nature's own technology to create better business and better lives)" (www.novozymes.com). This concept of company personality is designed to capture the company's scientific passion

for work and express a belief in the power of science as a major contributor to creating better environmental conditions on earth. The values reflect the social position of Novozymes as a biotechnology company which is often held accountable by the wider community for the risk and potentially unintended damage of biotechnology products.

In accordance with its general principles of business, Novozymes has integrated into business practice a concern for social responsibility. This approach to corporate social responsibility not only relates to risk management and reputation management, but also includes a broader concern for corporate social responsibility as a component of the corporation's "license to operate." It is for this reason that corporate social responsibility is considered to be good for building brand value, and a way of increasing the competitiveness of the corporation. Corporate social responsibility is viewed as an expression of stakeholder commitment, which increases the triple-bottom-line sustainability of the firm. Novozymes defines its social responsibility in the following way: "[We] will work to continuously improve our social performance. We will set ambitious objectives and integrate social and human rights considerations into our daily business. We will identify and focus our efforts on issues most relevant to us at an individual, national, regional and global level in order to make a positive difference. We are all responsible for identifying and assessing areas and issues where our social performance can be improved—and act upon it. In our daily work, we must all be aware of our social responsibilities, follow best practices and respect each other. We must always listen to the social responsibility concerns of our stakeholders and respond openly" (www.novozymes.com). This mission statement and expression of commitment includes references to the responsibility to communities both local and global. It also embraces nondiscrimination policies and respect for human rights, product safety, and the development of products that do not violate basic safety standards.

In the field of corporate social responsibility, Novozymes is working on promoting supplier ethics by ensuring that suppliers respect labor standards and human rights (www.novozymes.com). Suppliers are required to respond to questions about related key indicators and to comply with the ethical standards of Novozymes. The corporation

includes an evaluation of respect for human rights (which are based on international human rights norms) into supplier assessments, and which Novozymes requests that suppliers respect. Based on responses from suppliers, the corporation engages in dialogue about problematic issues so as to identify adequate measures for improving compliance.

Novozyymes' environment and bioethics policy is based on the desire to integrate environmental and bioethical considerations into daily business operations. Accordingly, new technologies and new products and the use of raw materials must be evaluated from the perspective of environmental and bioethical impacts. The corporation continuously assesses environmental performance in order to use best practices and monitor performance. The bioethics policy is developed through a process of dialogue with major stakeholders, suppliers, subcontractors, and authorities in a way that promotes the responsible treatment of issues. The corporation expresses a wish to contribute through the honest documentation of problems and appraisals of its environmental and bioethical performance. This goal is promoted by a sustainability management focus at the top level of the organization.

3 Issues and Challenges: The Danish Model of Sustainability

While many European and US corporations are using a combined values and compliance approach, the Novo Group (Novo Nordisk and Novozymes) are mainly inspired by the Scandinavian, and particularly Danish, approach to business ethics, sustainability, and corporate social responsibility (Rendtorff 2009, 2011, 2013, 2017). This Scandinavian model of business is based on responsible stakeholder management that views the business corporation as a servant of its most important stakeholders (Bonnafous-Boucher and Rendtorff 2016). Moreover, the Scandinavian model of business focuses on encouraging part-ownership of companies by foundations that contribute to society, science or culture through philanthropic donations, as is the case with the Novo Group whose majority shares are owned by the Novo Foundation.

This Scandinavian business model is further strengthened by the fact that Novo Nordisk and Novozymes take as a starting point their efforts to make the triple bottom line a central part of corporate strategy. In addition, the corporations try to position values and values-driven management at the heart of corporate culture. In this context, value-driven management and sustainability are promoted so as to promote integrity and good corporate governance. The Scandinavian and Danish approach that is followed by Novo Nordisk and Novozymes emphasizes the fact that values are more important than rules, and that values rather than rules should be used to harmonize company operations and formulate business strategy, so the corporations use values-driven management and the management of stakeholder relations to create a strong corporate strategy.

The cases of Novo Nordisk and Novozymes make it evident that we cannot reduce business ethics to a matter of personal relationships, and that we must include institutional structure as a component of the strategy. This suggests adherence to genuine philosophical and ethical principles. However, doing this is only possible after deconstructing the ideological function of business ethics in a network society. We can identify in the activities of modern European corporations a genuine search for values within the restrictions of the market economy.

When such organizations define their approach to business ethics, they integrate considerations about bioethics and corporate social responsibility into them. They evaluate the responsibility of science and biotechnology companies as it concerns patents and biotechnological inventions, and consider them central to the development of corporate strategy and understanding the place of the firm in society. The need to protect humans in the process of biotechnological development is an important ethical consideration of biotechnology companies. Moreover, we argue that it is possible to also identify a desire to respect the basic ethical principles of Autonomy, Dignity, Integrity, and the Vulnerability of people, animals and nature in the triple-bottom-line management strategies of biotechnology companies (Rendtorff and Kemp 2000).

In fact, it may be argued that concern for the principles of stakeholder management (recently renamed corporate stakeholder responsibility, in place of corporate social responsibility), is a way to

conceptualize the strategies of values-driven management and business ethics. In a short description of the essentials of the stakeholder approach, Freeman et al. (2006) propose 10 principles of stakeholder management which are very illustrative of the approach that has been used by Novo Nordisk and Novozymes: “(1) We need to generalize the marketing approach. (2) Everything that we do serves stakeholders. We never trade off the interests of one versus the other continuously over time. (3) We negotiate with primary and secondary stakeholders. (4) We constantly monitor and redesign processes to make them better serve our stakeholders. (5) We act with purpose that fulfills our commitment to stakeholders. We act with aspiration towards fulfilling our dreams. (6) Stakeholder interests go together over time. (7) Stakeholders consist of real people with names and faces and children. People are complex. (8) We need solutions to issues that satisfy multiple stakeholders simultaneously. (9) We need intensive communication and dialogue with stakeholders—not just those who are friendly. (10) We need to have a philosophy of voluntarism, to manage stakeholder relationships ourselves rather than third parties such as governments” (Rendtorff 2009; Bonnafous-Boucher and Rendtorff 2016).

What are the challenges that Novo and Novozymes face with respect to the development of a progressive business model? A fundamental question is whether the two companies manage to maintain their strong ethical profile in terms of commitment to CSR and sustainability. If we look at the annual reports and statements of the company, we can see a lot of buzzwords and positive statements about the CSR engagement of the companies. The key issue is whether Novo Nordisk and Novozymes manage to maintain their socially, economically, and environmentally integrated concerns for sustainability. Here, the main challenge is to demonstrate that the Novo stakeholder model actually is the focus of the Novo Group, especially since pressure on prices and profits, particularly in the important USA market forced the early resignation of progressively minded CEO Lars Rebién Sørensen.

It remains a key challenge to convince key stakeholders about the honest engagement of the companies in the Novo Group. Future challenges also include how to maintain a leading position in CSR and ethics combining this with the efforts to become a market leader in the

different fields of production. The challenges for Novo Nordisk include the effort to maintain the key vision of the company, which is to combat diabetes in the world. Here the company needs to demonstrate its commitment to this vision, which defines the aim of the company to be a servant of society. The challenges of Novozymes remain to document that the company has a sound environmental profile. So the main challenge for Novo and Novozymes is to maintain CSR and sustainability as the license to operate of a progressive business with the task of discovering and developing therapeutic solutions for patients in the contemporary market economy with increased global competition.

4 Conclusion

The Scandinavian (or specifically Danish) approach reflected in the strategies of Novo Nordisk and Novozymes are a good illustration of the theory of triple bottom line management combined with stakeholder management, corporate social responsibility, and corporate governance at the heart of corporate strategy (Jensen et al. 2013). The learning outcomes from the cases of Novo Nordisk and Novozymes concern the importance of focusing on genuine stakeholder management (locating important stakeholders at the center of stakeholder diagrams and processes). An additional and important learning point is the need to position triple-bottom-line management, corporate citizenship and sustainability within the frame of the basic ethical principles of respect for autonomy, dignity, integrity, and vulnerability.

5 Questions to Address

- What major business ethics and corporate social responsibility values can you identify in the management strategy of the companies of the Novo group?
- What is unique about the stakeholder diagram proposed by Novo Nordisk?

- How does Novozymes combine sustainability and biotechnology as company values?
- What are the major risks facing the Novo Group companies as concerns their focus on business ethics and corporate citizenship?
- What are the primary characteristics of the Scandinavian model of business ethics and stakeholder management?

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