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Communication of Corporate Social Responsibility: A Study of the Views of Management Teams in Large Companies

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ABSTRACT. In light of the many corporate scandals, social and ethical commitment of society has increased considerably, which puts pressure on companies to communicate information related to corporate social responsibility (CSR). The reasons underlying the decision by management teams to engage in ethical communication are scarcely focussed on. Thus, grounded on legitimacy and stakeholder theory, this study analyses the views management teams in large listed companies have on communication of CSR. The focus is on aspects on *interest*, *motives/reasons*, *users* and *problems* related to corporate communication of CSR information. A questionnaire survey and in-depth interviews confirm that there is a distinct trend shift towards more focus on CSR in corporate communication. Whilst this trend shift started as a reactive approach initiated by the many corporate scandals, the trend shift is now argued to be of a proactive nature focussed at preventing legitimacy concerns to arise. These findings are significant and interesting, implying that we are witnessing a transit period between two legitimacy strategies. Furthermore, the findings suggest that the way respondents argue when it comes to CSR activities coincides with consequentialism or utilitarianism, i.e. companies engage in CSR activities to *avoid* negative impacts instead of being driven by a will to make a social betterment or acting in accordance with what is fundamentally believed to be right to do. This provides new input to the ongoing debate about business ethics. The findings should alert national and international policy makers to the need both to increase the vigilance and capacity of the regulatory and judicial systems in the CSR context and to increase institutional pressure to enhance CSR adoption and CSR communication. Furthermore, stakeholders need to be careful in assuming that CSR communication is an evidence of a CSR commitment influencing corporate behaviour and increasing business ethics.

KEY WORDS: corporate social responsibility, CSR communication, legitimacy, stakeholders, utilitarianism

Introduction

In recent years, we have witnessed alarming reports of amplified consumption of natural resources, increased pollution, multinational companies' exploitation of child labour, the Enron affair and similar, gigantic management bonuses and so forth. In this context, the awareness and environmental, social and ethical commitment of society have increased. As has widespread mistrust towards how management teams run our companies (Goodman, 2009; Holder-Webb et al., 2008; SOU (2004:47), 2004b). This has influenced society to impose new restrictions on companies to prevent them from engaging in inappropriate behaviour (see Sutantoputra, 2009). Both on national and international levels different actions have been taken to better govern companies and, thereby, milder the public opinion and restore society's trust in companies and in those managing them. Examples of actions taken are, e.g. increased power to the SEC (Security Exchange Commission) and its equivalents, the introduction of national "Code of Conduct" and "Code of Corporate Governance".

Also on company level, actions have been taken to turn the negative trend by meeting the demand for more information related to their environmental, social and ethical activities. This area of information is, hereafter, referred to as corporate social responsibility (CSR), which is defined by the European Commission (2001, p. 5) as a concept by which "…companies decide voluntarily to contribute to a better society and a cleaner environment" by "…going beyond compliance and investing "more" into human capital, the environment and the relations with stakeholders" (p. 8). A decade ago, companies devoted very little focus on communicating CSR (Arvidsson, 2003; Bukh et al., 2006); today it appears as if this area of information receives increased focus in corporate communication (Arvidsson, 2009; Ihlen, 2008). Claims for transparency and accountability have pressured companies to place CSR on the agenda. However, this poses problems related both to implementation of CSR strategies and to communication of CSR achievements. From a management team perspective, the communication problems arise in establishing which and how CSR information should be communicated in order to satisfy the information needs of stakeholders and, thereby, to legitimate their behaviours. Due to the lack of an established framework for how to communicate consistently about CSR, Ellerup Nielsen and Thomsen (2007) argue that many companies are completely unprepared for this task.

Grounded on legitimacy and stakeholder theory, the aim of this study is to analyse the views management teams in large listed companies have on corporate communication of information on CSR. The focus is on aspects on *interest*, *motives/reasons*, *users* and *problems* related to corporate communication of CSR information. The data are based on a questionnaire survey followed by in-depth interviews with investor relation managers (IRMs) at the largest companies listed on the Stockholm Stock Exchange. The selection of the largest companies is motivated by their position as first-adopters and trend setters when it comes to corporate communication (compare the development of the Generally Accepted Accounting *Practices*, GAAP, in the 1930s). This study contributes to a richer understanding of CSR communication, which is an area that has received limited attention within the body of CSR research (Birth et al., 2008). Whilst CSR disclosures (annual reports, websites, 10 K reports) have received some attention, there is a distinct lack of studies that have examined how management teams *de facto* reason when it comes to communication of CSR information. Thus, this study paves the way for a discussion of the challenges and opportunities perceived with CSR communication. Both management teams and policy makers at national and international level may find insights on how to develop relevant and effective CSR communication by drawing on the multiple aspects focussed upon in this study. This study builds further on the findings in Arvidsson's (2009) questionnaire survey focussed on how management teams in large companies communicate non-financial information *via* the annual report.

This article has been structured as follows: first the theoretical and empirical foundations motivating this study are discussed. Then, the methodology underlying this study is presented. Next, the results from the interviews are discussed, and finally some concluding remarks are presented.

Theoretical and empirical foundations

A stakeholder perspective on CSR

The idea of CSR, as we understand the term, developed into a debated area in business society already in the 1920s. During the Depression and the World War II the debate went silent and when it woke in the 1950s, the CSR debate was focussed on companies' obligation to society. However, defining what lies in the concept CSR was regarded to be too complex and obscure to be handled by the management teams themselves. In the 1970s, it was proposed that CSR instead could be viewed as "corporate social *responsiveness*" to the expectations and demands society had on companies (Ackerman and Bauer, 1976; Frederick, 1994). In his seminal paper, Frederick (1994) outlined a conceptual transition from the philosophical-ethical concept of CSR (companies' obligation to work for social betterment) to the action-oriented managerial concept of corporate social responsiveness (the capacity of a company to respond to social pressure). Thus, society should define social responsibilities and then the management teams should respond to these societal demands or expectations on how companies should act in order to be regarded as socially responsible. Following the nonfigurative and broad nature of society, Freeman (1984) introduced the stakeholder perspective as a way for management teams to define which part of society they should respond to regarding CSR. Mitchell et al. (1997) elaborated further on how stakeholders that count should be identified by evaluating them in respect to their possession or attributed possession of three different attributes: power, legitimacy and urgency.

In 1970 Milton Friedman published an article in the New York Times Magazines, in which he argued that the social responsibility of business is to increase its profits. Also during the 1980s and the 1990s the overriding mantra in business society was maximising shareholder value and the prime stakeholder management teams should respond to was the shareholder. Thus, the intensified debate around the CSR concept came to challenge the beliefs of business society by proposing an inclusion of social responsibility aspects in the hitherto strict focus on managing companies towards increased shareholder value. This proposed augmentation of the shareholder-value concept came to be known as the *enlightened value maximisation* or the *enlightened stakeholder theory,* which was introduced by Jensen (2001) – a former advocate of the shareholder-value concept. Prior et al. (2008) argue that this means an adoption of a stakeholder-agency perceptive, where a company is conceived not as a bilateral relationship between shareholders and management teams, but as a multilateral set of relationships amongst stakeholders.

Corporate scandals provide a hot-bed for CSR

Around the turn of the century, the opinion against the strict focus on shareholder value grew stronger with the many corporate scandals taking place on the social, ethical and environmental arenas (e.g. Enron, WorldCom, gigantic bonuses, exploitation of child labour, increased pollution and CO_2 emission), which resulted in a widespread mistrust against management teams. Kennedy (2000) warned in his book *The End of Shareholder Value* for boycotts from stakeholders if the management teams did not broaden their focus and acknowledge the needs of other stakeholders than only shareholders. Ghoshal (2005) criticised the theory underpinning shareholder value for having contributed to short-sightedness and a lack of moral responsibility amongst management teams. Similar concerns were raised by, Gray et al. (2005) in their book *Corporate Scandals – the many faces of greed*.

Thus, the corporate scandals with their origins in the social, ethical and environmental arenas provided a perfect hot-bed for CSR, which at the time was highlighted as a means to decrease mistrust and restore stakeholders' confident in management teams (see e.g. SOU (2004:46), 2004a; SOU (2004:47), 2004b). The number of CSR articles published in the European business press increased from 4 to 273 between 1996 and 2005 (Windell, 2006). The increase in CSR articles in business papers came a few years later in Sweden than in the U.S. (Borglund, 2009). During this period also the shareholders' interest in socially responsible companies awoke. This was manifested in an increasing will to invest in companies categorised as managed socially responsible. A direct outcome of this was the introduction of Dow Jones Sustainability Index, FTSE4GOOD Index and Ethibel Sustainability Index, which are all examples of indexes in which companies meeting globally recognised corporate responsibility standards are included. Friedman and Miles (2001, p. 523) argue that one possible outcome with the increase in making Socially Responsible Investments (SRIs) might be that companies see ''…a business case, as well as, or as opposed to a moral case, for acting in a more responsible manner''. In 2006, the U.N. introduced *PRI – Principles for Responsible Investments*, which is a guideline for how investors should include perspectives on environmental, social and corporate governance (ESG) issues when they make investments. Waring and Edwards (2008) argue that the use of rankings and screens by fund managers to decide whether to invest in a company or not, imposes considerable pressure on companies to provide attractive track records on the issues of importance to the fund. In Europe and in the U.S., every one out of eight dollars invested is subject to a social or ethical screen (Social Investment Forum, 2006).

The financial focus is, however, not replaced or marginalised by the introduction of the CSR concept. For example, the idea behind the enlightened value maximisation ''…accepts maximisation of the long run value of the firm as the criterion for making the requisite trade-off amongst its stakeholders'' (Jensen, 2001, p. 298). Maignan et al. (2005) argue that companies should select stakeholders to respond to based on the stakeholders' power to – in different ways – influence corporate *financial* results. Accordingly, it is not only shareholders that are put forward as the company's prime stakeholder. It is acknowledged that other stakeholders than shareholders could be influential and, thus, should count. However, with the increased interest in CSR from shareholders (e.g. manifested in an increase in CSR investments), the argument that companies should respond not only to shareholders' demands but also to societal demands might be less of a conflict. Ascertaining a positive relationship between the investments companies make in CSR activities and the financial outcome has attracted interest for decades and still is regarded as important for making the financial benefits with CSR visible to both management teams and investors (Eccles et al., 2001; McGuire et al., 1988; Waddock and Graves, 1997). Margolis and Walsh (2003) show that of 109 empirical studies exploring the relationship between corporate social performance and financial performance, 54 of the studies confirm a positive relationship, 7 confirm a negative relationship and the rest show no or indistinct relationship. van Beurden and Gössling (2008) also confirm, from their review of earlier empirical studies, a positive correlation between corporate social and financial performance.

CSR communication – a proactive or a reactive approach towards achieving legitimacy

Although financial benefits with CSR have been confirmed in several empirical studies, there is proposed to be diminishing returns associated with CSR. Hallvarsson (2009) argues that these diminishing returns present themselves when a company's investments in CSR activities go beyond laws and regulations. However, in order to be ranked as socially responsible and receive the stakeholders' approval, he stresses that a company might need to make investments *above* the level manifested in laws and regulations. The position of this level is altered constantly and is determined by the ongoing debate in society and by which type and scope of investments other companies make in CSR activities (see Ihlen, 2008). According to legitimacy theory a company achieves legitimacy by operating within the norms and expectations of the society within which it operates and this, furthermore, implies that a company engage in voluntary disclosure in order to gain legitimacy from, maintain or repair legitimacy with, relevant stakeholders (Deegan, 2002; Dowling and Pfeffer, 1975; O'Donovan, 2002). Thus, in order to be regarded as socially responsible, a company must make its CSR activities visible and accessible to both internal and external stakeholders (Maignan et al., 1999). This is achieved through corporate communication.

In terms of legitimacy theory, large companies are socially more visible and more exposed to public scrutiny. According to Branco and Rodrigues (2006), these companies are considered to experience more social and political pressure to act in a more socially desirable manner and, therefore, are more likely to provide more CSR information. However, communicating too much about its CSR activities might be contra productive. Ashforth and Gibbs (1989) and Morsing and Schultz (2006) define it as the *self promoters' paradox*, i.e. if a company discloses a too high CSR profile it might hurt its credibility. They argue that the level and type of investments a company makes in CSR activities must feel natural in respect to its business and correspond with what the company has taken responsibility for historically. Furthermore, there is a non-negligible scepticism amongst stakeholders to companies' CSR communication. The scepticism lies in a suspicion that CSR is something you talk about but not act on, i.e. mere window dressing or some sort of PR invention (Fan, 2005; Frankental, 2001; Harding, 2005; Loughran et al., 2009). Borglund (2009) argues that this scepticism can be decreased if companies have a clear, transparent and verifiable CSR communication that discloses both progress *and* failures.

Both Birth et al. (2008) and Woodward et al. (2001) found that executives regard the engagement in and communication of CSR activities as a proactive goal of their company, which is related to image building. van Staden and Hooks (2007) argue that companies can follow either a reactive or a proactive approach towards achieving legitimacy. The reactive approach means that a company communicates CSR information *in reaction* to some event or crisis facing the company or the industry. The proactive approach, on the other hand, means that a company's CSR communication is designed to *prevent* legitimacy concerns to arise. Sethi (1975) defines social *responsibility* as *reactive* adaptation and corporate *responsiveness* as *proactive* adaptation. Amongst others, Neu et al. (1998) emphasise that it might be difficult to know for certain which legitimating strategy (i.e. reactive or proactive) a company is following. Building on Brytting's (1998) thoughts about consequentialism/utilitarianism and duty ethics in a corporate context, a company can engage in CSR activities either to obtain/avoid certain consequences or to act in accordance with what is fundamentally believed to be right to do. In line with this, Lantos (2001, p. 600) proposes the concept of humanitarian/philanthropic CSR, which involves the "… interest in doing good for society regardless of its impact on the bottom line".

In the absence of mandatory regulations on how CSR information should be reported and communicated (see Birth et al., 2008), the investment society has taken actions. To overcome the difficulties for investors to understand and evaluate a company's achievements in CSR activities communicated voluntarily in their financial reports, both investment banks and financial organisations like the EFFAS (European Federation of Financial Analysts), DVFA (Society of Investment Professionals in Germany) and SFF (Sveriges Finansanalytikers Förening) have developed key performance indicators (KPIs). The objective with these KPIs is that they can assist in making CSR achievements measurable and, thus, improve investment decisions. At the European Commission, these initiatives are welcomed:

> …can contribute to a quiet revolution in the way that enterprises who wish can measure and communicate their non-financial performance, allowing investors and other stakeholders to use such information in their decision making processes. There is hardly a more powerful incentive to consider the strategic role of corporate responsibility than an investor able to value the role that it plays for the future prosperity and sustainability of a business. (Gunter Verheugen, Vice President, European Commission. Speech given at the European CSR Alliance Conference, European Parliament, 4th December 2008)

To enable comparisons between companies in different countries and, thereby, make corporate valuation less complicated, The Global Reporting Initiative (GRI) was developed in 1997 as a global reporting system for economic, environmental and social performance. Today more than 1000 company worldwide report according to GRI.

CSR in a Swedish context

In an international context, the development of a CSR consciousness came late amongst Swedish companies. De Geer (2007, 2009) argues that a plausible explanation to this might be the birth of the Swedish Model during the interwar period. The springing idea of the Swedish Model was that the companies' social function was restricted to be prosperous and generate economic returns. These returns were then to be transferred *via* taxes to the public sector, which prime function was to use the returns to provide for the social needs of the citizens, i.e. education and care. Thus, following the idea upon which the Swedish Model rests, the companies were more or less relieved from being socially responsible. In this climate it is evident that a CSR consciousness did not prosper early in the Swedish business society.

There has been some interest from research society in examining if the increased focus on CSR in media and amongst stakeholders has had an effect on corporate communication. This focus has predominantly been on examining CSR disclosures and not on analysing the reasons for engaging in CSR communication. When examining the corporate social reporting practises in Western Europe, Adams et al. (1998) found that Swedish companies do not disclose as much CSR information as the German and British companies. This finding was supported by Arvidsson (2003) who confirmed that in 1999 this was the category of non-financial information, which Swedish companies disclosed least information on in their annual reports. Examining 105 international analyst reports from the same year, revealed that none of the reports discussed issues related to environmental and social responsibility (ibid). In line with these findings are the findings in Bukh et al. (2006), where information on CSR was found to be least disclosed in Initial Public Offering (IPO) prospects. This might imply that there was no or at least not a great demand from investors for this kind of information before the turn of the century. Maybe this was true also in 2005, where Swedish companies still did not position themselves as leaders when it came to CSR reporting (KPMG, 2005). However, in 2009 Arvidsson (2009) found that 73% of the IRMs at the largest Swedish companies consider that information related to CSR has increased in their annual reports. Thus, the finding that three of four IRMs today confirm an increased extent of this type of information in annual reports indicates that there has been a shift or at least an eye-opener when it comes to communicating CSR information. However, according to H&H Webranking (2008), which focuses on CSR information on websites and annual reports from 600 companies in 15 countries, Swedish companies as a group is still not ranked amongst the best in a European context. The Swedish companies were ranked as number seven. This is rather surprising since Swedish companies in an international context are regarded to be amongst the first-adopters when it comes to acting on new trends in corporate communication (FASB, 2001). Moreover, in a Nordic context, Swedish companies are confirmed to be the precursors when it comes to disclose voluntary information in annual reports (see Arvidsson, 2003).

Research design and empirical methodology

Motivation of research methods

There are a number of methods that might be applied to analyse how CSR is communicated to stakeholders on the stock market, including disclosure studies, questionnaire surveys, structured and semi-structured interviews and different forms of observations. Each of the above methods has its own strengths and weaknesses, and no single method is likely to be the ultimate choice when it comes to provide insightful results. Hence a combination of research methods may provide the most useful results, enabling reasonable coverage to be achieved whilst at the same time allowing some in-depth understanding to be obtained. Thus, in this study a questionnaire survey and semi-structured interviews are used as research methods. Besides the above discussed advantages of using a combination of research methods, a questionnaire survey preceding semi-structured interviews is motivated due to the findings in Arvidsson (2009) where an increased focus in corporate communication on information related to CSR was found. Starting with a questionnaire survey, thus, enables a further exploration and a confirmation of this trend shift before in-depths interviews are conducted with the objective of analysing the views management teams in large listed companies have on corporate communication of CSR information.

Questionnaire survey

As mentioned above, the widespread mistrust with management teams rendered by the last few years of scandals in the business society paired with the intense climate debate both on national and international level have resulted in increased awareness and environmental, social and ethical commitment of society. Based on this and the findings in Arvidsson (2009), the objective with the questionnaire survey was to explore whether there *de facto* is a trend shift towards a more pronounced focus on CSR in corporate communication. Consequently, a questionnaire consisting of two sections was constructed. The *first* section requests demographic information including gender, position, years of experience and educational level. The *second* section consists of the following question:

> Do you see any new trend(s) for the future when it comes to communication of non-financial information?

To best capture new trends and, thereby, confirm if information related to CSR is emphasised as a new trend in corporate communication, an open-ended question with no listed alternatives was agreed upon. The respondent was requested to elaborate his/hers answer and was provided with considerable space where this could be done. Since the questionnaire only focuses on one distinct question, the probability of respondents experiencing misapprehension and confusion is considered to be negligible. Thus, the questionnaire was not pilot tested.

Like in Arvidsson (2009), the questionnaire was directed to the companies represented in the index "OMX Stockholm 30" (OMXS30), which includes the 30 most traded shares at Stockholm Stock Exchange. After adjusting for companies with more than one of its shares in the index, the final list of companies included 27 companies (see Appendix 1). The selection of the largest companies was motivated by their position as first-adopters and trend setters when it comes to corporate communication (compare the development of the Generally Accepted Accounting *Practices*, GAAP, in the 1930s; see AAA, 1936; Artsberg, 1992). Thus, the results will provide management teams in both large companies and small and medium enterprises (SMEs) an understanding of challenges ahead and trends within the area of CSR communication. In terms of legitimacy theory, large companies are socially more observable and are more exposed to public scrutiny, which the period of corporate scandals has beard witness on. Considering that they are believed to experience greater social and political pressure to act in a more socially desirable way and to provide information in different areas of social responsibility, they are argued to be more likely to communicate CSR information (see e.g. Branco and Rodrigues, 2006), which, given the aim of this study, further motivates the sample selection. Although, the single-country focus of this study could be argued to limit the possibility to generalise outside the region, the selected companies are multinational companies present at the international business arena, which implies that the results besides being applicable to SMEs in the region also can be generalised to other multinational companies regardless of their domicile. The choice to select the IRM as respondent was due to his/hers position in the company as responsible for structuring and managing the corporate communication directed to external stakeholders. As their title reveals there is a focus on shareholders, however, this focus has broadened over the years. Besides being responsible for upholding a dialogue with present and potential investors, they are involved in the continuous corporate communication process of developing communication strategies, structuring annual reports, preparing company presentations and so forth.

Before the questionnaire was sent, each IRM was contacted by telephone and presented with the purpose of the study and the area of focus, i.e. exploring new trends in corporate communication related to non-financial information. In order not to influence the respondents, the actual area of focus, i.e. CSR, was intentionally not mentioned during the conversation. After this telephone conversation, the questionnaire was sent both by regular mail and by email (not as an electronic version) to the IRMs. After 1 and 2 months, respectively, the non-respondents were personally reminded to encourage participation. 18 replies were received, equal to a satisfying response rate of 67%.

Semi-structured interviews

The objective of the interviews was to conduct an in-depth analysis of the views management teams in large listed companies have on corporate communication of CSR information. The results of the interviews provide data which are in many ways richer than that provided by the questionnaire survey where the respondents were restricted to elaborate on one question. Due to the nature of the questionnaire survey, it was not even sure that the respondents were to discuss CSR in a corporate communication context. Thus, the results of the two methods should provide some mutual reinforcement.

The interview procedure was identical for all interviewees. Since they all had been contacted in connection with the questionnaire survey preceding the interviews, they were familiar with the area of focus in the survey. Therefore, a telephone call was made to seven of the OMXS30 companies where the IRM was presented with the purpose of the interviews and asked to participate. All of the seven IRMs approached indicated their willingness to participate in the continuation of the research project, which purpose now was described to them as being:

> A research project aimed at analysing the views management teams in large listed companies have on communicating information on CSR.

Although this is a fairly small sample, the companies represent different industries, which suggests that a reasonable cross-section of different views and strategies concerning corporate communication of CSR information would be covered. The industries represented in the sample are: Consumer products, Retail fashion, Telecom Services, Engineering, Banking and Financial Services.

All interviews but one was conducted at the companies' headquarters where the interviewee worked. Due to last minute changes, one IRM had to reschedule to a telephone interview. The interviews were structured around an interview schedule with the main foci being aspects on *interest*, *motives/reasons*, *users* and *problems* related to corporate communication of CSR information. These aspects were developed based on a review of relevant CSR literature and on an analysis of the answers in the questionnaire survey. The questions were open-ended and the interviewees were encouraged to elaborate their answers and to raise other matters they considered relevant or of interest given the area at focus. A definite, conscious attempt was made not to lead the respondent in the course of the interview or to express any opinions on statements made by him/her. The interviews took on average one and a half hours.

Empirical results

Questionnaire survey

In this section, the results from the questionnaire survey are presented. The section begins with demographic information related to the respondents and then follows the answers to the question: ''Do you see any new trend(s) for the future when it comes to corporate communication of non-financial information?''

Demographic information

The questionnaire was answered by 18 of the IRMs from the 27 OMXS30-index companies included in the survey. From Table I, we see that close to 78% of the IRMs are men.

More than half of the respondents are MSc. in Business Administration, whilst three are MSc. in Engineering and two have an MBA. They have on average 4.4 years of work experience from being responsible for the investor relation function at their present or other previous company/ies. They have on average worked 9.7 years in the present company, which implies that they have worked in other positions in the company before they were appointed IRM. Their industry experience is on average 12.4 years.

TABLE I

Demographic information of the respondents in the questionnaire survey

Sex	
Male	77.8%
Female	22.2%
Work experience	
Total years at the position or similar position in other company	4.4 (median 3.5)
Year(s) in the company	9.7 (median 10.0)
Year(s) in the industry	12.4 (median 11.0)
Education	
MSc. in Business Administration	11
MSc. in Engineering	3
MBA	2
Degree in Political Science	1
Vocational School	1

Results from questionnaire survey

Rather unexpectedly, *all* of the 18 respondents emphasise that CSR-related information is the new next trend in corporate communication of non-financial information. An increased focus, more information and more detailed information, as well as, improved disclosures on CSR are emphasised in the answers. Examples of answers are: ''More focus on CSR questions and business ethics'', ''More disclosure on environmental and CSR issues'', ''More CSR and Corporate Governance'', ''More on sustainability'', ''More information on Environment, Health, Security and Quality (EHSQ)'' and ''Focus will increase on communicating CSR issues''. Thus, judging from the answers in the questionnaire survey, the indication in Arvidsson (2009) of a trend shift towards a more pronounced focus on CSR in corporate communication is confirmed. According to the respondents, the trend shift is driven by the need to include CSR-related information in the corporate-valuation process. This view is manifested in answers like: ''Non-financial information, like CSR, is getting more important for a correct valuation'' and ''A growing importance of non-financial long-term value drivers''. Besides the strong focus on CSR, the endeavour of making non-financial information measurable is highlighted by some of the IRMs as a trend area within the corporate communication of non-financial information.

Semi-structured interviews

In this section, the results from the interview study are presented. The section begins with demographic information related to the respondents. Thereafter, the results are presented in the following order: Interest in CSR information, Motives/reasons for communicating CSR information, Users of CSR information and Problems with communicating CSR information.

Demographic information

Seven IRMs from the 27 OMXS30-index were included in the interview study. From Table II, we see that close to 86% of the respondents in the semi-structured interviews are men. Like in the questionnaire survey, more than half of the respondents are MSc. in Business Administration, the others are either MSc. in Engineering (2) or have an MBA (1). They have on average 3.0 years of work experience from being responsible for the investor relation function at their present or other previous company/ies. They have on average worked 9.2 years in the present company, which like in the questionnaire survey implies that they have worked in other positions in the company before they were appointed IRM. Their industry experience is on average 15.5 years. The industries represented in the sample are: Consumer products, Retail fashion, Telecom Services, Engineering, Banking and Financial Services.

Results from semi-structured interviews

Interest in CSR information. There is a unison view amongst all the IRMs that the interest in CSR information has increased significantly during the last few years. This trend, which they believe, will grow even stronger in the next few years. The many corporate scandals resulting in widespread mistrust are put forward as the reason to this increased interest. The interest is above all argued to have come from the actors on the stock market. According to a majority of the IRMs, they showed hardly any interest in discussing CSR only a few years ago. However, at the same time as the stock market's interest in CSR information is argued to have increased, financial analysts' interest is argued to be of the character ''…tick 'check a box''' and ''…make sure that the company is not ranked last''. A few of the IRMs are of the opinion that their owners and potential investors have a more pronounced focus on CSR than financial analysts. Whilst some of the IRMs expect the owners/investors to drive the future interest in CSR, others expect the investment funds to push for an increased focus on CSR information. In relation to this, it is often put forward during the interviews that more and more investment banks today evaluate companies' CSR achievements and environmental profile.

TABLE II

Demographic information of the respondents in the interview study

Sex	
Male	85.7%
Female	14.4%
Work experience	
Total years at the position or similar position in other company	3.0 (median 2.5)
Year(s) in the company	9.2 (median 7.5)
Year(s) in the industry	15.5 (median 18.5)
Education	
MSc. in Business Administration	4
MSc. in Engineering	2
MBA	1

The media's increased coverage of CSR activities in business society is pointed out as an important driving force behind the ongoing public debate on CSR and different stakeholders' increased interest in CSR-related information. However, several of the IRMs express concern of how media covers and reports on companies' CSR activities. They feel that journalists sole purpose sometimes seems to be ''…to reveal companies at all costs'' and this ''…witch hunt'' do they not believe is constructive. During the interviews several IRMs emphasise that authorities today require or, better yet, urge or recommend companies to disclose more information on their CSR activities. Although, most of this information today is voluntary to disclose, they expect a future trend with more mandatory CSR information. Several of the respondents, put forward the corporate scandals as a reason for authorities taking an interest in companies' CSR policies and strategies. During the interviews, a few of the IRMs seems to find it central to emphasise that CSR information is not only something that external stakeholders take an interest in but also something that the management team itself considers important to be worked upon actively *within* the company. For example, KPIs related to CSR are argued to be central for the management control.

Motives/reasons for communicating CSR information

All the IRMs put forward the increased interest from different stakeholders as an important reason for the increased focus on CSR information in their corporate communication. Once again the corporate scandals are argued to be the reason for the increased interest from stakeholders and, thus, for why they have reacted to this by increasing the focus on CSR in their corporate communication. One IRM emphasises that "…today there is an increased demand for information on how we handle our responsibilities within the social and environmental areas". Several of the respondents highlight the need to be sensitive and listen to the stakeholders or as one IRM puts it "You must be sensitive to what kind of corporate information is requested and then respond to this request. This is especially central when CSR, which is a new area, is concerned".

The IRMs are of the opinion that the communication of CSR information manifests if not a direct "focus shift" from shareholders to stakeholders so a "focus enlargement" where other stakeholders than shareholders also count. Thus, this manifestation is argued to be a response to the public opinion of the shareholder focus being to strict/narrow. One IRM explains the development like this: "During a long time, we have had a focus on the maximisation of shareholder value, but today there is a more and more pronounced notion that the needs of all stakeholders should be considered when managing a company. Employees, customers, the public…".

The communication of CSR information is also argued to be motivated by the objective to highlight that, as two IRMs put it, "…we are on top of things" and "…that we will not be ranked last when our CSR work is evaluated". To meet this objective, they stress that the achievements in their CSR work must be made visible through corporate communication. However, the IRMs do not appear to strive to being ranked as the company with the best CSR profile. Instead they all seem to be focussed on avoiding to be ranked as the company handling its CSR activities the worst. This view is highlighted in every interview. One IRM sums it up like this "We do not direct more resources to communicating our CSR work than necessary for being evaluated as 'good enough'".

Another reason put forward as underlying the communication of CSR information is the vision to create an image of "the responsible company". Several of the IRMs stress the importance of communicating that the company is managed in accordance with the public opinion of how CSR-conscious companies are run. One of the IRMs emphasises that "It is necessary that our corporate values include a clear CSR focus". Another IRM argues that "…our CSR image is developed through a "conscious" corporate communication".

During the interviews, a majority of the IRMs return several times to the importance of communicating CSR information to avoid value destruction. One IRM puts it like this "If we do not handle our CSR the right way, it can have considerable consequences on our financial performance". Yet another IRM argues that "Engaging in CSR activities has become critical for business". They all communicate an awareness of the negative impact bad handled CSR activities can have on the company's performance. According to the IRMs, the avoidance of this negative impact is handled by disclosing the work put into CSR activities. Whilst the fear of value destruction is emphasised by all the respondents, the capacity to create value by engaging in CSR activities is only highlighted by one IRM. He argues that "There is an economic perspective with CSR that shows that we can create value when we engage in CSR activities. This relationship must be communicated".

Users of CSR information

When the IRMs discuss the users of CSR information, they mention financial analysts and owners/investors. No other stakeholders are put forward as user(s) of CSR information. They do highlight that other stakeholders' *interest* in CSR information has increased. However, when it comes to discussing for whom they structure and communicate CSR information they reveal a clear focus on the actors on the stock market. Even when CSR information in annual reports and sustainability reports are discussed, the prime target group put forward are the stock market actors. One IRM says that "The trend that investment banks evaluate our CSR work means that we structure the CSR information so that it meets their requirements".

A few of the IRMs put forward the company itself as an important user. They argue that CSR information is of importance to the management team and that it is closely being monitored and used as input for management control.

Problems with communicating CSR information

All the IRMs consider the communication of CSR information to be somewhat problematic. According to several of the IRMs, the economic outcomes with CSR activities are important to disclose. However, the IRMs emphasise that it is difficult to communicate the economic perspectives of CSR. Above all, they are concerned with how CSR information should be communicated in a way that enables it to be used in a valuation context. One IRM raises the question ''How should CSR information fit into the financial analysts' spread sheets?''.

The validity aspect is also discussed as problematic by several of the IRMs. They regard it to be difficult to find data and statistics that validate that what is communicated in relation to their CSR work is true and not something that is only made up. In relation to the validity aspects, a majority of the IRMs put forward the lack of relevant measures or KPIs related to CSR as further aggravating the communication problems. One IRM argues that ''…there is a need for standards when it comes to how CSR information should be reported. Standards would improve the comparison between companies''. A few of the IRMs emphasise that GRI is a good first step in overcoming the communication problems related to CSR information.

Although, the IRMs appear to focus primarily on how CSR information should be communicated and structured in a way that meets the requirements of the actors on the stock market, a few of the IRMs broaden this focus to also include other stakeholders. This enlarged focus does, however, raise new problems. Especially the difficulties paired with trying to meet *all* stakeholders request for CSR information is perceived as a problem.

Discussion and concluding remarks

Already the questionnaire survey confirmed the findings in Arvidsson (2009) of a trend shift towards more focus on CSR in corporate communication. This trend shift became even more pronounced during the in-depth interviews, where the IRMs put forward CSR as if not the most important area of information beside financial figures so one of the most important. This is a huge change in focus if one compares with the findings from around the turn of the century, where this area of information was the least focussed upon in corporate communication (Arvidsson, 2003; Bukh et al., 2006).

The argument proposing that the many corporate scandals, which we have witnessed on the social, ethical and environmental arenas (e.g. Enron, WorldCom, gigantic bonuses, exploitation of child labour, increased pollution and CO_2 emission), have provided a perfect hot-bed for CSR is also confirmed by the IRMs. They argue that media's coverage of the scandals (which some of the respondents define as being too aggressive and unconstructive) has increased the overall interest in examining the nature of companies' CSR policies and strategies. The interviews also indicate a belief that the accepted level for what a company must do to be considered socially responsible (compare Hallvarsson, 2009) is higher today than only a few years ago due to these scandals. The increase of CSR information in corporate communication, thus, appears to be a response to an identified need, which implies that management teams are sensitive to market trends and shifts in views and opinions of stakeholders and that this results in more attention and resources being directed towards this area. Accordingly, the action-oriented managerial concept of corporate social *responsiveness*, as proposed by Frederick (1994), is in line with how the IRMs reason. Instead of pronouncing the ''responsible'' part they emphasise the ''responsiveness'' part, i.e. they focus on *responding* to social pressure. Building on the ideas of different legitimacy strategies (van Staden and Hooks, 2007), the interviews indicate that the increase in CSR communication started as a reactive approach, i.e. a reaction to the corporate scandals with the aim of restoring the stakeholders' damaged confidence and trust in how companies were being run. However, it seems like if the IRMs, at least argue, that CSR communication today is more adopted as a proactive approach focussed at *preventing* legitimacy concerns to arise. Maybe we are in some sort of transit period between two legitimacy strategies. Ascertaining this for certain is, of course, difficult like Neu et al. (1998) emphasise, so an indication of a strategy shift might be the best we can arrive at today.

From the interviews it was also soon established that the IRMs did not see CSR as a value-creating activity. Instead it was argued that avoidance of value destruction was the prime motive behind the decision to disclose the work the company put into CSR activities. The risk of experiencing diminishing returns with investing in CSR activities, as discussed by Hallvarsson (2009), or loosing credibility due to communicating a too high CSR profile, i.e. being subjected to the *self promotors' paradox* (Ashforth and Gibbs, 1989; Morsing and Schultz, 2006) is evidently not a problem. The IRMs emphasised frankly that they did not aim at becoming best-in-show when it comes to CSR. Instead, ''good enough'' was their humble aim. In this respect, the companies show great similarities to financial analysts, who, according to the IRMs, only are interested in making sure the company is not ranked last in any CSR ranking. Thus, the interviews reveal that their way of arguing when it comes to CSR activities coincides with consequentialism or utilitarianism (Brytting, 1998), i.e. the companies engage in CSR activities to *avoid* negative impacts (bad ranking results, public mistrust, boycotts, fewer potential investors) instead of being driven by a will to make a social betterment (Frederick, 1994) or acting in accordance with what is fundamentally believed to be right to do. This way of reasoning reveals a rather delicate and somewhat deceptive balancing act. They more or less admit that it is not their own initiative to direct attention and resources to this area, instead, they emphasise that they *respond* to the altered views and needs of the stakeholders. During the interviews it is, however, emphasised that they are not interested in devoting too much resources but settle with being ''good enough'', which hopefully earns them the epithet of a responsible company. Several of the respondents also put forward image building as a critical motive underlying the decision to focus on CSR in corporate communication. This is in line with the findings in Woodward et al. (2001) of how British executives reason. Thus, the above indicates that IRMs adopt a utilitarian perspective of CSR communication, i.e. they see a utility of engaging in CSR communication.

If we consider the information flow between management teams, financial analysts and investors, it is clear from the interviews that the increased interest in CSR information primarily is considered to come from the *actors on the stock market*. The owners and potential investors are put forward as those with the most pronounced focus on CSR, whilst financial analysts' interest in CSR information is argued to be less distinct. Considering that financial analysts are viewed as important information intermediaries between companies and its owners and potential investors by mitigating the problems of information asymmetry by facilitating a credible information exchange (Barth et al., 2001; Healy and Palepu, 2001), this tepid interest in CSR information is rather remarkable, considering that, at least according to the IRMs, owners and potential investor – the clients of financial analysts – show a *pronounced* interest in CSR information. This could imply that the access to CSR information is rendered difficult due to the financial analysts' unenthusiastic interest in this area of information. Although a couple of the IRMs argue that CSR is not only attracting interest from external stakeholders but also from inside the company (for example in the area of management control), the in-depth interviews confirm that the increased focus on CSR information in corporate communication is definitely *demand driven* and not supply driven and that the investors are emphasised as the most interested party of the three present in the information flow.

From the interviews it soon became evident that there is a clear focus on the actors on the stock market when the IRMs structure the corporate communication. Maybe not so surprising, since IRMs has a tradition to focus on this stakeholder group. However, this focus is believed to have broadened over the years as the IRMs have become more involved in the overall corporate communication process not only the part focussed on shareholders. Perhaps it could be argued that if you please the needs stated by the shareholders, who are regarded to be a demanding stakeholder, the needs of other stakeholders are, thus, satisfied (compare the conceptual frameworks underlying IASB's and FASB's reasoning concerning the decision-usefulness of financial statements). Nevertheless, the IRMs argue that their communication of CSR information is selected and structured to please, or better yet following the above discussion, *respond* to the needs of the actors on the stock market. Since they show an increased interest in CSR information a direct outcome, consequently, is more focus on this area in the corporate communication. Considering the argument that companies should select stakeholders to respond to based on their attributes, e.g. power, legitimacy and urgency (Mitchell et al., 1997) or differently put the stakeholder's power to influence financial results (Maignan et al., 2005), it is not surprising that the capital providing nature of this stakeholder group, makes companies respond, first and foremost, to their needs when it comes to CSR information. Thus, the enlightened stakeholder theory (Jensen, 2001) appears not yet to have challenged the deep-rooted concept of shareholder value. However, from the interviews we saw that the IRMs considered the communication of CSR information *per se* to be an evidence of if not a direct ''focus shift'' so a ''focus enlargement'' where other stakeholders than only shareholders matters. If this ''focus enlargement'' ultimately will result in a ''focus shift'' is for the future to tell. Though, CSR seems to be a catalyst in this process.

The trend shift towards more focus on CSR in corporate communication is, however, perceived to be somewhat problematic. All the IRMs put forward, what I choose to refer to as, the *validity aspect* and the *economic-outcome aspect* as the two most troublesome when it comes to CSR information. Both lack of relevant CSR-related measures/KPIs and difficulties associated with finding data and statistics[1] that validate CSR information make the IRMs show a (genuine?) concern of being thought of or even accused of as window dressing their communication with untrue CSR information. Thus, the scepticism amongst stakeholders regarding the validity of companies' CSR communication as discussed by Borglund (2009), Harding (2005) and Frankental (2001) seem to be an identified problem also *within* the companies. To overcome this problem, the respondents emphasise the need for objective evaluations and standards, which would facilitate a validation of CSR information and, thereby, make it easier for stakeholders to compare companies' achievements within the CSR area. The reporting system GRI and investment banks' attempts to make evaluations of companies' CSR achievements and environmental profiles are put forward as good initiatives, though, insufficient.

The ongoing work by financial organisations like EFFAS, DVFA and SFF to develop key performance indicators, which can assist in making CSR achievements measurable, appear to be highly relevant and required to overcome not only the validity problem, discussed above, but also help with the economic-outcome aspect, which also is put forward as troublesome by the IRMs. They upright admit that they find it difficult both to fully unravel the economic outcome of their CSR work and to communicate it to external stakeholders. Further aggravating this problem is that financial analysts when making company valuations need information to be in a format suited for spread-sheet calculations and the majority of CSR information is not regarded to be even close to being presented in this format. Consequently, the interviews indicate that the non-negligible problems related to the validity aspect and the economic-outcome aspect associated with CSR information risk resulting in an inefficient flow of information, which causes negative consequences both for management teams and for stakeholders. Thus, there appears to be a critical need for management teams, financial organisations and national/international authorities to continue to direct further attention and resources towards these areas in order to overcome these problems. The development of KPIs and standards within the CSR area emerges as being especially crucial.

Besides giving management teams in both large companies and SMEs an understanding of challenges and trends within the area of CSR communication, this study hopefully provides some insights to legislative and regulatory bodies on how they should judge the need for developing regulations and setting standards in the field of CSR reporting and communication. The work by authorities, so far, appears to be a welcomed contribution by the IRMs. They feel that the authorities' introduction of national ''Code of Conducts'' and ''Code of Corporate Governance'' are relevant means of ascertaining that companies have CSR policies and strategies in stall, which assist in enhancing comparability, decreasing the risk of further scandals and, thus, in restoring stakeholders' trust in how companies are being run.

Note

[1] This concern seems to be applicable not only for CSR information but for non-financial information in general. From the questionnaire survey, we saw that the endeavour of making non-financial information measureable was highlighted as a trend area within corporate communication of non-financial information. This fell outside the focus of this study; however, this area is highly relevant and needs to be addressed further in future research.

Appendix 1: Companies included in the questionnaire survey and semi-structured interviews

Companies
Alfa Laval
Assa Abloy
AstraZeneca
Atlas Copco
Autoliv
Boliden
Electrolux
Eniro
Ericsson
H&M
Handelsbanken
Investor
Nokia
Nordea
SCA
SEB
SKF
SSAB
Sandvik
Scania
Securitas
Skanska
Swedbank
Swedish Match
TeliaSonera
Tele2
Volvo

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