Summary: CSR Research Seminar. April 25th-26th, 2006

Hosted by the Department of Industrial Economics and Technology Management

The CSR Research Seminar series is an arena for research and industry to share and discuss perspectives on corporate social responsibility. This time the seminar was organised jointly by NTNU and the Norwegian School of Management (BI), and featured speakers from educational institutions, corporations, business organisations and government. The CSR Research Seminars are part of the thematic research initiative *Environmental management and corporate social responsibility* at the Department of Industrial Economics and Technology Management (IØT).

Day 1

Annik Magerholm Fet and Christofer Skaar from the Department of Industrial Economics and Technology Management opened the seminar by introducing the three main themes; research projects, international cooperation and the business perspective on CSR. Rolf Lunheim, professor II at NTNU, was the first speaker. He started out by pointing to the recurrent nature of the CSR agenda, quoting as an example the CSR-oriented campaigning in the 1930ies and Peter Drucker's discussion on corporate social responsibility and community relations in General Motors in the 1940ies. He then addressed key dimensions of current criticism of the CSR agenda, including the institutional criticism advanced by Joel Bakan in his recent book "The Corporation". Finally, he suggested that the agenda might be headed in the wrong direction by bracketing the "S" in CSR, thereby missing out on an integrated perspective on responsibility and the social impact of corporation. Maybe SR is a more constructive option?

The next speaker was Uno Abrahamsen from the Norwegian Directorate of Labour Inspection. He spoke of the need for simplification of CSR methodology, and stressing that all issues are not equally important all places. For example are workers' rights usually well maintained in Norway, whilst anti-corruption is a field that needs more attention.

Caroline Dale Ditlev-Simonsen from the Norwegian School of Management (BI) then presented her research on the relationship between corporations and NGOs. The research project started late in 2005, and will be based on 3-9 case studies and extensive surveys. Preliminary findings show that corporations spend money on NGOs, without any goal or strategy.

Luitzen de Boer from the Department of Industrial Economics and Technology Management at NTNU is a researcher in the field of Supply Chain Management (SCM). He opened his presentation by stating that supply chain management is a much wider field than just the act of purchasing. It involves analysing and optimising supply networks, and will also tie in with anti-corruption efforts. In the following presentation Annik Magerholm Fet talked about the cooperation between Supply Chain Management (SCM) and environmental management at the Department of Industrial Economics and Technology Management. The research seminar series is one outcome of this collaboration. Both fields are concerned with analysing and optimising value chains. To do this effectively, a number of different management tools are needed (e.g. CSR, SCM, Life Cycle Assessment).

Norsk Skog has been the focus of Harald Ness' research at HiNT. This company views CSR as a competitive advantage, and it has joined the Global Compact. Their policy has been based on the Japanese Total Quality Management (TQM) methods. A vital part of this effort

is to locate best practice, and then implement it everywhere. This line of action has been criticised for being a form for new colonialism, bringing Nordic/Western values to the rest of the world. A research challenges that has come out of his research, is to look at the effect of introducing "democratic" principles in non-democratic countries.

NTNU and BI have a joint research project in the field of CSR. Atle Midttun is in charge of the regulatory perspective in this project (whilst Rolf Lunheim and Annik Magerholm Fet are in charge of other areas). He stated that it is necessary to have a balance between corporations and governments, but that new methods of regulation are needed. CSR is moving in the direction of self-regulation of corporations. One question he wants to answer is *do nice companies come from nice countries*? Maria Gjølberg from SUM at the University of Oslo is addressing this question in her research project, *the Responsible Viking*. Her research is aimed at analysing the role of values, norms and culture in society, especially in the interface between state, market and civil society.

The final speaker on day 1 of the seminar was Carla Dahl-Jørgensen from the Department of Social Anthropology and SINTEF. She opened her presentation stating that her research was not in the field of CSR, but that it had many similarities. Currently, Dahl-Jørgensen is involved in a research project called WORKS. The project is part of the EU's 6th Framework Programme. The purpose of the project is to get understanding for knowledge based changes in organisations, and it will start up in mid-2006.

Day 2

Annik Magerholm Fet opened the second day of the seminar, and provided a summary of day 1 for new participants. The program was slightly changed, Magerholm Fet's presentation had been moved second to last, as it was connected to Robert Strand's Net Impact presentation.

Atle Midttun continued on his topics from day 1, and presented in more detail a research project BI has with Spain and Italy. In this project, a model has been developed linking corporate CSR strategies with the state's welfare programmes. The model looks at Nordic, Anglo-Saxon, Mediterranean and Continental situations. The results show that especially the Anglo-Saxon model scores low on CSR rankings. The reasons for this will be examined in ongoing research projects. In closing, Midttun related the CSR topics to his experiences as a student in the 70s, where Marx' ideas often prevailed over Habermas'. He concluded that CSR is more Habermas than it is Marx.

Taking a broader perspective, Kjell Øren from Hydro talked about sustainability, not just CSR. Based on his experiences working for the World Business Council of Sustainable Development (WBCSD), he stated that more dimensions are needed when measuring performance. Growth and GDP are not enough on their own. Poverty must be addressed, and traditional corporate strategies cannot solve this on its own. One possible solution is for corporations to abandon their current marketing strategies, and use other means of reaching their audience. The WBCSD's view is that business cannot succeed where society fails.

Dag Sanne from the Green Business Network Norway started his presentation by stating that climate changes, population growth and poverty are issues that are going to change business. Business should therefore involve itself in creating the solutions. Reflecting on Midttun's illustration on the poor CSR record of Anglo-Saxon companies, his experiences suggest that it is not necessarily because these companies are worse than others. Working for IBM, he saw that the company was hesitant of signing CSR-like charters, because they wanted to stay

ahead on these issues. Sanne also stated that when speaking to Norwegian businesspeople, he has never met anyone saying that business does not have a social responsibility. However, they often feel it is reduced to their corporate actions, and not the broader problems in society.

Geir Høibye from the Confederation of Norwegian Enterprise (NHO) followed up on Dag Sannes's topics. He stated that corporations can't take over the governmental role and that the market is useful, also in poor countries. Corporations are also meeting more and more demands to their behaviour, especially from NGOs. In the 1950s there were few NGOs, today there are more than 40 000, and the growth is exponential. In response to the increased pressure, more and more businesses are becoming proactive. They are staying ahead of legislation, often pushing it forward. They also have other agendas than just the bottom line, but the bottom line is essential for their existence. Høibye brought along with him a book in Norwegian (*Sunn vekst*, healthy growth), which analyses how Norwegian companies are working with ethics and social responsibility. The book was handed out to all participants.

International CSR research projects were the topic of Annik Magerholm Fet's second presentation on the seminar. Several projects have been started. One of the most recent, CRUSAN, focuses on US-Norway relations in the CSR field. A long term goal is to create a research proposal for EU's 7th Framework Proposal, in cooperation with other Norwegian and foreign partners (research, education, industry). NTNU has also a strong connection to China, especially the Tsinghua School of Economic Management. In addition to these research projects, NTNU also participates in conferences and publishes in the field of CSR.

The final speaker on the seminar was Robert Strand, Fulbright Scholar from the U.S. at NTNU. In his time in Norway, he has been instrumental in starting a Net Impact chapter at NTNU. Net Impact is the largest CSR student organisation in the world, and it has more than 13 000 members across the world. The Net Impact NTNU chapter is the first in the Nordic countries. Strand stated that the purpose of Net Impact is to build a strong CSR network, and share best practices. Recently, Strand has travelled to several of the Nordic countries to promote Net Impact. Several chapters are underway in Sweden, Finland and Denmark. A challenge in this respect is to keep the weight in Norway.

Closing the seminar, Annik Magerholm Fet spoke of the intention of the Department of Industrial Economics and Technology Management for the CSR seminars. They will be held 1-2 times per semester, and will be a meeting point for CSR research not only at NTNU, but in Norway. They will also be a meeting point for the joint efforts of NTNU and BI.

Order of presentations: Annik Magerholm Fet
Rolf Lunheim
CSR Seminar Uno Abrahamsen
25-26 April 2006 Caroline Dale Ditlev-Simonsen
Luitzen de Boer
Harald Ness
Maria Gjølberg
Carla Dahl-Jørgensen
Kjell Øren
Dag Sanne
Geir Høibye
Robert Strand

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CSR Research Seminar NTNU
25th-26th of April 2006

Annik Magerholm Fet
Professor
Department of Industrial Economics and
Technology Management

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The expected outcome of this seminar:

- CSR from different perspectives
  – Business, government, research
- Presentation of selected CSR research projects at
  – NTNU
  – BI
  – HiNT
- International research projects
- Business expectations
  – The business case of CSR
  – National and international
- We approach CSR from many angles
  – Meet and connect, get new perspectives

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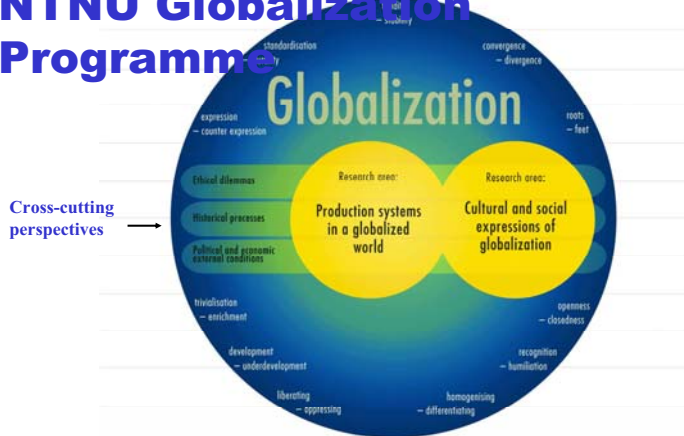Innovation and Creativity

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CSR-initiatives at NTNU:

- CSR as part of the Globalisation program
- CSR as a strategic initiative at Department of Industrial Economics and Technology Management (IØT)
- CSR-research programs
- CSR in education
- CSR PhD-programs
- Industry contacts

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NTNU Globalization Programme

Cross-cutting perspectives

standardisation – divergence
convergence – divergence
expression – counter expression
roots – feet
Ethical dilemmas
Historical processes
Political and economic external conditions
Research area: Production systems in a globalized world
Research area: Cultural and social expressions of globalization
trivialisation – enrichment
openness – closedness
development – underdevelopment
recognition – humiliation
liberating – oppressing
homogenising – differentiating

Production Systems in a Globalized World:
Four thematic areas

- Global value chains
- Information technology
- Culture and knowledge
- **Environmental and Social Responsibility**

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Strategic initiatives at IØT:

- "Supply Chain Management", Luitzen de Bor
- "CSR and Environmental Management", Annik Magerholm Fet, Rolf Lunheim, John Hermansen

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Current CSR-research programs

- **C(S)R in Global Value Chains: a Conceptual and Operational Approach.** NTNU and BI, (Norwegian Research Council).
- **Environmental Management and Corporate Social Responsibility- network establishment.** NTNU – Poland initiative
- **Corporate Social Responsibility in the US and Norway (CRUSAN). (**Norwegian Research Council).
- **Environmental- and global supply management and corporate social responsibility (CSR) in value and transport chains. Pre-project for the EU-7. Framework program.** (NTNU-IØT).

Other initiatives:

- Courses: Three ordinary courses offered at IØT that incorporate CSR issues, additionally one village in *experts in teams – EIT and* one PhD course (IØ)
- 6 PhD-students in the field of CSR
- Norwegian Chapter of Net Impact established at NTNU
- CSR-forum, NTNU
- CSR as part of the Industrial Ecology program
- Initiatives towards China, Tsinghua School of Economics Management (TSEM) ad the Society for Organizational Learning (Sol)

C(S)R in Global Value Chains: a Conceptual and Operational Approach.

Vision, Challenges and Strategic Interests

- By facilitating institutionalised collaboration between the Norwegian University of Science and Technology and the Norwegian School of Management, *the project will contribute to the building of a leading forum of national CSR expertise with ambitions to match the best Nordic and European research groups in this field*.

Goals and Objectives

The overall goals of the project are to:

- undertake a critical examination of current CSR business and regulatory/self-regulatory practices, with a particular focus on distributed industrial organisation in selected global value chains.
- develop practice-oriented recommendations, mechanisms and tools aimed at improving current CSR performance, reporting and verification systems and regulation.
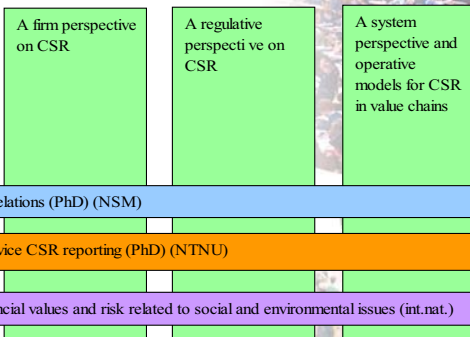

The objectives of the project are to:

- identify and critically analyse best practice in CSR-reporting, verification and sanctioning mechanisms, and their contribution to transparency and good governance.
- analyse the role and function of companies, governments and NGOs and how these actors interplay in shaping CSR practices in global value chains.
- explore management practices and self-regulatory initiatives in Norwegian companies operating in the global market, both qualitatively, by means of in-depth case studies, and quantitatively through cross-sectoral surveys.
- suggest methods for aggregation of CSR-information on different system levels in global supply chains as well as criteria for verification of such information.

The structure of the program:

Three core Projects:

| A firm perspective on CSR | A regulative perspecti ve on CSR | A system perspective and operative models for CSR in value chains |

Three cross-cutting projects:

1. CSR and business-NGO relations (PhD) (NSM)

2. Corporate and product/service CSR reporting (PhD) (NTNU)

3. Measurement of extra-financial values and risk related to social and environmental issues (int.nat.)

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Focus:

- The project will choose a sectoral focus for the qualitative in-depth studies, in order to be able to triangulate several data sources with a common focus and to handle the interface between business strategies and societal regulation in a precise and manageable manner.
- For each sector, the team will map and evaluate the most important domestic and international CSR initiatives at each level (business, public regulation, value chain system) as well as NGO initiatives and other interfacing activities.
- The project will collaborate closely with stakeholders along the value chain, involving firms, trade organisations, ministries and regulatory agencies.

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Progress plan:

Although each project has its own activity plan, the research activities will as far as possible follow a two-phase progress plan:

Phase 1: Exploration and analysis of existing CSR models and practices, producing state-of-the-art information within the focus areas in the project

Phase 2: Development of practice-oriented tools, models and implications for CSR practice within companies, NGOs, public authorities, verification bodies and other relevant stakeholders along the value chain

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Other activities:

- **Project group meetings** – aimed at securing optimal synthesis and co-ordination within the project.
- **Research Seminars** – aimed at building competence, course modules and teaching materials, within and between the involved organisations (NTNU / NSM), with input from industrial and international partners.
- **CSR forum** – aimed at disseminating information and securing input from relevant user groups, including industry, public sector and NGOs and other relevant stakeholders.
- **National conference** – aimed at disseminating information and developing competence within all relevant groups in Norway, including industry, academia, consultancies, the public sector and NGOs.
- **International collaboration/ dissemination of information** – involving international partners directly through mutual visits/seminars and presentations/publications in leading international conferences/journals.

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Seminar program and practical issues:

- Tuesday's topics:
  - A firm perspective on CSR
  - A regulative perspective on CSR
  - A system perspective on CSR in value chains

- Wednesday's topics:
  - International research projects
  - Business perspective on CSR, national and international

- The seminar starts at 09:00 on Wednesday in LA21

- Dinner for project group at Tuesday 18:00

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Tuesday

- 12:15 Introduction. Professor Annik Magerholm Fet, NTNU.
- 12:30 The Business Perspective on CSR. Professor II Rolf Lunheim, NTNU.
- 12:50 CSR-methodology and practical implementation. Uno Abrahamsen, NTNU/Directorate of Labour Inspection.
- 13:10 CSR and Corporate Relationships with NGOs. PhD Candidate Caroline Dale Ditlev-Simonsen, BI.
- 13:30 Supply Chain Management. Associate Professor Luitzen de Boer, NTNU.
- 13:50 CSR in global value chains. Professor Annik Magerholm Fet, NTNU.
- 14:10 Discussion / Break.
- 14:20 Exporting Knowledge and Values: A Discussion of Managerial Challenges when Attempting to Diffuse CSR across Company and National Borders. Harald Ness, HiNT.
- 14:40 A Regulative Perspective on CSR. Professor Atle Midttun, BI.
- 15:00 CSR – Organising Society for Sustainability. PhD Candidate Maria Gjølberg, SUM, UiO.
- 15:20 Work Organisation and Restructuring in the Knowledge Society. Carla Dahl-Jørgensen, NTNU.
- 15:40 Discussion
- 16:00 End of day 1.

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Wednesday

1

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CSR in global value chains

Professor
Annik Magerholm Fet
Department of Industrial Economics and Technology Management

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2

Global Value Chains and CSR

The research project **C(S)R in Global Value Chains: a Conceptual and Operational Approach** aims to address both the operative and conceptual challenges that arise when CSR is addressed in the context of global value chains:

- Globalisation and increasing complexities of modern economies increase the focus on CSR
- Distributed production systems often span several organisations, sectors and national boundaries.
- CSR concerns not only several business units, but also a series of contractual and/or market relations and a variety of actors interacting in several arenas.


3

Core project 3: The Systemic Perspective and CSR in Value Chains

- A supply chain is a complex combination of actors, e.g. consumers, stakeholders, suppliers and sub-suppliers that operate in networks, but with different motivations and roles.
- A value chain, or a network of actors, can be viewed as system and sub-systems.
- A system is understood as an assemblage of interacting elements, the performance of which will ensure the required performance of the total system. The interaction can be described as information, material flows, and monetary flow

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System perspective:

- Hierachical structure
- Chain structure
- Nettworks
- Organic
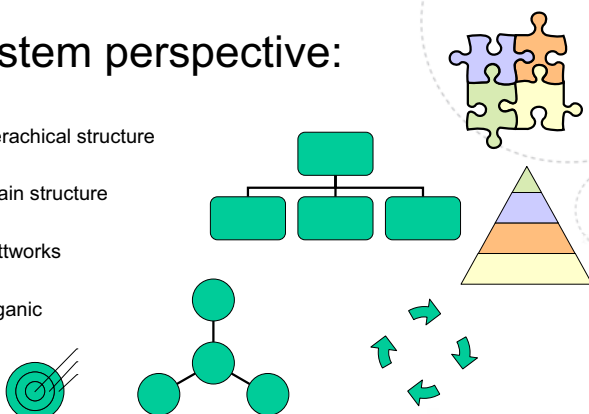
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Management approach:

- Both systems theory and systems engineering processes, is fundamental to the understanding of the dynamics of this complexity. When focusing on operative models and practical implementations, a striking feature of CSR approaches is the interplay between different managerial traditions.

The Global Compact ten principles, a code of conduct:

Based upon
- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

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The Global Compact ten principles:

Human Rights
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

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The Global Compact ten principles, cont.:

Environment
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption
- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

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Important CSR-issues in global value chains:

- **Business Ethics**
- **Community Investment**
- **Environment**
- **Governance & Accountability**
- **Human Rights**
- **Marketplace**
- **Mission, Vision, Values**
- **Workplace**

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CSR and workplace conditions:

Main aspects:
- Child Labour
- Forced Labour
- Health and Safety
- Freedom of Association & Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration/wages
- Management systems

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Initiatives and standards addressing workplace conditions:

- Social Accountability International (SAI)
  - an international non-profit organization dedicated to the ethical treatment of workers around the world.
- SAI's social standard, called **SA8000**, functions as a highly effective and expedient system for delivering improved social performance to businesses and their supply chain facilities.
- The SA8000 solution is designed to ensure compliance with the highest ethical sourcing standards by integrating management tools that serve the needs of workers and businesses alike.

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Required MANAGEMENT SYSTEMS by SA8000:

1. *Policy*
2. *Management Review*
3. *Company Representatives*
4. *Planning and Implementation*
5. *Control of Suppliers/Subcontractors and Sub-Suppliers*
6. *Addressing Concerns and Taking Corrective Action*
7. *Outside Communication*
8. *Access for Verification*
9. *Records*

FOLLOWS THE PLAN – DO – CHECK – ACT PRINCIPLES

Other initiatives on workplace conditions:

- Fair Labour Association (FLA)
  - Companies have been urged to make public the results of their audits in order to assure activists and consumers that they are making progress in improving labour conditions (US-based, 1996)
- The Workers Rights Consortium (WRC)
  - Focus on producers of university brands and the possible negative exposure this can have (US-based, from 1999)
- Ethical Trading Initiatives (ETI)
  - Works with its corporate members to investigate, propose and urge improvement in working conditions, agriculture as well as industry (European-based, 1998)
- Different voluntary codes in agriculture (coffee) and clothing (clean Clothes etc)

Social Labelling – an alternative approach to improving labour / workplace conditions

- **Rugmark –** the purpose is to replace child labour with adult labour. Signatories pay a licensing fee to the foundation, allows the company to use the Rugmark label. The fees pay for inspection and for schooling the children.
- **Fair Trade Coffee** – the coffee must be purchased directly from farm co-operatives, they must be guaranteed a floor price and farmers must be offered credit by importers, it also encourage better environmental practice. Also for products like bananas, cocoa, tea, toys, flowers, oranges, nuts, chocolate, sugar, crafts and jewellery.

CSR and Human Rights:

The first two principles of the **Global Compact**:
Businesses should

- Principle 1: support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Human rights have traditionally been the concern of **states**. As more **companies** come to realize their (legal, moral, commercial) need to address human rights issues within their own operations and activities, they are also confronted with a number of challenges:

- the need to come to grips with the human rights framework and how the company's own activities might relate to it.
- uncertainty around how to avoid being complicit in human rights abuse and what are the boundaries of companies' human rights responsibility.
- a keen demand for tools and guidance to help companies with their internal implementation efforts.

The UN Global Compact has attracted four kinds of firms (G.Kell):

Firms

- that are forced to adopt CSR policies owing to pressure from activists
- from developing countries who want to learn more about the potential for private – public initiatives
- that are interested in exploring future public-private initiatives with the assistance of international organisations
- that are genuinely interested in making the world a better place, and want to encourage other firms to do likewise

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Global Compact Guidelines for "Communication on Progress (COP)"

- A COP is an annual description of actions taken in support of the Global Compact, made available to stakeholders.
- It is expected of all companies participating in the Global Compact.
- All COPs will be prominently displayed, or linked to, on the Global Compact website.
- Companies failing to communicate progress will be regarded as inactive and will be identified as such on the Global Compact website.

Document and Tools

- Guidance Packet on Communications on Progress (COP)
- Practical Guide to Communication on Progress
- Raising the Bar: Creating Value with the United Nations Global Compact.
- Ethos Indicators for the Global Compact Principles
- High Five! GRI Launches Sustainability Reporting Guide for Small Enterprises
- The Global Compact principles and selected 2002 GRI Sustainability Reporting Guidelines core performance indicators

See link http://www.unglobalcompact.org/CommunicatingProgress/

CSR and environmental issues:

- EMS is an important component of CSR
- International standards for EMS exists, but standards on corporate environmental performance are less developed.
- Although environmental problems are more serious in developing countries (except carbon emissions) most NGO pressure and voluntary corporate programs have focused on improving environmental practice in developed countries
- Western companies embrace "beyond compliance" environmental strategies when they operate in developing countries

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Main environmental aspects:

- Use of resources (renewable/non-renewable)
- Pollution to water
- Pollution to soil
- Emissions to air
- Waste
- Environmental aspect of products

Mapping CSR into the PDCA-circle:
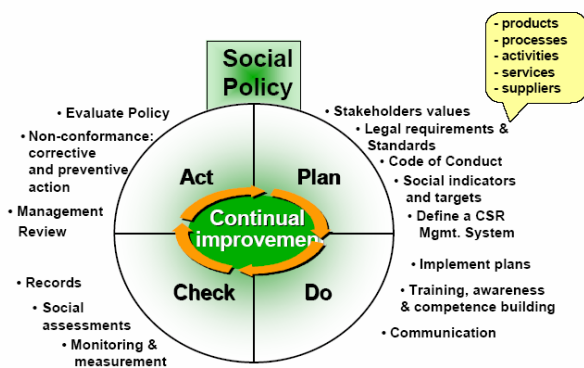
ISO 26000 - International guidelines for social responsibility (SR)

- will be published in 2008 and be voluntary to use. It will not include requirements and will thus not be a certification standard.

ISO 26000 should:

- assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions;
- provide practical guidance related to operationalizing social responsibility, identifying and engaging with stakeholders, and enhancing credibility of reports and claims made about social responsibility;
- emphasise performance results and improvement;
- increase confidence and satisfaction in organizations among their customers and other stakeholders;
- be consistent with and not in conflict with existing documents, international treaties and conventions and existing ISO standards;
- not be intended to reduce government's authority to address the social responsibility of organizations;
- promote common terminology in the social responsibility field; and
- broaden awareness of social responsibility.

AccountAbility standards, the AA1000 Series (AA1000S)

Principles based standards applicable to organisations in any sector, (including the public sector and civil society) of any size and in any region.
The AA1000 Series is comprised of:
- AA1000 Purpose and Principles (under development)
- AA1000 Framework for Integration (under development)
- AA1000 Assurance Standard
- AA1000 Stakeholder Engagement Standard

The AA1000 Framework was developed to help organisations build their accountability and social responsibility through quality social and ethical accounting, auditing and reporting. It addresses the need for organisations to integrate their stakeholder engagement process into their daily activities.
The Framework provides guidance to users on how to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure to ensure greater transparency, effective responsiveness to stakeholders and improved overall organisational performance.

SA8000, ISO-standards and AA1000S

- AA1000 is an alternative standard to SA8000
- AA1000 is a foundation standard and is claimed to serve either to underpin the quality of other, more specialised accountability standards or as a stand-alone system and process for managing social and ethical accountability and performance.
- SA8000 is also compatible with management standards like ISO 9000 and ISO 14000 and can thus also be an integral part of a more overall management system.
- Unlike SA8000, ISO 9000, ISO 14001, the AA1000 and the proposed ISO 26000 SR are not intended to be certifiable standards.

The 7-steps model for implementation of CSR-strategies
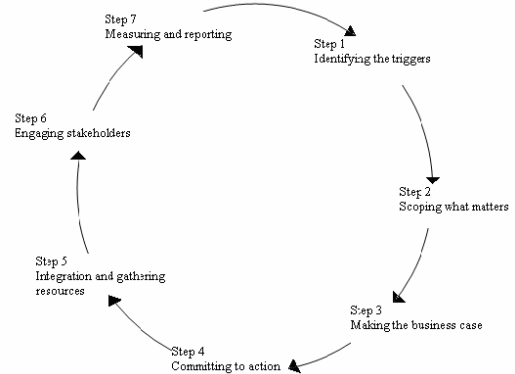
Communication of CSR-performance:

- Reporting is a core instrument in both the internal implementation and the external communication of CSR and demands on reporting of CSR are steadily increasing. Stakeholders not only demand information, but also more and more frequently expect to be able to evaluate the information disseminated. This requires verification of the reported information and stakeholder-company dialogue.

Core Project 3

- The research will be part of the thematically focused research activities under "Environmental management and corporate responsibility" and this is closely related to the two other thematically focused areas: "Supply Chain Management (SCM)" and "Value Creation in the Energy Sector".

Main Aims and Activities:

- Model value chains by systems theory; establish models of value chains, both hierarchical and from a life cycle perspective.
- Analyse the flow of information, especially of relevance for sustainability performance measures, with an added focus on environmental and social aspects.
- Analyse and optimise communication tools end evaluate these against a set of criteria to test the openness and thrust of the information.
- Suggest models for performance indicators and communication tools to be used in business-to business-relations with the goal of achieving reliable CSR-information in value chains.

Cross Cutting-2: Corporate and Value Chain Reporting on CSR – a PhD-program

The principle research questions:

1) evaluate existing reporting systems available to SME and larger enterprises, and their applicability to both corporate reporting and product/service reporting.
2) analyse the effect of reporting systems on improvement in business operations through selected indicators.
3) evaluate/suggest verification procedures that ensure transparency and accountability.

Summary- CSR in global value chains:

Focus on
- Interactions between different systems
- Combination – SCM / EMS / LCM
- Management of CSR issues
- Communication and verification

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International CSR projects at IØT

Professor
Annik Magerholm Fet
Department of Industrial Economics and Technology Management

International CSR projects and initiatives at IØT

- **Environmental Management and Corporate Social Responsibility- network establishment.** NTNU – Poland initiative
- **Corporate Social Responsibility in the US and Norway (CRUSAN). (**Norwegian Research Council).
- **Environmental- and global supply management and corporate social responsibility (CSR) in value and transport chains. Pre-project for the EU-7. Framework program.** (NTNU-IØT).
- **CSR – initiatives in China**
- **Net Impact**
- **+++**

EM & CSR network, Norway - Poland

Main Objective and background:
- to establish a professional network of Norwegian and Polish actors in the area of EM and CSR.

The goals of the network are
- Explore common education, research and development possibilities in EM and CSR between NTNU and Polish Universities.
- Find common research and development topics related to specific regions and environmental challenges.
- Exchange of resources.
- Discuss involvement of Norwegian and Polish companies and local municipalities in CSR co-operation.
- Identify possibilities to increase the chance to meet EU objectives in the area of sustainable development, EM and CSR
- A long term goal of the network is to offer researchers and students opportunities to study different EM/CSR approaches for example connected with an application in the 7th FW program

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Corporate Social Responsibility in the US and Norway (CRUSAN)- preproject

Objective:
- to build the relationships necessary to facilitate the development of future collaborative projects between NTNU, Norwegian industry, US business (MBA) schools, and US industry in the fields related to CSR.

Future collaborative projects will be submitted to the Norwegian Research Council, with an end goal of creating innovative solutions in sustainable development, resource management and environmental impact that lead to *responsible*, knowledge-based economic development in Norway.

Supporting sub-goals-CRUSAN

- Provide information, communication and contact between interested parties.
- Create an educational resource base that the parties can rely upon for future cooperation and projects.
- Strengthen and formalize the relationships between the parties at the organizational and institutional level.

3 sub-projects - CRUSAN

1. CSR and products information, case study based on research in the Norwegian Furniture Industry
2. CSR and business ethics concerns for multinationals operating in developing countries
3. Key Performance Indicators of CSR

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Activity plan - CRUSAN

1. **Initial meeting between** all parties (April-May 2006) (current CSR practices, current state of art & key developments in CSR in Norway and the US, possibilities of mutual learning and challenges for the future)
2. **Develop project plans** (July-October) (Identification of subprojects that the stakeholders deem relevant to pursue, consider which sub-projects may be immediately addressed and which ones may fit within the context of the development of future collaborative projects, Identify research activities and review available case studies, Discuss and define role of stakeholders (companies), Agree upon education activities and further steps, and Develop project plans)
3. **Dissemination of lessons learned**, prepare main project proposal (November-March 2007)

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Environmental- and global supply management and CSR in value and transport chains.

- **The main objective of the research outlined in this proposal is to investigate the strategic opportunities for European manufacturing firms and their suppliers that lie in the development of flexible, efficient and globally competitive networks, and this in the face of increasing environmental concerns and a need for responsible corporate behaviour.**

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NTNU – China
Tsinghua School of Economics Management (TSEM), the Society for Organizational Learning (SoI)

- Exchange of regular master students within technology management, industrial economics, business administration, SHE- management and CSR.
- Cooperation on the 2-year international MTM – Master of Technology Management
- Building CSR Network Norway – China.
- Research and future cooperation.

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Other initiatives and future strategy:

- Participation in international meetings and conferences
- Publications
- Net Impact
- ++++

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kunnskapsfabrikken
knowledge factory

Capitalism, the Corporation

and

Social Responsibility

Rolf Lunheim

SHE'S A PARTNER IN A
GREAT AMERICAN BUSINESS

CONCEPT OF THE CORPORATION — Peter F. Drucker

Based on research at General Motors (1943)

"The executive of a big business affects society by every one of his moves and is affected by it. Yet he inevitably lives in an artificial environment and almost as isolated as if he were in a monastery".

Chapter II: The Corporation as a Human Effort, p. 88.

ENVIRONMENT

- Owners
- Suppliers
- The Corporation and its Managers
- Customers
- Employees
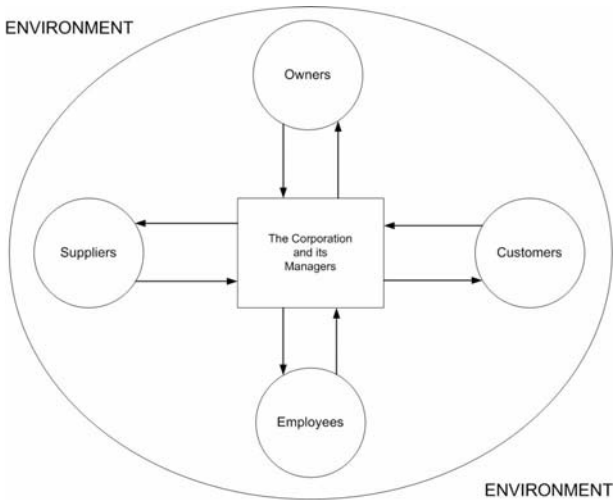
ENVIRONMENT

the Corporation — a film by Mark Achbar, Jennifer Abbott & Joel Bakan

"The Corporation" is a surprisingly rational and coherent attack on capitalism's most important institution".

The Economist, May 6th 2004

The Corporation (according to Joel Bakan)

- Irresponsible
- Manipulates everything to its own advantage
- Grandiose ("We are the best!")
- Lack of empathy, unable to feel remorse

= **Institutional psychopath ….**

- Cannot control itself (CSR/ethics).
- Should not "partner" with government/NGOs
- Must be tightly controlled by democratic institutions

Not just "a few rotten apples" ...

The directors of such companies, however, being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own.

Negligence and profusion, therefore, must always prevail, more or less, in the management of the affairs of such a company.

Adam Smith *The Wealth of Nations* (1776)

Corporate Man

versus

Whistleblower

Newspaper clipping: Angrer på at han varslet

L'Oréal set to take over Body Shop for £652m

Financial Times 17. March 2006

CORPORATE CAPITALISM

ENTREPRENEURIAL CAPITALISM

purpose & passion

profit & power

"Pure" CSR
Philanthropy
Brand management
Social investments
Compliance
Risk management
Pure short-term cost savings / profit maximization

Arbeidstilsynet

CSR – Methodology and practical implementation.

CSR – Research seminar.

NTNU 25-26 April 2006.

Uno Abrahamsen, Senior Advisor, Directorate of Labour Inspection/NTNU.

Mariam Naeem, Master Degree Student, NTNU.

The platform for the Master thesis.

- Global Compact. 10 Principles.

– **Grayson and Hodges: Corporate social opportunity. 7 steps to make CSR work for your business.**

– **Implementation in a Norwegian based construction company.**

Global Compact. Ten principles.

- Human rights.
  - Support and respect human rights.
  - Ensure that they are not complicit in human rights abuses.

- Labour standards.
  - Uphold the freedom of association and the right to collective bargaining.
  - Support the elimination of forced and compulsory labour.
  - Effective abolition of child labour.
  - Elimination of discrimination in respect of employment and occupation.

Global compact. Ten principles (2)

- Environment.
  - Support the precautionary principle.
  - Undertake initiatives to promote greater environmental responsibility.
  - Encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption.
  - Businesses should work against all forms of corruption, including extortion and bribery.

The need for simplification.

- **Need to be country specific. Not all issues are relevant for all countries.**
  - **Important Issues in Norway:**
    - **Environment.**
      - **Air pollution.**
      - **Water pollution including soil pollution.**
      - **Noise problems.**
      - **Waste.**
    - **Work place.**
      - **Chemicals, noise.**
      - **Ergonomics**
      - **Accidents.**
      - **Organisational.**

    - **Anti-corruption.**

Description of the 7 steps methodology.

- Step 1. Identifying the triggers.
- Step 2. Scoping what matters.
- Step 3. making the business case.
- Step 4. Committing to action.
- Step 5. Integration and gathering resources.
- Step 6. Engaging stakeholders.
- Step 7. Measuring and reporting.

The focus of the Master thesis.

- Lack of resources.
- Strict timetable.
- Need to focus the efforts on:
  - Areas where the student has valuable added knowledge for the company.
  - External relations and problems.
  - And not to areas where there are needs for knowledge on internal organisational processes and problems.

Priorities.

- **The focus of the Master thesis are:**
  - **Step 1. Identifying the triggers.**
  - **Step 2. Scoping what matters.**
  - **Step 6. Engaging stakeholders.**
  - **Step 7. Measuring and reporting.**
- **The following steps are considered internal:**
  - **Step 3. Making the business case.**
  - **Step 4. Committing to action.**
  - **Step 5. Integration and gathering resources.**

Step 1. Identifying the triggers

- Key elements:
  - Overview of external forces.
  - Stakeholder Expectations about corporate behaviour.
  - The impact of the triggers

Triggers and CSR factors.

- A complex array of forces (events and incidents) causes triggers to happen, as
  - Technology and communication
  - Markets
  - Demographics and development
  - Values (makes repercussions for business)
- CSR factors
  - Handling of waste and pollution
  - How to treat the staff (working conditions)
  - Interaction with local community.
  - Business processes (good corporate governance systems)

Definition of triggers.

- Triggers are a combination of events and incidents that impact business as a result of global forces for change and changing stakeholders expectations
- The response may be short term or long term (on the corporate strategy).
- "The Brent Spar" moment. The moment when a company reacts positively to a trigger.

Triggers and CSR factors.

- A complex array of forces (events and incidents) causes triggers to happen, as
  - Technology and communication
  - Markets
  - Demographics and development
  - Values (makes repercussions for business)
- CSR factors
  - Handling of waste and pollution
  - How to treat the staff (working conditions)
  - Interaction with local community.
  - Business processes (good corporate governance systems)

Table 1: Examples given for AF Spesialprosjekt AS

The external force	CSR factor	Potential trigger
Technology and communication		
Increased quantity and quality of internet connectivity	The "24/7" syndrome, where the employees are forced to stay active 24 hrs a day, 7 days a week. This intensifies the work-culture, leading to more pressure on staff and loss of day-to-day quality time with family.	Increased employee absenteeism because of stress and employees getting burned out in a early age

---

Government potential triggers.

Expectations of business	Traditional expectations	Contemporary CSR expectations	Potential triggers
To respect the rule of law To work within the regulatory framework	The company is expected to obey the laws	The company is expected to engage in public policy formulation.	Companies may be fined for breaking the law.

Step 1. The case (1)

- External forces:
  - **Technology and communication.**
    - **External force: Increased internet quality and 24/7 access gives NGO's the oppourtunity tp blow up and disseminate an unfortunate incident fast and easy.**
    - **CSR factor: Tensed atmosphere among the employees at the site due to the bad publicity. Customers get a poor impression of the work conditions at the company.**
    - **Triggers: The bad publicity is difficult to handle.**

Step 1. The case (2)

- External forces:
  - **Market changes.**
    - **External force: New markets:**
    - **CSR factor: Operating in a new market requires sensitivity and understanding of local culture, social norms and local regulations.**
    - **Triggers: Breaking the local traditions difficult incidents which may cause bad media coverage.**

Step 1. The case (3)

- External forces:
  - **Demographics.**
    - **External force: Employees are more concerned of work conditions (the work place, working hours, location, career and training).**
    - **CSR factor: Employees are feeling they get sufficient "quality time" with their families and affects to much the family life.**
    - **Triggers: High number of employee turnover. Difficulties to recruit well qualified employees.**

Step 1. The case (4)

- External forces:
  - **New values.**
    - **External force: Growing awareness around companies values and visions**
    - **CSR factor: The company needs to portray their business performance as being socially, environmentally and ethically responsible..**
    - **Triggers: High number of employee turnover. Difficulties to recruit well qualified employees.**

Step 1 (cont). Impact.

- Last stage:
  - **Trigger – Business impact – Time scale of impact.**

  - **Example:**
    - **Legislation- Costs – Time scale.**

Step 2. Scoping what matters.

- How to assess the potential impact of key triggers on business strategies.
  - **OUTPUTS.**
    - **Identification of potential business strategies.**
    - **A revision of the strategies in the light of stakeholder impacts and inputs.**
    - **Further refinement of the strategies taking into account market and operational issues.**
    - **Ranking of strategies based on possible importance for the business.**

Step 2. Scoping what matters.

- The purpose is to show how trigger events can be used as catalysts to scope changes for a particular business.
- An assessment of the potential impact of particular triggers on business strategies.

Step 2. Scoping what matters.

- Risks and opportunities of CSR factors.
  - **Ecology and environment**
  - **Health and well being**
  - **Human rights and diversity**
  - **Communities.**
  - **Transparency, accountability and governance**

Step 2. Scoping what matters.

- Tracking issues under the corporate radar screen.
  - **The under funding of pensions.**
  - **Healthy ageing.**
  - **Taxes paid under different jurisdictions.**
  - **Boundaries of corporate responsibility for the use (or misuse) of products.**
  - **Social and environmental performance along the supply chain.**
  - **Electronic monitoring of employees.**

Step 2. Scoping what matters.

- Scoping by stakeholder attitude and behaviour.
  - **Stakeholders.**
    - **Employees.**
    - **Investors (Issues raised by investors).**
    - **Consumers.**
    - **Business partners.**
    - **NGO's.**
    - **Governments, intergovernmental and international organisations.**

Step 2. Scoping what matters.

- Scoping different circumstances.
  - **Merger or acquisition.**
  - **Entrance to a new market in another cultural context.**
  - **New business starting operations.**

Step 2. Scoping what matters.

- Scoping what corporate social opportunities are possible.
  - **Innovations in products and services.**
  - **The servicing of new or under-served markets.**
  - **Use of new business models**
    - **Development, financing, market delivery, purchasing, staffing . . .**

Step 3. Making the business case.

- Purpose:
  - **How to build the business case for the proposed business strategies informed by the marketing mix, organisationale considerations and by overall corporate goals and business drivers.**

Step 4. Committing to action.

- **The purpose is to look at the implications of proposed actions and for proposed strategies in light of organisational values, leadership style and governance arrangements.**

Step 5. Integration and gathering resources

- How to integrate aspects of CSR and the operational requirements that emerge from reviewing business strategies. What are the resource implications.

Step 6. Engaging stakeholders

- How to engage stakeholders in shaping and delivery of business strategies.
  - **An assessment of how the proposed strategies impact stakeholders and vice versa.**
  - **Identification of the roles required by stakeholders to enable implementation of the strategies.**
  - **Identification of the necessary actions needed to ensure the desired roles are undertaken.**

Step 7. Measuring and reporting.

- How to measure and report on issues (aspects)
- What are the implications.
- How to track the progress of actions.

Philanthropy only?
A study of the effect of business – NGO interaction

CSR seminar, NTNU
April 25, 2006
Caroline Dale Ditlev-Simonsen, BI

BI

Content

1. Research theme
2. Existing research and theoretical framework
3. Problem statement
4. Method and data
5. Relevance

BI

Corporate (Social) Responsibility

"A concept whereby companies integrate social and environmental concerns in their business cooperation and in their interaction with their stakeholders on a voluntary basis"

European Commission, 2001

Any interaction between a company and an NGO thus is a CR element

BI

Government
Authorities

Market sector
Business

Civil society sector
NGOs
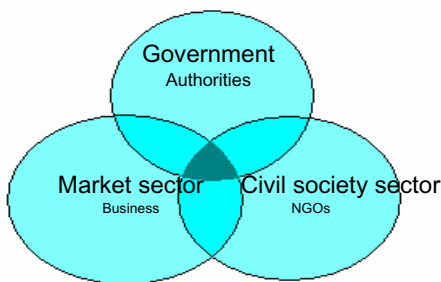
BI

What is an NGO?

"A non-governmental organization (NGO) is an organization that is not part of a government and was not founded by states."

Wikipedia, 2006

"Self-governing, private, not-for-profit organization geared toward improving the quality of life of disadvantaged people."

Vakil, 1997

BI

Evolution of NGOs

Third generation

Sustainable systems development

Second generation

Small scale self-reliant local development

First generation

Relief and welfare
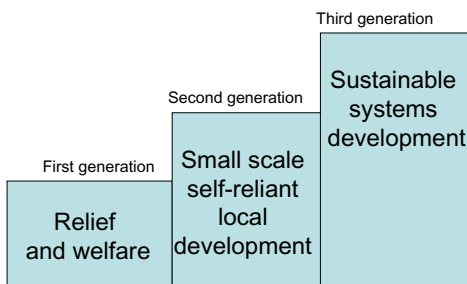
D. Korten, 1990

BI

NGOs in today's society

- 2 million NGOs in USA in 2000
- 29,000 international NGOs in 1995
- 50,000 international NGOs in 2002
- Turnover in the non-profit sector in 27 nations $ 1.6 trillion in 2002

BI

Problem statement

1. Why do companies decide to interact with NGOs?

2. What are the results for selected company stakeholders of Business - NGO interaction?

BI

Theoretical framework relating to business-NGO interaction

Howard Bowen
"Social Responsibilities of the Business Man" (!)

Milton Friedman – make profit

Edward Freeman – stakeholder theory

Michael Porter – strategic philanthropy

Henry Mintzberg - CR in four different forms

Arnold & Handelmann
Performance actions and Institutional actions

BI

Existing research

- Lots of independent business cases
- Studies on cooperation between <u>environmental</u> NGOs and companies
- Studies to estimate the extent of business contributions to NGOs
- Marketing studies on the effect of Business-NGO cooperation and customer preferences

BI

Method and data

Combination of qualitative and quantitative data from selected companies

- Case studies
- Survey of employees
- Interviews

BI

Project status

Assessment of 80 large international companies on Business – NGO interaction suggest that companies;

- spend lots of money on NGOs
- lack goals and strategy in their NGO related activities
- donate randomly
- lack transparency in their NGO related activities

BI

Expected results and relevance

- Contribute to better understanding of Business – NGO interaction
- Contribute to empirical research in the area of CR
- Provide knowledge that can increase the positive effect of Business – NGO interaction for companies

BI

Slide 1

Corporate Social Responsibility:
a Supply Chain Management perspective

Luitzen de Boer
IØT, dept. Industrial Management

Luitzen de Boer – IØT

Slide 2

Agenda

- Supply Chain Management, Purchasing management and Logistics management
- Corporate Social Responsibility
- Examples of CSR issues in SCM, purchasing and logistics
- A joint research proposal integrating CSR and SCM

Luitzen de Boer – IØT

Slide 3

Purchasing and logistics management

| Inbound logistics | Operations | Outbound logistics | Marketing and sales | Service |

Purchasing
Technology development
Human resource management
Firm infrastructure

Not:

Purchasing

Luitzen de Boer – IØT

Source: Porter (1985)

Slide 4

Supply Chain Management

Producer → Manu-facturer → DC → Outlet → Consumer
Producer → Manu-facturer → DC → Outlet → Consumer
Producer → Outlet → Consumer
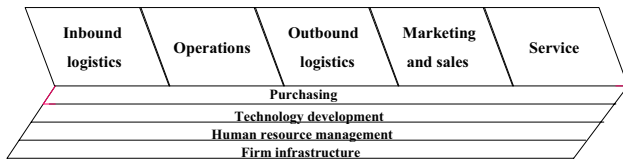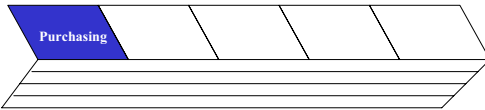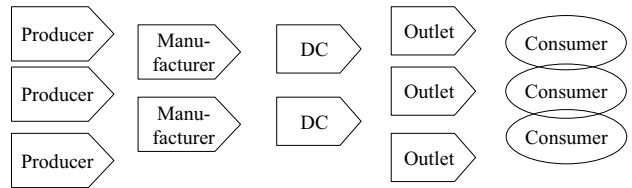
"SCM is the *integrated* planning, co-ordination and control of *all* logistical business processes and activities in the SC to deliver superior consumer value at less cost to the *SC as a whole* whilst satisfying requirements of other stakeholders in the SC "

Luitzen de Boer – IØT

Source: Van der Vorst (2000)

Slide 5

CSR

- Social issues
- Environmental issues
- Other..
- Integrating them into a firm's operations

Luitzen de Boer – IØT

Slide 6

Purchasing and CSR

Tactical purchasing process — **Operational purchasing process**

1. Specification (what) | 2. Selection (who) | 3. Contracting (how) | 4. Ordering | 5. Monitoring | 6. After-care
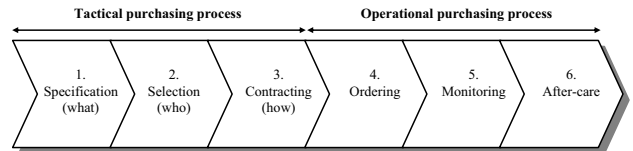
- Buy for the 'greater good'?
- Using sustainable materials?
- Black-box sourcing: can we be responsible?
- …

- Ethical codes of conduct
- Use of social and 'eco' criteria in selection
- TCO models
- Supplier base: do we know who supplies our suppliers?
- ..

- Liability agreements
- Allowing smaller buyers to use frame contracts of larger buyers
- …

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Slide 7

Purchasing and CSR

Profit Contribution	High	Profit-making Commodity Microprocessors	Competitive Advantage Commodity Crude oil, silver
	Low	Low Value Commodity Fasteners, office supplies	Supply Assurance Commodity Electricity, raw materials

Supply Risk (Low – High), Environmental Risk (High – Low)

Source: Handfield et al (2005)

Slide 8

Logistics and CSR

- Location decision-making
  - Strategic 'SCM' decision *'puzzle'*
    - Interplay between *global sourcing*, *sourcing structure* and *plant (re)location*
  - Different entry modes
    - Own, outsource, joint venture, etc
  - What are social/environmental implications for 'old' and 'new' sites?
    - Loss of local employment, direct & indirect, 'exploiting' overseas workers..
    - "Offshoring without guilt" (Venkatraman, 2004)
    - "Beyond the question of what is core, many companies are simply asking themselves which of their activities are location-independent and where those processes would best be located"
    - "The challenge at hand is not to protect domestic jobs through tariffs or quotas but to recognize and exploit the emergent global network of [such] competencies"

Slide 9

CSR issues in SCM, purchasing and logistics

	Purchasing	Logistics
Social issues	Ethical, social and public policy considerations in (a) make or buy (b) specification of need (c) supplier selection and (d) contracting decisions	Social considerations in location decision-making Off-shoring
Environmental issues	"Green purchasing" Total Cost of Ownership (TCO) modelling	Reverse logistics Packaging and transport decisions
	Supply Chain Management All of the above but in a context of multiple parties attempting to coordinate their efforts and share risks and rewards	

Slide 10

A joint research proposal CSR & SCM

- Joint effort of CSR and SCM researchers at IØT
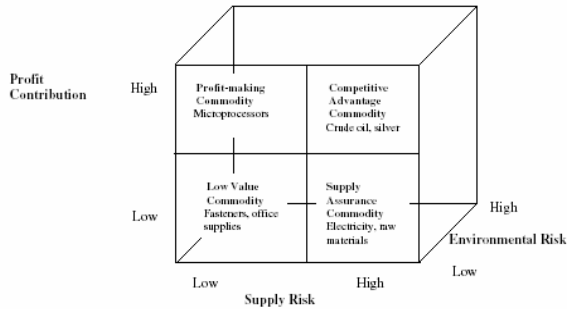- Objective: to investigate the strategic opportunities for European firms and their suppliers that lie in the development of globally competitive networks while taking into account increasing environmental concerns and a need for responsible corporate behavior
- Main questions
  - How to contribute to sustainable competitive advantage through developing global (supplier) networks?
  - How to simultaneously address CSR challenges in this context?
    - Both environmental (e.g. transport) and social (e.g. employment effects)
- Theoretical background
  - Systems theory, SCM and purchasing literature, industrial network approach
- Status
  - First proposal has been written
  - IØT/NTNU has awarded means to develop it into a 7th framework proposal

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Slide 11

On the 'tension' between profitability and CSR

- Stafford Beer (1972) "Brain of the firm"
- The criterion of profitability is not really specifiable when trying to compare short-term and long-term profitability
- What is the *ultimate* criterion for controlling the firm?

"What this is? It can only be *survival*"

Slide 12

Exporting Knowledge and Values

A Discussion of Managerial Challenges when Attempting to Diffuse CSR across Company and National Borders

Harald Ness
Nord-Trondelag University College
Norway

Corporate Social Responsibility (CSR) as "good citizenship"

- Blumberg (1972) advocates that long-term profit depends on corporate social responsibility – one argument being that corporations should behave as good citizens
- Good Citizens have a moral obligation to support the community since they derive their existence and sustenance from it – "Good business" is good public relations, as well as "good customer" relations and "good stockholder" relations.
- Good Citizens solve the problems they create
- Good Citizens treat their fellow citizens with respect: Employees can resist participation in illegal or unethical action (business or professional action) put upon them by principals ("The restatement of Agency")

CSR in the new world economy UN and EU standards for business behavior

- Kofi Annan (2000) argues: Corporations should recognize various forms of human rights, labor/worker rights and environmental rights when investing in third world countries
- EU (COM 2001) argues that long-term economic growth, social cohesion and environmental protection go hand in hand – both within and outside EU
- A normative stand: CSR - A voluntary contribution by the corporation to a 'better society', a 'cleaner environment' and 'reasonable' relationships with a variety of stakeholders who can influence their license to operate ….

Our case

- Norske Skog – (Norwegian Forest Industries) – NS
  - Established in 1962 – the first mill constructed in 1966
  - Approx. 600 employees.
- Since the 1980's: Undisputed leader of Norway's paper and pulp industry
- Since 1990 an international corporation
- Since spring 2004: 9000 employees
  - working at 23 wholly- and partly-owned mills
  - located in 15 countries
  - on five continents
- NS – the second largest newsprint maker in the world
- September 2005 – The largest newsprint maker in the world

CSR in Norske Skog

- NS defines CSR as a competitive edge
- NS has signed binding agreements on CSR.
- NS' core values are; *openness, honesty and cooperation – and trust*:
  - "Trust represent solid equity. Without the trust of employees, investors, a government authority, local communitites, customers and suppliers, the company has no chance" (NS Strategy documents).

Our point of departure: CSR as an organizational recipe – an espoused theory of action

- CSR as an organizational recipe – forms of institutional isomorphism (DiMaggio & Powell 1991), making organizations look alike?
- CSR as embedded values and practices (Scott 1995) diffused through different carriers?
- CSR as *multiple institutional logics* brought into play in actor networks
- *Actors can manipulate any recipe at their disposal* for profit maximizing, market hegemony or any other purpose (Ness 2003)

Som comments on the notion; 'Best practice' – in CSR….

- Originating from Japanese TQC: 'Best practice' – TQ-principle nr. 10 (JUSE 1991)
- Since the mid 90's; 'best practice' has been an espoused theory of action in NSS. Benchmarking between sites define standards for organizing – inclusive that of CSR
- The risk of hypocrisy introducing CSR 'best practice'
  - CSR as an espoused theory of action: canonical practices versus values-in-use: noncanonical (actual) practices
  - The risk of driving local knowledge "underground"

Values-in-use and ideologies-in-use

- Organizational ideologies
  - a set of ideas that structure the actors' notion of reality – a code of meanings that preside over how they see the world
- Rivaling ideologies – dominant ideologies
- Ideologies-in-use:
  - Deep structure elements – *taken-for-granted standards, values and paradigmatic assumptions* - may both jeopardize and facilitate implementation of CSR policies and practices across cultures

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"Export" of 'values' and 'best practice'

- "Exporters"
- Products
- Strategies for "sale"
- Choice of products
- Feedback and knowledge
- Learning

- *Who* are trying to export CSR?
- *Which* values and best practices (way of doing things, ethics, principles etc, originating from NS – Skogn) do they want to export?
- *How* do the "exporters" plan and maneuver in order to sell the "products"? Networks? Alliances? Relations? Lobbying? Pressure/Power? Incentives? Other?
- *How* are decisions made on what to export to whom and where? By chance? By design? By whom?
- Editing knowledge from experience: the sharing of experience and the construction of knowledge? Accumulation of knowledge from senior managers? Individual or collective attempts?
- What is learned from experience? Successes and failures? Explanation of successes and failures? What do the want to learn? How can the researchers make new knowledge actionable and useful for the company?

UNIVERSITY OF OSLO

Organising Society for Sustainability
- the Nordic Model For CSR

Maria Gjølberg
Centre for Development and the Environment

25. April 2006

SUM
SENTER FOR UTVIKLING OG MILJØ

UNIVERSITY OF OSLO

Titel, PhD project:

THE RESPONSIBLE VIKING

The Political Economy of CSR.
An Examination of Business-Government Interactions in the Nordic countries

SUM
SENTER FOR UTVIKLING OG MILJØ

UNIVERSITY OF OSLO

Starting point for the project

- Observation: Nordic companies are perceived as front runners in CSR:

- *Few can contest Scandinavia's place at the forefront of the CSR movement. The evidence is indisputable: [Nordic] companies … consistently top CR league tables and win sustainability awards, and their governments are often the first to pass progressive legislation* (Ethical Corporation 2004)

  - Overrepresented on Dow Jones og FTSE stock indices for sustainable companies
  - ISO 14001 widely adopted
  - Reputation for good practices in HSE, corruption etc.
  - Active participants in international foras such as UN Global Compact, the WBCSD etc.

- Initial research question: Are the Nordic companies really CSR front runners, and if so, why?

SUM
SENTER FOR UTVIKLING OG MILJØ

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Comparative Political Economy

- Focuses on the interface between state, market and civil society (mix of political science, economy and sociology)

- Previous analytical focus: Discourse, interpretations, identity, organisational theory – company level

- Present focus: Analyse how different political economic systems create different capacities for CSR success – national/Nordic level

- Implicit assumption:
  - It is not features pertaining to the individual companies that explain the Nordic success in CR
  - It is systemic/institutional features in the companies' institutional environment

- Aim: To understand the "Nordic model" for CSR based on the Nordic political economic system.

SUM
SENTER FOR UTVIKLING OG MILJØ

Comparative Political Economy and CR

- Research question 1: Is there a Nordic model of CR, and if so, of what does it consist?

- Research question 2: Is there a connection between the Nordic political economy and the Nordic success in CR?

- Typical features of the Nordic political economic system:

	Continentals	Nordic
- Social democratic welfare states (Esping Andersen)		
- Small states, open economies (Katzenstein)		
- Corporatism (Schmitter, Rokkan)	Mediterraneans	Anglo-Saxon
- Coordinated market economies (Hall and Soskice)		

- All four theories group the Nordic countries in the same category

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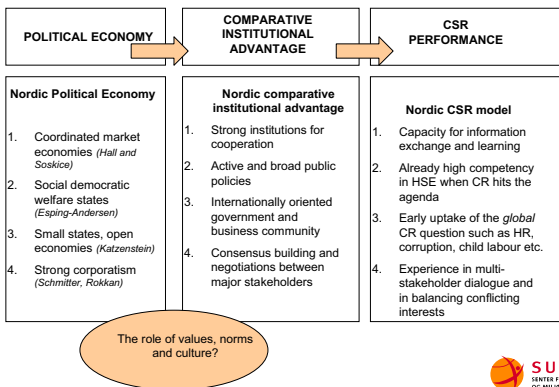

Comparative Institutional Advantage

- Hall and Soskice: *"Varieties of Capitalism. The Institutional Foundations for Comparative Advantage"* (2001):

- Comparative advantage is not only created by differences in access to:
  - land
  - labour
  - capital (classical concept)
  - but also: different **institutional** structures:

    "The basic idea is that the institutional structure of a particular political economy provides firms with advantages for engaging in specific types of activities … and the institutions relevant to these activities are not distributed evenly across nations"   (Hall and Soskice 2001)

- The (national) institutional environment produce a certain incentive structure: a set of barriers and opportunities

- The companies will chose strategy based on the kind of institutional support they find in the political economic system

SUM SENTER FOR UTVIKLING OG MILJØ

Explanatory model

POLITICAL ECONOMY → COMPARATIVE INSTITUTIONAL ADVANTAGE → CSR PERFORMANCE

Nordic Political Economy

1. Coordinated market economies *(Hall and Soskice)*
2. Social democratic welfare states *(Esping-Andersen)*
3. Small states, open economies *(Katzenstein)*
4. Strong corporatism *(Schmitter, Rokkan)*

Nordic comparative institutional advantage

1. Strong institutions for cooperation
2. Active and broad public policies
3. Internationally oriented government and business community
4. Consensus building and negotiations between major stakeholders

Nordic CSR model

1. Capacity for information exchange and learning
2. Already high competency in HSE when CR hits the agenda
3. Early uptake of the *global* CR question such as HR, corruption, child labour etc.
4. Experience in multi-stakeholder dialogue and in balancing conflicting interests

The role of values, norms and culture?

SUM SENTER FOR UTVIKLING OG MILJØ

Focus in the data collection

- **What are the factors explaining the Nordic CSR success?**
  - Is it the same factor(s) in all the countries?
  - E.g. the petroleum economy of Norway, unemployment in Denmark, stron, international brands in Sweden?

- **Causality**
  - Is it the governments driving business forward?
  - Is it the pioneering companies putting pressure on the governments?
  - Is it the NGOs / labour unions that pressure the governments/companies?

- **Empirical contribution**
  - The Nordic CSR profile
  - Interpretation, values and norms in Nordic CSR

- **Teoretical contribution**
  - Is comparative political economy relevant to explain CSR
  - Is the concept of comparative institutional advantages fruitful to explain the Nordic CSR success?

SUM SENTER FOR UTVIKLING OG MILJØ

Research design

- **1. Identify which countries produce the most CR-minded companies**
  - 8 indicators
  - Quantitative assessment
  - Status: Completed

- **2. Analyse the CR profile of the Nordic countries**
  - Interaction between governments, business, (NGOs and labour unions)
  - Identify a national story line for each country and look for common denominators
  - Interview and document studies
  - Status: Premliminary mapping of Norway

- **3. Survey of the Nordic CSR pioneers**
  - Questionnaire survey of all companies active in CR
  - Selection criteria: companies participating in national, regional or global CR initiatives
  - Status: Not initiated

SUM SENTER FOR UTVIKLING OG MILJØ

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1. Identify the pioneering nations in CSR

1. **SRI analyses**
   - FTSE4Good
   - DJSI
   - Global 100

2. **CR-organisations**
   - WBCSD
   - Global Compact

3. **CR reporting**
   - Global Reporting Initiative
   - KPMG survey

4. **Standards**
   - ISO 14001

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Total score CR indicators

Total score

Malta
USA
Greece
Italy
Belgium
Ireland
Germany
Portugal
Austria
France
Spain
Luxembourg
UK
The Netherlands
Norway
Denmark
Sweden
Finland

0,00   5,00   10,00   15,00   20,00   25,00   30,00   35,00

□ Total score

SUM
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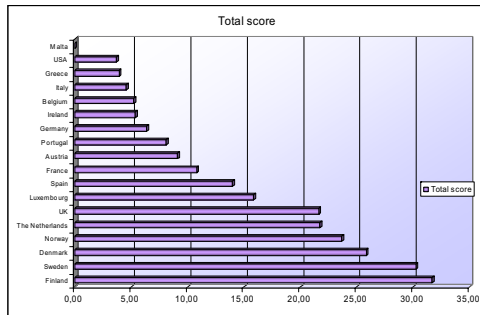
Thank you for your attention!

SUM
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OG MILJØ

Work Organisation and Restructuring in the Knowledge Society

Carla Dahl-Jørgensen, Sintef/NTNU
April 25, 2006

WORKS?

- An Integrated Project (IP)- EU 6th Framework Programme
- Thematic Priority 7, "Citizens and governance in a knowledge-based society"
- Four-year project: June 2005-May 2009
- 17 partners located in 13 countries
- Sintef- Norwegian partner
- Coordinator: Katholieke Universiteit Leuven (Belgium)

Research objectives

- *Improve our understanding of changes in work in the knowledge-based society*
- *Get an understanding of the driving forces and their implications for:*
  - Use of knowledge and skills
  - Flexibility and organisation of work
  - Quality of life

Thematic issues

- Theme 1: Changes in work organisations from the perspective of global restructuring of value chains
  - Decomposition and recomposition of sectors, organisations and labour processes and skills (outsourcing, offshoring etc)
  - Changes in the spatial distribution of work

Thematic issues (cont.)

- Theme 2: Changes in use of knowledge and skills and different ways of achieving flexibility
  - Codification of skills and knowledge
  - New forms of flexible and autonomous 'knowledge work'
  - New forms of Taylorism
  - Decomposition and recomposition of skills and occupational identities – achieving flexibility

Thematic issues (cont.)

- Theme 3: Changes in the use of time and occupational identities and implications for the quality of life of individuals
  - Interactive process between structural forces and individuals (agency) at local level
  - Changes in work on different groups: gender, ethnicity, age, educational background
  - Occupational identity and time use
  - Impact on quality of life

Thematic issues (cont.)

- Theme 4: Social dialogue and the regional institutional context
  - The role of regional and national institutions
  - Interaction between global division of labour and national regulatory contexts or practices
  - Impact on social dialogue and policymaking

Four key pillars

- Pillar 1: Theories and concepts
- Pillar 2: Quantitative Analysis
- Pillar 3: Qualitative research
- Pillar 4: Policy, institutions and social dialogue

Theories and concepts

- State-of-the-art: 9 reports
  - The knowledge society
  - Global value change
  - Changes in work and quality of life
  - Employment change and the demand for skills and labour market restructuring
  - Use of knowledge and communication
  - New forms of work org and flexibility
  - New career trajectories and occupational identities

Quantitative analysis

- Comparative analysis of organisation surveys in Europe

- Analysis of existing data bases of individual/household data sets

Qualitative research

- Organisational case studies
- Sectors: clothing industry, food industry, ICT-Software, Public administration (Information services for Citizens) and Services of general interest (postal services)
- Business functions: R&D, Production, Logistics, Customer Service and IT

Sintef- Case studies

- Sectors and business functions
  - Clothing industry (R&D and logistic)
  - Food industry (production)
  - ICT (research)

Qualitative research (2)

- Occupational groups: designer, researcher, production workers, skilled and semi-skilled production workers, front office employee, IT professionals
- Business functions: R&D, production, logistics, customers service, IT

Sintef- occupational case studies

- Occupational groups:
  - Researchers (IT sector)
  - Skilled and semi-skilled production workers (clothing food industry)

  - Business functions:
    - R&D and Production

WORKS: Contact
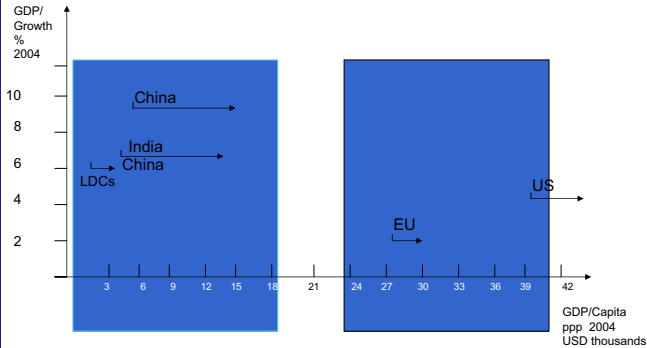
- http://www.worksproject.be

TOMORROW's GLOBAL BUSINESS - A SUSTAINABLE DEVELOPMENT PERSPECTIVE

Kjell Øren
Adjunct Professor
Industrial Ecology Program/
Department of Hydraulic and Environmental Engineering

NTNU, April 26, 2006

1

Slide 2

A new dimension of C(S)R

GDP/ Growth % 2004 — China, India, China, LDCs, EU, US — GDP/Capita ppp 2004 USD thousands

Source: CIA factbook

Source: WBCSD

2

Slide 3

WBCSD's Tomorrow's Leaders group saw four key societal challenges

- Poverty
- Environment
- Population
- Globalization

Source: WBCSD

3

Slide 4

Fighting poverty

"…., and today I think we know that economic growth, shared economic growth, is the only sustainable way to improve living standards, to give people the opportunity to escape poverty, and that the growth of the private sector is critical to creating the jobs that are essential to that growth."

Paul Wolfowitz,
President,
The World Bank Group

4

Slide 5

Addressing poverty
understand needs of low-income segments

Broad engagement

measure strategy's success through future potential as well as current sales

design affordable products and seek opportunities to build markets

Setting new boundaries

develop new business models and invest in new markets

Source: WBCSD

5

Slide 6
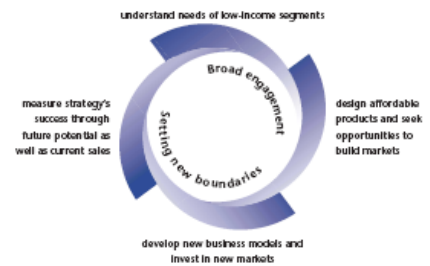
Environment

"We are going to solve tough customer and global problems and make money doing it."

Jeff Immelt
Chairman and CEO
The General Electric Company

6

Slide 7

Environmental innovation
understand environmental challenges and trends toward rewards for innovative technologies

Broad engagement

measure strategy's success through impact on environment and potential future market as well as profit

design innovative technologies and advocate frameworks for policy solutions

Setting new boundaries

invest in green technologies – drive down costs – increase capability

Source: WBCSD

7

Slide 8 — Education

"Masisa (the company) is becoming an important power in public education in Cabero. We not only get a better educated workforce, but we help encourage people to stay in their home region instead of migrating to the cities.

My basic dilemma is whether this is a reasonable thing to be doing, getting involved in a sector so removed from our expertise, so controversial, so traditionally the responsibility of the government. Can we make a business case for it?"

Julio Moura
Chaiman and CEO,
GrupoNueva

Slide 9

Addressing educational needs of growing populations

- understand education system and its needs
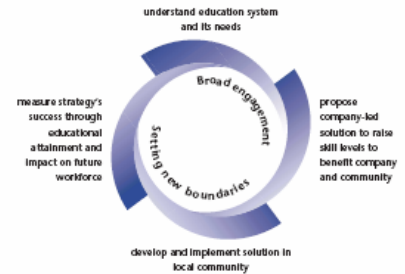- propose company-led solution to raise skill levels to benefit company and community
- develop and implement solution in local community
- measure strategy's success through educational attainment and impact on future workforce

(Broad engagement / Setting new boundaries)

Source: WBCSD

Slide 10 — Globalisation of Economic Activity

"Four principal issues tomorrow's global company have to deal with:

- How to work in the absence of a global framework of rules?
- How to organise effectively across a wide geographic canvass?
- How to create an organisation with a global culture, open to all on the basis of merit?
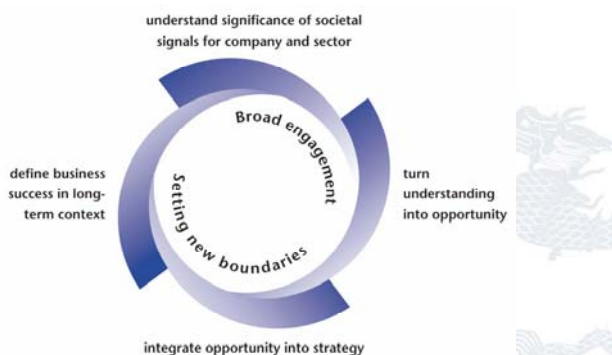- How to understand our role and legitimacy in the societies of which we are a part?"

John Manzoni,
Chief Executive, Refining and Marketing,
BP

Slide 11

Leading a global workforce

- understand potential of global workforce responsibility
- plan to harness talents of all employees
- develop strategies to eliminate discrimination and advance on merit
- measure strategy's success through increasing diversity of management and employee attitudes

(Broad engagement / Setting new boundaries)

Source: WBCSD

Slide 12 — A model of business?

- understand significance of societal signals for company and sector
- turn understanding into opportunity
- integrate opportunity into strategy
- define business success in long-term context

(Broad engagement / Setting new boundaries)

Source: WBCSD

Slide 13 — Roles and responsibilities

Tomorrow's Society
The Role of Business

Business Agenda
The Business Case for SD

Public Policy Agenda
Key Societal Themes
Framework Conditions

Business license to operate, innovate & grow
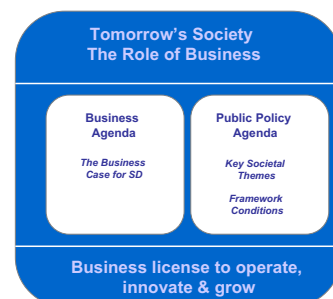
Source: WBCSD

Unresolved issues

NTNU

- boundaries of what business can/should do
- global commons
- global corporate policy vs local norms
- laggards and 'free-riders'
- markets undervalue efforts at long-term sustainability
- corruption and trade barriers

14

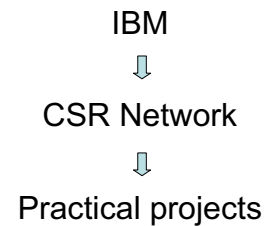# Dag Sanne

BBU/Green Business Network Norway

Agenda

- Background
- The network model
- My definition of CSR
- CSR in Norway
- Ethics and business
- Dilemmas

Background

IBM

⇩

CSR Network

⇩

Practical projects

GBNN's OPERATIONAL MODEL
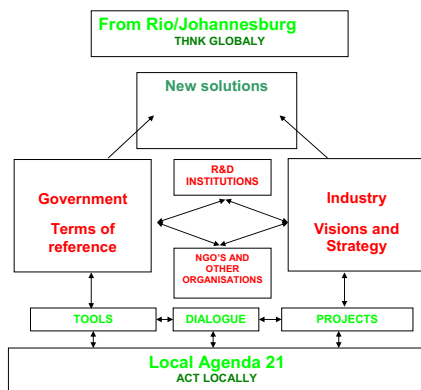
From Rio/Johannesburg
THNK GLOBALY

New solutions

R&D INSTITUTIONS

Government
Terms of reference

Industry
Visions and Strategy

NGO'S AND OTHER ORGANISATIONS

TOOLS   DIALOGUE   PROJECTS

Local Agenda 21
ACT LOCALLY

My definition of CSR

- Economic responsibility
- Ecological responsibility
- Social responsibility

My definition of CSR

- Economic responsibility
- Ecological responsibility
- Social responsibility

Koffi Annan:

"We don't ask the companies to do other things, but to do them differently."

CSR in Norway

- Natural part of day to day business
- Surveillance still needed
  - Special police force
  - Industry guidance
  - Media
  - NGOs
  - Employees
- Severe actions
- Natural demand for transparency

CSR and corruption

- CSR must be based on high ethics and trust. Trust will be ruined by corruption.
  - Internally
  - Vis a vis your customer
  - Vis a vis the authorities
  - Vis a vis all other stakeholders

High ethics is good business

- Example from IBM:
  - Account managers
  - New Business marketing

Don't be afraid of discussing dilemmas

- They will be there!
- Openness means strength!
- Set yourself goals and start the process

Healthy Growth
- CSR and Sustainable Development

by
Ass. dir. Geir Høibye,
Confederation of Norwegian Enteprise

NTNU CSR Research Seminar 25th-26th April 2006

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Why is this happening?

- Why are enterprises sponsoring schools in India?

- Why are enterprises implementing expensive certifications/environmental management systems?

- Why are reports on the evironment and sustainable development being made?

- Why are enterprises making ethical guidelines?

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New demands for the private sector

- Markets and industry are being globalised
  - A need for common values

- The relationship between politics and the economy is changing
  - Enterprises must take responsibility, but cannot take over the authorities' role

- Society's attitudes and demands for participation are changing
  - New requirements in relation to "permit to operate"- not only from the authorities' side
- Increased demands for dialogue and partnership

SUNN VEKST

Increased number of NGOs – polical changes, increased awareness

support breasts
not dictators

boycott triumph!
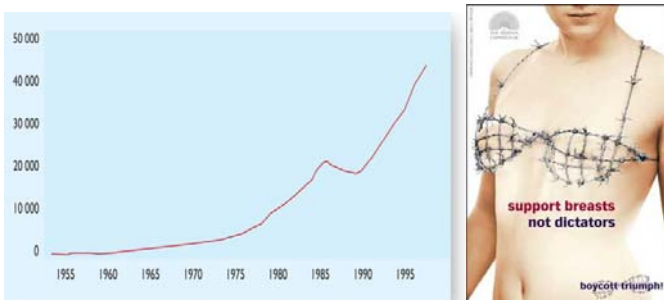
Source: Union of International Associations, 2001.

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From defensive to pro-active

Reactions to crises
One step ahead
From idea to Action
Openness and dialogue

Effect on the market
Gains reputation as a leading business within its field
Being ahead of legislation
Building credibility

Reactions to crises
Acknowledging the problem
Willingness to Cooperate
Adhering to the Rules
Reactions to External Pressure

Effect on the market
Follow the leader
Buying time
Risking credibility

Reactions to crises
Deny the existence of environmental Problems
Criticise the Critics
Refuse to Act

Effect on the market
Defend the status quo
Delay action
Loss of credibility

I   Defensiv

SUNN VEKST

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I   Defensiv

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Capitalism in the 21st Century

Now found in pro-active enterprises:
- **Not just the owners' economic interests**

Three value-creating goals
- Profitability, social responsibility, environmental responsibility
  – can be measured and reported

- Partners: Owners, employees, customers, suppliers + others who have an interest in the company for example NGOs, the local community, politicians

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Enterprises do take their responsibility seriously

Health, Safety and the Environment

- The Inclusive Workplace
- Environment & Nature
- Equal Treatment and Diversity
- **CSR**
- Sustainable local Communities and Development
- Corruption
- Human Rights
- Enterprises in Developing Countries
- Ethics

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Foto: Båtsfjordbruket

International Examples

Du Pont and the Ozon crices
- From the worlds largest poducer of CFC to a company oriented towards sustainable products and production methodes.

The Paper industry
- From large polluters to sustainable production and recycleable products

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International Examples

Shell and Brent Spar
- The dumping of the oil plattform was aproved by British autorities, but the public did not agree. Greenpeace stopped the dumping.

IKEA – the Teflon company
- Despite many incidens they still have a hugh astem by the public, due to serious work and the a strong company culture.

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Norwegian Examples

Statoil and the Horton-case
- The regulatory framework and policy were not being followed. But the corporate culture reacted - CSR worked in practice

HÅG
- The regulatory framework was not being followed – but the personal responsibility (corporate culture) reacted - CSR worked in practice.

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Norwegian Examples

Telenor and the debate related to child pornograohy via the Internet

A goal conflict between customer integrety and social issues: Lack of a new regulatory framework and policy for a new phenomenon

- The company reacts – establishes cooperation with Save the Children and new products (net fiters)
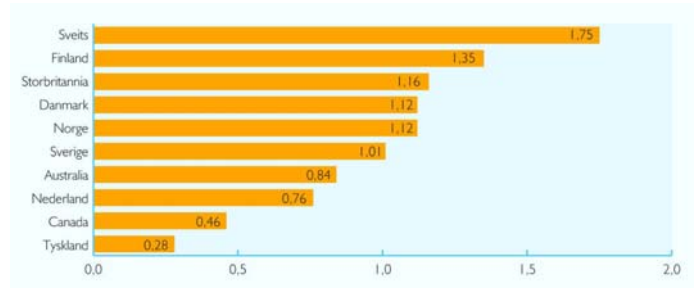
- A CSR response is developed.

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Norwegian Examples

- **Skretting** – dioxin alarm. The company succeded thanks to systematic measures implemented at an early stage when the criticism against the fish farming began

- **Hydro** – the close-down of the av magnesium plant in Porsgrunn proved to be a a real test of CSR.
  – No one was fired. New enterprises were established.

- **Hustadmarmor** – active dialogue between different partners suceeded in turning the company's negative image around

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High Awareness creates CSR pro-active enterprises

Number of Companies with i DJSI compared to population size

Sveits	1,75
Finland	1,35
Storbritannia	1,16
Danmark	1,12
Norge	1,12
Sverige	1,01
Australia	0,84
Nederland	0,76
Canada	0,46
Tyskland	0,28

Source: DJSI August 2004, with calculations by SCB, Statistiska Centralbyrån, Sweden

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Communication ever-more important

Openness **creates Trust,**

Especially when it is linked to

immediate measures
to solve the problems

SUNN VEKST

Net Impact Update

Robert Strand
US Fulbright Fellow at NTNU
26 April 2006

NTNU CSR Research Program
Trondheim, Norway

What is Net Impact?

- **Sister student organization to BSR** (Business for Social Responsibility)

- **Largest CSR student organization in world**
  - 13 000+ members
  - 100 graduate schools around world

- **Functions**
  - Facilitates events between chapters (CSR competitions)
  - Internet database of all chapters & members
  - Shares best practices
  - Annual conference (Al Gore keynote)

2

Net Impact Nordic Countries

3

Additional Info

Membership meeting TODAY
18.00 at Edgar in Samfundet

- www.netimpact.org

- **Net Impact at LONDON BUSINESS SCHOOL:** www.netimpactlondon.org.uk
- **Net Impact at HEC-PARIS:** www.hecmba.com/netimpact
- **Net Impact at YALE:** http://students.som.yale.edu/clubs/bottomline/
- **Net Impact at WHARTON- University of Pennsylvania:**
  http://www.whartonnetimpact.org/
- **Net Impact at HAAS- University of California, Berkeley:**
  http://groups.haas.berkeley.edu/netimpact/
- **Net Impact at KELLOGG- Northwestern University:**
  http://www.kellogg.northwestern.edu/student/club/social/summary.htm

- *robert.strand@iot.ntnu.no*