A Critical View on CSR in Different Business Environments

A Comparison of CSR between Sandvik Sweden, and State Grid Corporation, China

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And we also want to thank the respondent in the interview, for sparing time for the interview in the busy time. You did help us and inspired us a lot when we searched the information of the company.
Abstract

Corporate social responsibility (CSR) has emerged as a global trend in different countries with diverse policy, culture, and CSR perspective and development level. Thus, we want to analysis CSR in different business environments and find out the gap they have. That is the original idea of our research.

This research mainly locates in Sweden and China, by comparing the temporal CSR development in a Swedish and a Chinese company—Sandvik and State Grid Corporation of China, the former as the advanced pioneer, and the latter as the dynamic learner, to gain an insight of the adaptability and feasibility of CSR in different business environments and countries.

The thesis is based on case study and interview, and literature review. The method content analysis is applied when processing the data into figures. Besides, the 3C-SR model and Responsible Competitiveness Index (RCI) are adopted as the analysis model.

The findings show that CSR is adaptable and feasible in whatever countries and business environments. Also, its core value and regulate guidelines are not changed, but the focal point in each stage of implementation will vary. In fact, CSR is not the ultimate goal, it’s a formula for transforming Responsible Competitiveness to a soft competence, lending the company to achieve sustainability. After the study, some recommendations and further study questions are given.

Key words: Corporate Social Responsibility, Implementation of CSR, the 3C-SR model, Sandvik, State Grid Corporation of China, Responsible Competitiveness Index
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### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CC</td>
<td>Corporate Citizenship</td>
</tr>
<tr>
<td>CSP</td>
<td>Corporate Social Performance</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>MMC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>RC</td>
<td>Responsible Competitiveness</td>
</tr>
<tr>
<td>RCI</td>
<td>Responsible Competitiveness Index</td>
</tr>
<tr>
<td>SGCC</td>
<td>State Grid Corporation of China</td>
</tr>
<tr>
<td>SRI</td>
<td>Social Responsible Investment</td>
</tr>
<tr>
<td>3C-SR</td>
<td>Commitment, Connection, Consistent-Social Responsibility</td>
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</tbody>
</table>
1. Introduction

1.1. CSR a Modern Trend

The scope of management theories are extending and theories about corporate social responsibility (CSR) are developing and changing over time. CSR would be seen as a strategy, a management concept and the code of business ethics involving in the business world. CSR also is like the bridge connecting the corporate, social community and ecology. (European communities, 2001) There are many different definitions of CSR from academical and corporate areas, but the most common view according to the Green paper is, “CSR is a concept whereby companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on a voluntary basis.” (European communities, 2001, pp 4)

Obviously, CSR not only means fulfilling legal expectations and governmental policies but includes concerning for human capital, environment and the harmonious ecology and society development. CSR has a common ground with sustainable development, thus they are always associated. Companies which engage in CSR would often prefer to claim that they work on sustainable development, for the human sustainability end extend their responsibility aboard during this global business era. So ‘Global Compact’ initiative (launched by UN Secretary General) seeks to make business a partner in achieving social and environmental improvements globally (European communities, 2001).When we want to implement CSR, we always meet some problems and obstacles within different countries, such as diverse policy and culture, the CSR perspective and development level. However, as CSR becomes a hot issue, it will play a more and more important part in business, which no one can avoid. From the latest research (see Moreno & Capriotti, 2009), we predict that, implementation CSR in a company or not will become one of the issues affecting the companies when choosing business partners.

1.2. CSR in Sweden

Sweden has a long history to research on integrating the profit of resource, management issues of ethics and social responsibility into corporate strategies. Scandinavian companies have been exposed to strong environmental regulation since the 1980s. They not only explore CSR on the academic research but also push CSR to be a “soft law” (May S., 2007). Their democratic government is a big stakeholder and promotes the local CSR development, constructs a reliable legal environment, is positive to collaboration with Non Government Organizations (NGOs) which are encouraged to become more aggressive to reflect the CSR performance of the companies and results of any interrelated established policies (Hawkins, 2006).
In recent times, according to the information from Sweden’s official website, an influential report from the non-profit organization AccountAbility indicates that Sweden leads the world in CSR. Dr Simon Zadek, the organization’s chief executive, explains that AccountAbility’s Responsible Competitiveness Index ranks Sweden as the country that is doing more than other countries to advance its business competitiveness through responsible business practices, ahead of Denmark, Finland, Iceland and the United Kingdom. In other words, Swedes know how to do business while taking climate change, gender, human rights and anticorruption into account.

Zadek claims that the reasons for a nation’s success with CSR include not only efforts by its business community but also by its government and society as a whole:

“Corporate responsibility is part of a coherent foreign policy strategy, of a trade and investment strategy, as well as of a domestic social cohesion strategy,” he says. “I see the Swedish government right now grasping those linkages more than many other governments out there. That is very rare, and exactly what others need to do.” (Wiles, 2008, website)

Another proof of the high Swedish standards is to be found in the Dow Jones Sustainability Indexes, which in 2007 included Swedish companies Atlas Copco, Castellum, Electrolux, SKF, TeliaSonera and Volvo, besides Sandvik in 2008. (Wiles, 2008)

1.3. CSR in China

In recent years China has being attracted to develop CSR and is running fast into process. However, there are diverse problems on the path to success and implement completely. Many studies indicate (Chen, 2008) that social responsibility and social reputation are two sides of the same coin. Some of shareholders of Chinese corporation only “realize” the main effect of social responsibility will increase their reputation and consider that the goal of working with CSR is increasing the social reputation, rather than the meaning behind CSR. However, most of them will pursue to learn the true meaning for work with CSR. According to the accountability managerial survey on corporate responsibility January 2008: China’s responsibility standards (Wickerham, 2008), we could realize the general view of the current circumstances of CSR in China and the perspective from different person who are from enterprises and social circles; they include shareholders of some enterprises, government and managers of interviewed companies. (The results are summarized in Table 1 and Diagram 1 to 4)

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1 The Swedish Institute (SI) is a public agency that promotes interest in Sweden abroad. SI seeks to establish cooperation and lasting relations with other countries through active communication and cultural, educational and scientific exchanges. [http://www.si.se/English/Navigation/About-the-Swedish-Institute/](http://www.si.se/English/Navigation/About-the-Swedish-Institute/)
Summary of ‘Fortune China / accountability managerial survey on corporate responsibility 2008’:

<table>
<thead>
<tr>
<th>Questions</th>
<th>year</th>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
<th>No response</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Is CSR a trend that is here to stay in China?</td>
<td>2007</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>49%</td>
<td>33%</td>
<td>17%</td>
<td>1%</td>
</tr>
<tr>
<td>· Do you believe social and environmental responsibility can improve business performance in the long run?</td>
<td>2007</td>
<td>67%</td>
<td>4%</td>
<td>28%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>76%</td>
<td>3.2%</td>
<td>20.8%</td>
<td>1%</td>
</tr>
<tr>
<td>· Do you believe that there is a need for a universal standard for corporate responsibility?</td>
<td>2007</td>
<td>32%</td>
<td>52%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>40%</td>
<td>41%</td>
<td>19%</td>
<td>0%</td>
</tr>
<tr>
<td>· Do you think a company should be held accountable for the social, environmental and broader economic effects of its activities?</td>
<td>2007</td>
<td>94%</td>
<td>5%</td>
<td>1%</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>97%</td>
<td>1%</td>
<td>2%</td>
<td>---</td>
</tr>
<tr>
<td>· Do you think it is time for Chinese companies to become more socially and environmentally accountable?</td>
<td>2007</td>
<td>85%</td>
<td>7%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>86%</td>
<td>7%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>· If you were your company's leader, would you be willing to undertake more social and environmental responsibility?</td>
<td>2007</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>86%</td>
<td>1%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>· Do you think the majority of Chinese companies resolve the social and environmental effects of their operations?</td>
<td>2007</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>18%</td>
<td>56%</td>
<td>25%</td>
<td>1%</td>
</tr>
<tr>
<td>· Does your company donate money to charity?</td>
<td>2007</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>54%</td>
<td>33%</td>
<td>12%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Added in 2008

<table>
<thead>
<tr>
<th>Questions</th>
<th>Yes</th>
<th>No</th>
<th>In the process</th>
<th>Not sure</th>
<th>No response</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Does your company hold special meetings to engage with stakeholder groups in a formal way to solicit their opinions?</td>
<td>35%</td>
<td>41%</td>
<td>17%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>· Does your company have a corporate code of ethics?</td>
<td>48%</td>
<td>15%</td>
<td>32%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>· Does your company publish an annual or semiannual sustainability, social, CSR, or environmental report?</td>
<td>23%</td>
<td>36%</td>
<td>35%</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table 1. List of question, (Wickerham, 2008)

Note: Some questions above are not available in 2007; the following data and all questions in the table and diagrams related to “your company” are selected as a percentage of the total manager responses only, excluding government, expert and academic responses. (Wickerham, 2008)
which of the following issues do you consider be part of CSR?

Diagram 1. The results of question “Which of the following issues do you consider to be part of CSR?” (Wickerham, 2008)

When designing corporate strategy, which of the following stakeholder groups does your company consider the opinions of? (can select multiple answers)

Diagram 2. The results of question “When designing corporate strategy, which of the following stakeholder groups does your company consider the opinions of? Can select multiple answers” (Wickerham, 2008)
Diagram 3. The results of question “What do you think is the greatest obstacle to Chinese businesses operating in a more socially responsible way?” (Wickerham, 2008)

Diagram 4. The result of question “When undertaking more social responsibility, which of the following areas do you think is the highest priority?” Wickerham (2008)
From the Survey, comparing with data in 2008 and 2007, it shows that, to some extent, there are different changes and improvement of the perspectives from the Chinese companies. Table 1 shows that the responders are more convinced that the social and environmental responsibility can improve business performance in the long run. Diagrams 1 to 4 indicate that they consider CSR not just always focusing on environment or safety and health of working place; also they will think about other elements of CSR. They generally take CSR as the reflection of social impact, environmental impact, corporate strategy and the improvement in the management areas of company. On the other hand Chinese companies seldom concern about the CSR reporting. Generally, the corporations have good awareness of CSR as well as some good visions. However, there is no mention about the practical implementation.

1.4. Chinese-Swedish CSR Cooperation

China and Sweden have a long business relationship, since Sweden as the first western country to establish relations with China. It has entered into a long tradition of friendly and mutually beneficial contacts with China for more than fifty years. According to the Introduction of the Embassy of Sweden, the development cooperation between Sweden and China has mainly consisted of technical cooperation, concessionary credits and international training programmers. The objective of the cooperation is to contribute to the reform process and promote environmentally sustainable development, human rights, legal development and democratisation gender equality and social security. Those express the “Moral Green” (Wasik, 1996) of Sweden, not only the country but also are its industry and business pursuing to work on CSR and drive towards sustainable.

On the latter part of the last century, the rush to invest in China’s rapidly expanding markets and gain access to its vast workforce may led certain companies to drop their moral compasses. But Swedish firms led the way in setting standards for corporate social responsibility (Chipperfield, 2007). Swedish Institute (see footnote.1) claims that Sweden companies are very concerned about the fierce criticism on workers’ rights and the environment in China. Swedish industrial corporations such as ABB, Electrolux, Ericsson, H&M, Ikea, Scania and Volvo are expanding in China, as well as small and medium-sized enterprises. Some 400 Swedish firms currently operate in China, and this number continues to grow rapidly. In 2006, an average of one Swedish company a week set up operations there.

It’s interesting that, Swedish corporations, the out-standing ones in CSR, are keen to push their management concepts into China to build a harmonious business environment and their responsibility for Chinese cooperative partner. On the other hand, China desires to develop a complete system to apply CSR to manage the internal business, to adapt global cooperation and to develop the environmental sustainability. Therefore, a Swedish corporation is a good partner from which a Chinese corporation could learn more experience of how to development CSR.
1.5 National Responsible Competitiveness

Standing in the development of national economy, CSR refers to be an oriented concept for improving the national economic competitiveness in this era. The “National responsible competitiveness” provides guidance for the progression of our sustainable future, and also via an evidence-based index ---Responsible Competitiveness Index (see 4.6. Responsible Competitiveness Index) offers comparative analysis of national responsible competitiveness for a large group of countries (Accountability, 2007). According to the 2007 *State of Responsible Competitiveness Index*, Sweden is found as the world’s most responsibly competitive nation, so again Sweden is powerful to drive the sustainable development. On the other hand, it mentions that China uses international sustainability standards as a ‘soft power’ to enhance responsible competitiveness. It indicates that Chinese companies and ministries are already considering responsible competitiveness dynamics.

2. Purpose

The aim of this thesis is by means of making a comparison of CSR between Sandvik, one of the outstanding sustainable companies in Sweden, and State Grid Corporation of China, one of the pioneers in the area of CSR issue, to gain an insight of the adaptability and feasibility of CSR in different business environments and countries.

3. Methodology

Due to the different situation in Sweden and China, we will apply different research methods to collect our data.

3.1. Case Study (Sandvik and State Grid Corporation) and Interview

Considering the maturity of the implementation in Sweden, we conducted the case study as our method here since case study is one of the typical research methods (Walliman, 2005). We chose Sandvik as our case company not only because it has a world-wide business scope, the most important is, it got the award for excellence in sustainability reporting in 2008 (Sandvik, 2008). What’s more, Sandvik has experience of publishing sustainability report, and is a member of Dow Jones Sustainability World Index and FTSE4Good Index. Therefore, we assume that it has a mature business environment to cultivate CSR and fulfilled the requirements of our research. More details about Sandvik, we will provide in Description (see 5.1.1.
General Introduction of Sandvik). With the help of our teacher, we had the chance to interview one of the managers in the group assurance of Sandvik, which is responsible for sustainability. Before that, we browsed the company homepage and designed 18 questions which covered the three aspects of CSR, in compliance with the status of Sandvik (Appendix 1). In order to make the interview carry out smoothly, we had revised the questions two times under the guidance of our tutor.

The interview was carried out on 18th of May, 2009, lasting for about one hour and we were allowed to record it. During the interview, we basically followed the structure we arranged, and the interviewee was co-operative. This interview gave us more details about the idea, concept, and process of Sandvik’s sustainability. And we compiled the record into text.

On the other hand, State Grid Corporation of China (SGCC) was selected as the case company in China, which was rated as one of the most accountable companies in 2008, ranked 55th, by Fortune Magazine (Fortune, 2008). Unfortunately, we couldn’t contact any of the staff in its company, so all the materials and information we got were from its homepage.

3.2. Literature Review

Besides the interview, we also found some books on CSR, and articles in the database Emerald of University of Gävle. The key words we used to search were: corporate social responsibility. These materials are useful for us to have a holistic view and analyze CSR in Sweden in a scientific way.

On the other hand, we found a book called “Theory and Practice of Corporate Social Responsibility” (Chen, 2008), which had an in-depth analysis of the development of CSR in China. We also browsed the homepage of Chinese Federation for Corporate Social Responsibility, and Sino-Swedish Corporate Social Responsibility Cooperation. These materials covered the status of CSR development in China, showing the cooperation process between two countries.

3.3. Theories Adopted in Processing Data

The concept CSR is not easy to measure, though many researchers have developed lots methods. Generally, there are two accepted methods of measuring CSR, one is reputation index, and the other is content analysis (Ahmed & Uchida, 2009). The former measurement is a method that is based on the view of the knowledgeable observers who rate firms on the basis of one or more dimensions of social performance. The advantages of this method are: it summarizes the responses of a key
constituency of various firms and it tends to be internally consistent because one evaluator is applying the same criteria to each firm (Karake, 1998). Content analysis is a way of codifying text and content of written narratives into groups or categories based on selected criteria, with the end goal of transforming the material into quantitative scales that permit further analysis (Weber, 1998; Holder-Webb et al., 2007).

Both methods have their limitations. The reputation index heavily relies on the observers subjective judgments; instead, the content analysis relies on information provided by the company itself (Karake, 1998). After comparing these two methods, considering our research limitation and status, we adopted the content analysis as appraisal procedure to eventuate two case companies. The reasons as follows: first, it’s not easy to find an expert to evaluate different aspects of the companies in Sweden and China, since the development degree of CSR varies in two countries. Second, Sandvik, as a successful company in the field sustainability, it’s easier for us to get all the documents, such as annual reports, GRI reports on their homepage. In China, although it’s just in the initial stage, still, more and more empirical and practical materials could be found.

Table 2 is the list what we made to evaluate CSR in a company. It was based on the newest version from Sustainability Reporting Guidelines and developed from the table which made by Holder-Webb et al. (2007). According to the concept of CSR, there were three dimensions in the list—economic, environmental and social; the fourth dimension was made to include what may not have been mentioned before. The resulting variable list is shown in Appendix 2 and Appendix 3.

We read all the documents we found on the internet, homepages of the companies, or the reports they released to determine how intensively they covered a given variable. In order to increase the validity, the reporting period of the documents and reports was set in 2008. We adopted the 5-point Likert scale (Likert, 1932). Each of them was coded for this intensity, that is, 0=No mention of [variable]; 1= [Variable] mentioned but only in reference to another document or statement; 2= Brief mention of [variable] with little or no detail; 3= Discussion of [variable] with some detail but not extensive detail; 4= Detailed discussion of [variable]; 5= Document completely dedicated to discussion of [variable] (Holder-Webb et al., 2007). First, we compared detailed variable of each dimension (see Appendix 2), then we calculated the total of each type of disclosure and got the final scores (see Appendix 3). All the data would be shown in Figure 6 and 7, which helped us to see the advantages and disadvantages of CSR in Sandvik and State Grid, and the gap between them.
<table>
<thead>
<tr>
<th>Category</th>
<th>Variable</th>
<th>Detailed Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Economic Performance</td>
<td>According to Economic Performance Indicators of G3 Guidelines</td>
</tr>
<tr>
<td></td>
<td>Indirect Economic Impacts</td>
<td>According to Economic Performance Indicators of G3 Guidelines</td>
</tr>
<tr>
<td>Environmental</td>
<td>Environmental Programs</td>
<td>Discussion of environmental management policies or programs. Includes estimates for waste management, recycling, and/or waste management; impact of organic/non-organic activities in biological supply chain; programs for reducing employee or community exposure to workplace toxins; statements of commitment to any environmental management practices or philosophies</td>
</tr>
<tr>
<td></td>
<td>Environment Ratings</td>
<td>Discussion of external awards, certifications, notices, or other recognition pertaining to the company’s environmental practices. Includes mention of censure for poor environmental practices and ratings of waste-management.</td>
</tr>
<tr>
<td>Environmental</td>
<td>Environmental Report</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Employment</td>
<td>According to Labor Practices and Decent Work Performance Indicators of G3 Guidelines</td>
</tr>
<tr>
<td></td>
<td>Labor/Management Relations</td>
<td>According to Labor Practices and Decent Work Performance Indicators of G3 Guidelines</td>
</tr>
<tr>
<td></td>
<td>Health and Safety</td>
<td>Workplace Health and Safety ; Customer Health and Safety</td>
</tr>
<tr>
<td></td>
<td>Diversity and Human Resource</td>
<td>Employee Diversity , Human Capital Development , Employee Retention; Training and Education</td>
</tr>
<tr>
<td></td>
<td>Management Resource Management</td>
<td>Community Relations ; Humanitarian Initiatives</td>
</tr>
<tr>
<td></td>
<td>Human Rights</td>
<td>Includes statements of “fair” treatment of employees/suppliers; use of sweatshops; fair trade practices; and payment of “living wages” to foreign providers</td>
</tr>
<tr>
<td></td>
<td>Supply Chain Responsibility</td>
<td>Includes description of quality or product requirements places on suppliers; unique supplier populations or unique requirements relative to standard industry practice.</td>
</tr>
<tr>
<td>Social</td>
<td>Social Responsible Investment</td>
<td>Charitable Giving and Foundations</td>
</tr>
<tr>
<td>Others</td>
<td>Frequency of Reporting:</td>
<td>CSR Report (stand-alone); Citizenship Brochure; Governance Guidelines; Code of Conduct; Complaint Procedures; Board Committee Charters Mandatory Filing: Annual Report Press Release Product Fact Sheets Website (comprehensive information of company )</td>
</tr>
<tr>
<td></td>
<td>Reporting Format</td>
<td></td>
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</tbody>
</table>

Table 2. Resulting variable list by author 2009 (Holder-Webb et al, 2007)
3.4. Analysis Models

In this thesis, we will apply two models to analyze: the 3C-SR (see 4.5. for 3C-SR model) model and RCI (see 4.6. Responsible Competitiveness Index), to extract the objective elements to construct the system inside the CSR from the case study. The 3C-SR model is used to analyze the evaluate results of the case companies, which focuses on the internal connections among the three dimensions. The RCI theory is used to extend the research from individual to general, from companies to countries, so as to make a holistic comparison of CSR in different business environments.

The reason for using 3C-SR model is that, after reading many literatures and collecting diverse theories of how to manage CSR, we were convinced that CSR is the management knowledge inside the company while 3C-SR model is one of the theories that we can apply. It is considered that 3C-SR model could be clear and systemic to analyse the implementations of CSR in the company. What’s more, it concerns about connect and context of management network, that could accessible to apply to analyse the stakeholder network, gain an insight of the principle of triple bottom line which is core part of CSR. So we try to take it into empirical case study.

RCI is a concept that evolved from the concept Responsible Competitiveness (RC). Zadek and MacGillivray (2007) defined that, “RC is about making sustainable development count in global markets. It means markets that reward business practices that deliver improved social, environmental and economic outcomes; and it means economic success for nations that encourage such business practices through public policies, societal norms and citizen actions.” RCI is intended to be a robust analysis of how countries are performing in their efforts to promote responsible business practices. Nowadays, it’s another indicator to show the soft power of a country. Here, our main reference is the report written by AccountAbility in association with Fundação Dom Cabral which named, “The State of Responsible Competitiveness 2007”.

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2 AccountAbility works to promote accountability innovations for sustainable development. They are a global, not-for-profit self-managed partnership founded in 1995, with bases in Beijing, Geneva, London, Sao Paulo and Washington D.C. and Country Representatives in Brazil, Canada, China, Jordan, Spain, Sweden and the US. They are a unique global network of leading business, public and civil institutions working to build and demonstrate the possibilities for tomorrow’s global markets and governance through thought-leadership and advisory services. [http://www.accountability21.net/default2.aspx?id=54](http://www.accountability21.net/default2.aspx?id=54) Fundação Dom Cabral, a center to develop executives, businessmen and companies, dialogues with and listens to organizations, building integrated educational solutions with them. FDC is focused on forming teams to interact critically and strategically in companies. [http://www.fdc.org.br/en/Pages/default.aspx](http://www.fdc.org.br/en/Pages/default.aspx)
3.5. Limitation

Research sources
Because the topic involves some confidential documents of the company, we could not get the raw data but the secondary instead. In addition, the information of the company is limited to one interview and the interviewee’s point of view.

Analysis model
From selecting data to evaluating the Likert scale, it was dependent on the authors’ subjective views, which is just the shortcoming of the content analysis method. On the other hand, the disclosure data was got from the company itself, and the analysis is only based on the empirical articles. Therefore, these two companies could not represent or reflect all of the characters and capability of both Swedish and Chinese companies and more research needs to be done to improve the validity and reliability.

4. Theoretical Framework

4.1. CSR Perspectives

The term CSR emerged in the 1970s and has gained an increasingly high profile since the 1990s. CSR is about how businesses allocate their values and manage their behavior with the expectations and needs of stakeholders - not just customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole. CSR describes a commitment of company to be accountable to its stakeholders. CSR demands that businesses manage the economic, environmental and social impacts of their operations to maximize the benefits and minimize the downsides. Key CSR issues include governance, environmental management, stakeholder engagement, labor standards, employee and community relations, social equity, responsible sourcing and human rights (CSRnetwork, 2009). A “CSR map” (Figure 2) could clearly outline the content and context of CSR.

Many scholars, such as Bowie and Werhane (2005) and Cerne (2008) discussed CSR in the management area. The managers are seen as the initial drivers when CSR is used as a management concept in the enterprise area. How managers give meaning to CSR (Cerne, 2008) would dominate how a company works with and on CSR. According to Cerne 2008, working with CSR means the perspective of being responsive to society, working on CSR means as a way to construct CSR.
4.2. The Stakeholder Perspective

The stakeholder concept was first used in a 1963 internal memorandum at the Stanford Research Institute (Freeman, 1983). It was defined as "those groups without whose support the organization would cease to exist" (Freeman, 1983). Stakeholder is a party to affects as well as being affected by CSR. Stakeholders could be categorized into internal stakeholders (employee, manager and owner) and external stakeholders (suppliers, society, government, creditors, shareholders and customers). In global business, multinational corporations would have more tasks than before in making a good association between the local and foreign partnership. Effective stakeholder management develops and utilizes relationships between a corporation and its stakeholders for mutual benefit (Post, 2002). Thereby stakeholder management should be a topic for the actor to drive CSR offshore.

So far, corporate actor has become more proactive applying stakeholder engagement approach in CSR. Here is a belief that trust and cooperation could give firms a competitive advantage which is the development and popularity of the stakeholder engagement approach (Andriof & Waddock, 2002). Stakeholder engagement is defined as trust-based collaboration (Andriof & Waddock, 2002). In addition, in
implementation area, it means how to construct CSR into “executable content”. It is said that a dedicated “standard” is being developed for designing, implementing, assessing, communicating and assuring the quality of stakeholder engagement (Accountability, 2005). In fact, researchers have found that stakeholder engagement has been listed as a main aspect to assess the standard of CSR, alongside aspects such as stakeholder commitment, management system, reporting, audit and certification (Tencati et al., 2004). It reflects that the standardization is the prevalent approach as an observation to the CSR performance of the company and their stakeholders.

4.3. Corporate Citizenship

Waddock defines the corporate citizenship (CC): “Treating all of a company’s stakeholders (and the natural environment) with dignity and respect, being aware of the company’s impacts on stakeholders and working collaboratively with them when appropriate to achieve mutually desired results.” (Waddock, 2003)

The concept of CC has become important and the new tendency to develop CSR research. According to Waddock (2004), it incorporates a global focus and the concrete approach of stakeholder theory into CSR (Moreno & Capriotti, 2009). Waddock (2004) also explained that CC represents the strategies and operates practices when a company develops in operationalizing its relationships with and impacts on stakeholders and the natural environment.

4.4. Triple Bottom Line

Triple bottom line is applied in the field of sustainable development. It can be conceptually considered being three constituent parts: economic, environmental and social aspects. In practical terms, triple bottom line is frequently applied to construct the “code of conduct” by corporation to present their CSR behaviors or a sustainability report which presents information about a company’s progress toward implementing sustainable business practices. The principles of Triple Bottom Line ensure that company accounts equally for Economic, Social and Environmental factors as inputs, outputs and internal processes of their business. Elkington (2004), who originally coined the term, describes it:

“The triple bottom line focuses corporations not just on the economic value they add, but also on the environmental and social value they add – and destroy. At its narrowest, the term ‘triple bottom line’ is used as a framework for measuring and reporting corporate performance against economic, social and environmental parameters......At its broadest, the term is used to capture the whole set of values, issues and processes that
companies must address in order to minimise any harm resulting from
their activities and to create economic, social and environmental value.
This involves being clear about the company’s purpose and taking into
consideration the needs of all the company’s stakeholders—shareholders,
customers, employees, business partners, governments, local communities
and the public.” (In CES, 2004, pp. 2)

4.5. 3C-SR Model

CSR demands that the company should integrate social and environmental sustainable
development into their business. There are many theories which indicate that CSR is
like an element inside the management of any part of the company and it affects the
outcome of the corporate performance. While we focus on researching CSR then
corporate social performance (CSP) should also be highlighted. How to analyse the
CSP of a company systemically is the key of measuring the CSR behaviour of the
company. Meehan (2006) and his partners offer a model, which can be implemented
to deliver a competitive strategy built on social resources that offers triple bottom line
benefits, that is the 3C-SR model (Figure 3).

Figure 3. The 3C-SR model, (Meehan et al. 2006)
Components of the model are: ethical and social commitments; connections with partners in the value network, and consistency of behaviour over time to build trust. Generally:

- “Commitments” comprise the ethical standards and social objectives the organisation subscribes to and are manifested in its mission, strategic objectives, strategy programmes, organisational policies and corporate culture.

- “Connections” is the structure of relationships within the value network. Meehan et al. (2006) referred to these structural elements of social resources as value connections. This implied a stakeholder approach to ensure mutuality of interests and uniform commitment to shared values across the value network.

- “Consistency” demands that the company should implement their policy to adapt the commitments and maintain this performance.

Figure 3 shows that when “3C” are simultaneously present and make a good effect with each other, that will get an effective CC. Vice versa, once a dimension of “3C” occurs insufficiency it will then cause a deficit to other two dimensions.

### 4.6. Responsible Competitiveness Index

The Responsible Competitiveness Index (RCI) is “a tool for diagnosing countries’ progress and potential in developing their economies and enabling institutions to take advantage of new sources of economic opportunity at ever-higher levels in the value chain”. (Zadek & MacGillivray, 2008. pp 67) It helps responsible businesses of the companies in improving their performance and building economic competitiveness, social progress and sustainability. This helps to build competitiveness at sector, region, city and national levels. RCI was devised by AccountAbility and has been developed since 2002 with partners in many countries. (Responsible Competitiveness, 2007)

The RCI consists of three primary domains: (Figure 4 and 8)

- Business action: seven firm-level measures of the application of governance, social and environmental good practice, codes and management systems;

- Policy drivers: seven measures of the strength of public policies and ‘soft power’ that encourage responsible business practices; and

- Social Enablers: seven measures of the broader social and political environment that enables businesses, government and civil society organizations to build effective collaborations to reshape markets. (Zadek & MacGillivray, 2008)
"The last RCI published in 2007, covers 108 countries accounting for 96 per cent of global economic activity, and blends 21 data streams from authoritative sources in assessing countries progress in advancing responsible business practices at the heart of their competitiveness strategies and practices. The 2007 State of Responsible Competitiveness Index found Sweden as the world's most responsibly competitive nation, with Denmark, Finland, Iceland, the UK, Norway, New Zealand, Ireland, Australia, and Canada representing the rest of the top 10 in the index. Strong performers outside Europe include Chile, South Africa and the Republic of Korea." (Responsible Competitiveness, 2007)

5. Description

5.1. Case description

5.1.1. General Introduction of Sandvik

Sandvik, founded in Sandviken in Sweden in 1862, has developed into a high-technology engineering global enterprise, with advanced products and world-leading positions in selected areas. Sandvik’s operations are based on unique expertise in materials technology and extensive insight into customer processes. This combination has provided world-leading positions in three primary areas: Tools for metal cutting in cemented carbide, high-speed steel and other hard materials as well as components in cemented carbide and other hard materials; Equipment and tools for the mining and construction industries; Products in advanced stainless materials, titanium, special alloys, metallic and ceramic resistance materials and process systems.
In 2008, the group had 50,000 employees, representation in 130 countries, with annual sales of approximately SEK 93 billion. (Sandvik, 2009)

As a global company, Sandvik is committed to contributing to sustainable development by honoring their social and environmental responsibility and conducting business in an ethical way. Sustainability and business ethics are integral parts of the business plans and decision-making processes. In view of this, sound corporate governance and clear policy statements for the employees is necessary. In November 2004, the board decided to revitalize the Code of Conduct. In the same year, all staff took in the Code of Conduct training. And by the end of 2004, all employees had been briefed on it. (Sandvik and Sustainability, 2009) In 2007, Sandvik presented the economic, environmental and social performance in the form of a Sustainability Report, covering the activities for the year 2006 and including the annual report.

On the other hand, Sandvik also performs excellence in other environmental rating. It’s selected as a member of the Dow Jones Sustainability World Index and also as a member in the pan European Dow Jones STOXX Sustainability Index. This means that Sandvik AB is deemed to be among the top 10% of the world's best companies in terms of combining financial profitability with environmental care and concern for social aspects. It continues to be a member company of the FTSE4Good Index, the responsible investment index calculated by global index provider FTSE Group. What’s more, Sandvik has been selected for inclusion in the Ethibel Excellence Investment Register. Not only for the whole group, for the core business areas, had they also got the certification. For instance, Sandvik Materials Technology got the certificates ISO 14001 and OHASA 18001. (Sandvik sustainability, 2009)

China is one of Sandvik’s, and the world’s most rapidly expanding markets. In China, the group works in accordance with the same business concept as in the rest of the world. Sandvik established its first office and subsidiary in China in 1985. And Sandvik China Ltd was formed in 1993. Today, there are 25 sales offices in all of the key provinces, about 1800 employees. In 2008, the annual sales came up to 4.4 billion RMB. The largest of these is the plant in Langfang, south of Beijing, which produces cemented-carbide tools. In 1998, the plant got the certificates ISO 9001 and OHASA 18001. (Sandvik China, 2009)

5.1.2. General Introduction of State Grid Corporation of China

State Grid Corporation of China (SGCC) was established on December 29th, 2002. It is a government owned enterprise approved by the State Council to conduct government authorized investment activities. By the end of 2008, SGCC’s net assets reached RMB 612.5 billion Yuan. SGCC was ranked 24th in the Fortune Global 500 in
2008 and is the largest utility in the world. The mission of the company is to provide safe, economical, clean and sustainable electric power for the secured social and economical development. The company’s core businesses are the construction and operation of power networks that covers 26 provinces, autonomous regions and municipalities. Its service area covers 88% of the national territories, supported by 1.537 million employees to serve a population of over one billion. (SGCC CSR Report, 2008)

SGCC is the first state-owned enterprise in China that issued CSR report, which published in 2006, arousing wide attention and response in the society. It’s the member of UN Global Compact and the observer of ISO 26000. In accordance with the standard, it implements ten principles of UN Global Compact, builds all-round CSR management system, and releases the guidance including the performance evaluation system and index for the implementation of CSR, to improve economic, social and environmental performance. The guidance combines their core values, mission, strategies, and corporate governance, the perspective of stakeholders, and consideration of external factors, adapting to the condition within the company (see Figure 5)

![Figure 5. Integration of different factors](image-url)

Figure 5. Integration of different factors (SGCC Guidance for the Implementation of CSR, 2008)
5.2. Data Results of CSR Disclosure

In the economic dimension, shown in Figure 6 and 7, there was no obvious difference between the companies. In economic performance, Sandvik got the full point 5, while SGCC got 4. According to the guidelines of G3, revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments, should be included (Sustainability reporting guidelines, 2006). All these were shown in the annual report of Sandvik, but not so completely for SGCC. In the direct economic impacts part, Sandvik gave some details but not extensive, contrasting with SGCC, which listed all the times, places, and things they’ve done in a clear way, though not completely. That’s the reason why SGCC got 4 but Sandvik got 3.

**Figure 6. Intensity Score for Disclosure type by authors, 2009**
In the environmental dimension, both of companies performed well in the aspect of environmental programs and environment ratings. For Sandvik, sustainability report means more than environmental report. But SGCC only issued CSR report, constricted by several internal and external factors.

In the social dimension, there were three aspects which should be noticed because in some variables the company only got 3-points (see Figure 6). SGCC got 3-points in work place health and safety, customer health and safety, employee diversity, and employee retention, while Sandvik got 3-points in labor/management relations and customer health and safety. In the labor/management relations, information could be found in their related documents. But SGCC would give more details on the management program than Sandvik, so the former got 4, the latter got 3. Workplace and customer health and safety are another issue that should be paid attention to. They both claimed that they cared about their staff and customers, but few regulations or guidelines could be found or not mentioning in an extensive way. The last issue is
diversity and human resource management, SGCC got 3 in employee diversity and employee retention while Sandvik got 4 for each of them. In the rest parts such as human rights, supply chain responsibility, and social responsible investment, the points were basically no difference between each other.

In the dimension others, the authors think that it was another way to check how formal the company is when implementing CSR. Sandvik almost got full point in each part; expect the variable press release and product fact sheets. However, SGCC only got 5-point in the frequency of reporting, CSR report, and website. We can assume that there were still some distances for SGCC to be more standardized in some key documents and issues.

6. Discussion

All companies are operating in a market that is influenced by constraints and opportunities, called the situational factors. Internal factors define the nature and direction of the company, and the resources available within it. External factors describe the environment in which the organization must function. Here, we adopt the 3C-SR model to analyze the internal factors of two companies, and the RCI to analyze the external factors.

6.1. Internal Factors—Application of 3C-SR Model

6.1.1. Ethical and Social Commitments

Meehan et al. (2006) suggested that, these commitments should be broadly based to encompass the legal, economic and ethical dimensions as well as the rights associated with citizenship. The societal validity of such commitments will be greater where they align with emerging external frameworks for ethical and social values. On the other hand, it’s driven by the perspective of stakeholders. So, the companies will pursue different kinds of verification. From chapter 5 we know that, both companies had at least two kinds of verification, and launched several environmental programs. As the manager of Sandvik said, the reason for them to get the certification mostly is the demands from their stakeholders. However, this factor isn’t the foremost one for SGCC. As a state-owned corporation, with the great help of local government, they are on the way to be one of the biggest utility and an international corporation, that’s to say they also have to take the politics and international situation into account.

Besides the driving factors, we also notice that the verifications they applied to are different. Sweden is always in the forefront of CSR and other relevance areas,
therefore, there are lots of verifications available for the companies, for instance, the Guidelines of Global Reporting Initiative, Account Ability’s AA1000, Social Accountability International’s SA8000, OECD Principles for MNCs. Sandvik chose the Dow Jones Sustainability World Index, the Pan European Dow Jones STOXX Sustainability Index, and the FTSE4Good Index in the headquarter of Sweden, which are not familiar for the Chinese companies. But when looking back to the certification that Sandvik adopted in their Chinese subsidiaries the most widely used one, is ISO 9001. What about SGCC? UN Global Compact and ISO 26000 are their choices. Why does this difference exist? We think that this lies in the awareness and the development degree of CSR, which is varying in different countries. The three indexes which Sandvik adopted, to a certain extent, have fulfilled, and even exceeded the expectation of the founder of the environmental standards. They begin to pursue CSR in a extensive way, no longer confided to the environmental, instead, extending to the good performance in financial and ethical savings accounts and investment funds. Sandvik are going further than before. Contrasting to this, SGCC is improving their environmental management system step by step, and the significant guideline is UN Global Compact. In China, most of the companies may know SA8000, and suffered a lot when trying to get that certificate. And now, the trend has gradually changed, ISO 26000 will become another new indicator taking the place of SA8000. Here, we can see that there is still a long way for Chinese companies to accomplish.

To implement CSR, ethical and social commitment is essential. It is like an instruction for the company to follow, and convince the stakeholders.

6.1.2. Connections with Partners in the Value Network

Partners, we can refer to different economic actors: suppliers, business partners, allies, customers, which all are included in stakeholders. The aim of the company is to push them to work together to co-produce value. Meehan et al. (2006) point out that, “The structure of relationships within the value network is the means through which a joint implementation of a socially oriented value network is achieved. This implies a stakeholder approach to ensure mutuality of interests and uniform commitment to shared values across the value network. Thus, upstream and downstream partnerships are required rather than a narrow operational focus on an organization’s own short-term efficiency and profits”. They not only exist in business, but also in the implementation of CSR. Stakeholders have the key role in it and affect the concept deeply during the evolution.

Here, we can see from figure 6 and 7, the social dimension. We will focus on labor/management relations, community relations, supply chain responsibility and social responsible investment (SRI). Both of them have good performance in the labor/management relations, community relations, and social responsible investment according to the documents we got. But SGCC got higher score than Sandvik. We
think that this differs because of the culture. In China, now the government initiatives people to build a harmony society. To respond to that, companies will more or less be inclined to launch some regulations or terms to show their attention and respect to the staff and business partners. In the past, no attention or little would be paid to the staff and stakeholders, and the social responsible investment. But nowadays, companies will take the condition of employee and the philanthropy into account. The purpose behind these is they need to do this to shape the positive image before the stakeholders and of course, respond the government. But the most important is, they may try to do this to attract more business partners. On the other hand, the companies have realized that the more power they have, the more responsibility they should shoulder since China joined the WTO. However, situation is different in Sweden. The awareness of the ethical business and the SRI may have already rooted in people’s mind, and became of the unwritten rule that besides getting profits, companies should also contribute a lot to the community instead. So the description of this part is not very detailed in Sandvik’s documents, but extensive details are found in SGCC’s.

Come to the supply chain responsibility, it’s the part that SGCC needs to improve. We found detailed mention about missions, and concerns from suppliers, but can’t see any practical action plans there. This is the point that many Chinese will ignore easily. SGCC did not have some documents such as code of conduct to bind the partner’s behavior when doing business, though they said they share the same value and mission. But supply chain responsibility is not only regarding to the suppliers, but to the whole business partners. In order to implement CSR, the company itself should follow the standard or code of conduct, and also the business partners should. Sandvik has a mature system to deal with this aspect. They have their code of conduct, and require the staff and suppliers, business partners to comply with it. Furthermore, they set up the audit team to audit their supplier periodically, seeing that if they fulfill the terms. They will follow up the non-compliance after each audit, in some condition, if necessary; they may end of the partnership. Seeing from another perspective, this is another way to protect the reputation of the company in case of some business disputes.

From above we can conclude that, sharing the same resources, values are not enough, the value network is based on the consistent obligations only on this way, can tie each other together firmly, therefore, to form a so call value network, and Sandvik is good at this.

6.1.3. Consistency of Behaviors over Time to Build Trust

This means companies do as what they state. Dohery and Meehan (2004) stress that it’s important that a company interacts with its customers, but also for the behavioral standards reflected in internal policies, upstream relationships with suppliers and the governance structures of the firm. Failure to consistently behave in line with the stated
value commitments, using externally assured social auditing systems, will result in the kind of corporate social performance deficit. Therefore, it’s significant to make the stakeholders know what they have done in the past, what they are doing now, what they have been doing these periods, and what they will do in the coming future. In another word, high level of transparency of information of the companies is another way to express the consistency of behaviors in line with the stated value commitments.

However, in reality, how the companies run their business is confidential. Here, what we can apply as the basic evidence to evaluate are the documents and annual report they released. In the Sandvik’s annual report of 2008, they illustrated each dimension of the corporation in a structured and concise way, including with audit report, sustainability report, and corporate governance report. All the information about Sandvik can be found in the report which demonstrated in the forms of figures and tables. It’s easier for the person who concerns about them to know about the company and, in addition, be aware of the reliability and validity. Take the sustainability report for example. The criteria used in the course of performing review procedures are based on applicable parts of the Sustainability Reporting Guidelines, G3 issued by GRI (Sandvik annual report, 2008). The sustainability review was carried out by KPMG. This report does not express an audit opinion, only showing the sustainability of Sandvik to the readers. It represents a message that the report is independent of Sandvik and impartial to Sandvik’s stakeholders. Compared with Sandvik, SGCC only has the CSR report, which the weakness is they can’t show the information of company in different perspective to the stakeholders. Seen from figure 6, SGCC has fewer reporting format than Sandvik. Though, in fact, they conveyed the same message as Sandvik did, but they will give the wrong impression to the reader that the report isn’t comprehensive and professional, which will have a bad impact on the company’s image indirectly and reduce the stakeholder’s confidence in the company. From the perspective of stakeholders, an annual report that with reliability and validity from board of directors, professional auditors is more trustworthy.

We assume that issue the company information into different kinds of report is another way to improve the transparency of the company and supervise the consistency of behaviors for the stakeholders.

6.2. Summary of the 3C-SR Model

With the in-depth analysis of 3C-SR model, some internal factors are emphasized during the implementation of CSR. One is, again, the importance of the environmental certification are proved, no matter in what counties and cultures, it’s the cornerstone. Second, all the stakeholders should be connected and meet the same requirements as those imposed within the company, and operate in line with the code of conduct. Sandvik has a management to handle this, but SGCC is weak in it. Third,
the evaluation of consistency of behaviors can be transformed into the evaluation of the degree of transparency of information of the company. Reporting format is one of the key issues. Still, Sandvik does better than SGCC. Finally, the “3C” are the indispensable to the whole, depending on each other to build the complete CSR system.

6.3. External Factors---Application of RCI

There are three dimension of RCI---policy drivers, business action and social enablers (Figure 8). The list covers 108 countries that account for 96% of global GDP, and includes 17 least developed countries. The results of the RCI 2007 indicate that mature or developed nations, and European countries in particular, are most advanced in embedding responsible business practices at the hear of their economies (Zadek & MacGillivray, 2007). Nordic countries dominate the list, with Sweden taking first place and Denmark, Finland, Iceland and Norway all being in the Top Six, alongside the UK. Thirteen of the ‘Top 20’ list are European countries, with three countries from Asia—Singapore, ranked 15, Japan, ranked 19, and Hong Kong ranked 20. And China is only in place 87.
Figure 8. Driving Responsible Competitiveness (Zadek & MacGillivray, 2008)

Figure 9. Responsible Competitiveness Index 2007.

<table>
<thead>
<tr>
<th>RCI Ranking 2007</th>
<th>Country</th>
<th>Responsible Competitiveness Index 2007</th>
<th>Policy Drivers</th>
<th>Business Action</th>
<th>Social Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sweden</td>
<td>81.5</td>
<td>96.0</td>
<td>90.2</td>
<td>74.7</td>
</tr>
<tr>
<td>87</td>
<td>China</td>
<td>47.2</td>
<td>64.2</td>
<td>50.4</td>
<td>35.9</td>
</tr>
</tbody>
</table>

From figure 9, we can see that Sweden has its best performance in the business action, while China is the policy drivers. In the report, 108 countries are categorized into four clusters. The aim of this is to broadly distinguish their stage of development, so as to provide an approach to build responsible competitiveness. The four clusters are starters, compliers, asserters, and innovators. China is in the starters, and Sweden is in the innovators. Zadek and McGillivray (2007) found that, the similarities among the countries in starters are that both have already signaled a commitment to responsibility through signing and ratifying international treaties, and other policy drivers, but are struggling to implement the basics, like worker health and safety and enforcement of labor laws. Civil society is not developed enough to monitor corporate behavior or support improved business practices through engagement and partnerships. They will find it’s difficult to move up the value chain or global brands. Just like what we found in SGCC, they have a good guidelines and structure to implement, but lacking of good engagement with their partners or suppliers. Cluster innovators, which Sweden belongs to, are working to embed responsibility into the core of their domestic economies. They require flexible working conditions, and dynamic strategies. And they also make demands to small and medium-sized enterprises and overseas investments. All these can be reflected in Sandvik. In the annual reports and documents, we found that, what they’re pursuing is no longer the profits, and CSR is not an add-on, instead, it’s an essential one as one significant part of the economic model, when building sustainable system.

See from the RCI top 20, they almost have the best performance in policy drivers, so is China, but Sweden is an exception. In China, nowadays, strong efforts are made to promote wider penetration of market institutions, private property rights, and the rule of law, which are crucial for China to compete with its neighbors. The right mix of theory, government policy enforcement, and citizen responsibility can ensure that even the smallest scale of Chinese entrepreneurs has the opportunity to take advantage of responsible competitiveness (AccountAbility, 2007). On the other hand, because of the stage of CSR development of China, and the market situation, policy drivers are still the domination of the responsible competitiveness. Companies need the guidance from the government, also. Contrasting to China, Sweden now is inclined to a bit more outstanding in the business action. This means CSR has been a trend and indicator for companies to be sustainable. Policy driver is not the only one guide for them to follow; they raise it into a higher level. According to the International Survey of Corporate Responsibility Reporting 2008 which was launched by KPMG, “Swedish companies are staying one step ahead of regulation. New laws for reporting passed in late 2007 mandated all 55 state-owned companies to issue reports on their environmental, economic, and social performance by 2009. This may explain the tripling of reporting companies in Sweden over the past three years. In November 2007, the Swedish government was the first government in the world to publish mandatory guidelines for sustainability reporting for all state-owned companies. It states that GRI Guidelines are to be used for sustainability reports.” More attention are paid to the corporate responsibility reporting, to certain extent, indicate the
successful of the implementation of CSR. So far, our analysis of two companies has been verified. In the reporting format, Sandvik is superior to SGCC. And this is not an exception; it’s the common problem that exists in the CSR implementation in China.

6.4. Summary of RCI

We can conclude that, RCI is not the classification of winners and losers, but a tool for diagnosing the two countries progress and potential in developing their CSR towards sustainability and enabling them to take advantage of this to change it into another soft power as a core competence in the global markets. Also, the strong policy driver and engagement with suppliers is necessary for China to achieve CSR Responsible Competitiveness.

7. Conclusion

We have analyzed Sandvik and SGCC from the internal and external perspective, using the 3C-SR model and RCI separately.

In the internal factors, we found that ethical and social commitment is the cornerstone for the companies to implement CSR. But the certification will be varied due to the degree difference of the implementation stage. Sandvik chose the Dow Jones Sustainability World Index, the Pan European Dow Jones STOXX Sustainability Index, and the FTSE4Good Index, while SGCC adopted UN Global Compact and ISO 26000. However, in the connections with partners in the value network it’s hard to say which one is better. Sandvik has good performance in supply chain responsibility while SGCC is good at labor/management relations, community relations and SRI. SGCC will emphasize on these part may due to the culture and direction of the society construction. As SGCC is in the initial stage, they would focus on what the government encourages to, and has extensive documents about it. But the supply chain responsibility is another indicator in CSR implementation. Sandvik catches the main point and again, shows the maturity of the CSR management system. In the part, consistency of behaviors over time to build trust, we mainly discussed the relationship between the transparency of the information and the consistency of behaviors of the management. We emphasized that different kinds of reports and stand-alone environmental reports or CSR reports are vital to give the confidence to the stakeholders. Sandvik included those in the annual report, while SGCC only launched a CSR report.

In the external part, we expand the scope of discussion from two companies to two countries. We proved that most of the findings we analyzed in last part are not the
individual case; it’s common in two countries. Though the RCI ranking of China is far behind Sweden, some potential advantage can still be predicted. Policy driver is the strategy that China can take advantage of, which corresponding to the case SGCC and following the policy of the government strongly. In addition, as we mentioned before, SGCC lacks the engagement of stakeholders, and this is also reflected in the RCI. In Sweden, business action exceeds the policy driver, to become the top of the drivers. Similarly, as shown in Sandvik, much attention would be paid in the reporting format, taking this as one of the ways to make sustainability reporting formal.

Combining two aspects, we conclude that Swedish companies are doing far more than other countries, and the implementation of CSR is one the way that regulating by laws. Comparing with Sweden, Chinese companies have a long way to go. However, we are pleased to see that Chinese enterprises, especially leading companies, like SGCC, are undertaking CSR and strive to be exemplary corporate citizens. They are working to implement the UN Global Compact responsibilities and comprehensively establish comprehensive responsibility management systems.

Our purpose of the thesis has been obtained. We believe that, CSR is adaptable and feasible in different business environments and countries. In different countries its core values and regulating guidelines are not changed, but the focal point in each stage of implementation will vary. The most important is, CSR is not the ultimate goal, and in other words, it is a formula for transforming Responsible Competitiveness to a soft competence, lending the company to achieve sustainability.

8. Recommendations

Here are some recommendations for the Chinese companies to implement CSR and contribute to the sustainable development in the Chinese economy.

Firstly, the Chinese government should unify and set the standards and guidelines for CSR report and sustainability reporting for leading companies and strengthen other policy drivers. The guidelines can refer to the GRI. Since the CSR is becoming a hot issue in China, it’s necessary for the government to give some guidelines to regulate the issue.

Secondly, companies should pay more attention to supplier engagement and supply chain responsibility. More and more Chinese companies have cooperation with foreign countries, meanwhile, relationships between labor standards and trade restrictions have already become technical barriers to trade. It’s one of the key indicators when implementing CSR which can’t be reversed. Regarding to this, they should take full advantage of the supply chain strengths of existing relationships, rapidly familiarize themselves with the most recent management systems, and
establish the code of conduct that fits the circumstances and implement it within stakeholders.

Thirdly, get support and advice from professional organizations and expertise. It takes time for Chinese companies to implement CSR management system, for they are not familiar with CSR. CSR affects all aspects of companies, from designing their own strategies, to blending business action, social enablers, and environmental issues. Combining them in the most effective and appropriate way to lead the companies running in their right stage of development is a tough task. All these always require professional suggestions at the beginning.

Finally, emphasize on the assurance of the report and reliability and validity of the certificate strongly. It’s important to make sure that all the information the company publishes is reliable and valid. It not only is a guaranty for the stakeholders, but also the responsibility of the company itself.

9. Further Study

More in-dept research is needed to study CSR.

- As globalization continues to accelerate, we have to think to which extent we can classify the indicators to measure CSR?

- How to make CSR and relevance guidelines adapt to the changing world and the following problems which is generated during the implementation?

- Expand the scope to improve the quality of data acquisition, get further index from important cities of China and Sweden, in order to have a holistic view of CSR between them.

- How much potential and impact does Responsible Competitiveness have when CSR evolved into it?
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Appendix 1 Interview Questionnaire

(1) CSR:
- What does mean CSR for your company? How do you understand CSR combining with values, vision and mission of Sandvik?
- How does CSR adjust to the culture of your company?
- Do you think the concept of CSR is an innovative for managing a company; are there any risks and challenges?
- Why does your company choose to publish the sustainability report instead of CSR report?
- Some of the companies applying CSR are driven by business factor, so which factor will weight a lot in your company?

(2) Economic: Annual report
3 core businesses
- How can you see the effect of CSR in each dimension (Economic, Environmental, social)?
- How does CSR help and influence the long-term strategy to be effective?
- How to arrange the capital under the downturn? Will R & D still be invested more?
- What are the strategies for adjusting the rate of production and inventory levels and prioritizing cash flow already started to yield?
- In 3 core business, which one would have bigger change? (Investment, profit, management structure and employees)
- How to take care and encourage the employees? And about compensation of the lay-offs.

(3) Environment: Sustainability GRI (Global Report Initiative Sustainable report)
Integration management: ISO 14001
OHSAS 18001...
- Have your company concern about GRI?.....
- How long does your company apply the integrated management? What are the advantages and disadvantages?
- Are there any impacts of the downturn that may limit the maintaining and development of management system? (Reduce the budget, cancel programme)
- Are there any differences between the management system in environmental and social dimensions?
(4) Social: Local& Global (China): Employees
   Risk management
   Community involvement

- Are there any special requirement and policy applying in China corresponding to the local circumstances?
- How to create a dynamic and efficient collaboration with the stakeholders (suppliers, relevant community)?
- In this special time, Sandvik got the award for excellence in sustainability reporting, how do you see this? Does it mean a lot for the company and for the stakeholders?
Appendix 2 Scores of Detailed variable comparison between Sandvik and State Grid

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<th>Detailed variable</th>
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### Appendix 3 Scores of general CSR disclosure

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