



Adding Value:
The relationship between Corporate Social Responsibility (CSR), brand value and
consumer brand loyalty

by

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Thesis submitted in fulfilment of the requirements for the degree

Master of Technology: Public Relations Management

in the Faculty of Informatics and design

at the Cape Peninsula University of Technology

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Cape Town

DECEMBER 28, 2014

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ABSTRACT

This study examined KAPPAHL and IKEA's Corporate Social Responsibility activities and the effect it has on building consumer brand loyalty. The conceptual framework of the study is built on two theories, stakeholder theory and triple bottom line theory, which are relevant to the objectives of this study. The methodology of the present study is qualitative approach, undertaken for the study through analysis of the CSR activities practiced in the two selected organisations. The CSR objectives, plan, implementation strategies and role of various stakeholders have been analysed. The research concludes that there are several factors that help create brand value and consumer brand loyalty and CSR can be one of those factors. The main role of CSR in the process of branding is to assist the brand to "keep its promise" to the consumers. One way to achieve this is through clear and consistent CSR communication. The research suggests that a key point in an organisation's CSR communication strategy is to always take action before communicating. By offering total transparency with the organisation's CSR work and efficiently conveying its possible impact, CSR can serve as an effective tool in educating and engaging the consumer about the brand. In a more emotional and personal economy, CSR helps to create a more genuine and deeper relationship with consumers wherein bold and unrealistic advertising campaigns without any social commitment may fail to attract consumers. While advertising mostly seeks to assert what a brand wishes to be, this study implies that CSR takes the proposition of what the brand actually has done and what it has achieved. In a period when organisations seek to build relationships between the consumer and the brand, a value based and honest approach towards CSR helps in creating a more genuine and loyal relationship which certainly enhances the value of the brand.

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ACKNOWLEDGEMENTS

Research is a combined effort and many people are involved in different stages of research. This research would not have materialised without the care, affection and support of my teachers, fellow students and staff. I owe a deep sense of gratitude to all of the fine personalities who supported me throughout this endeavour.

First of all, I acknowledge my sincere gratitude to all the lecturers who taught and influenced me during these years.

A special thanks to my supervisor, Blessing Makwambeni, for patiently and diligently guiding me through the long and arduous process of finalising the research process. His constructive criticism and suggestions played a vital role in designing the research plan and executing it.

I would like to thank Professor Nirvana Bechan and Benita Steyn for their interest, support and knowledge.

Last but not least, I express my warmest and heartfelt gratitude to all the professionals in the corporate social responsibility sector who took a keen interest and offered their invaluable insights in undertaking this study.

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GLOSSARY

CSR: Corporate Social Responsibility (CSR) has long been used to summarise an organisation's responsibility to society (Røvik, 2008). The very definition of what CSR means is nonetheless difficult to determine (Grafstrom, 2008). There is a narrow interpretation of the concept, where accountability is intended only to its immediate surroundings. According to the EU commission, social responsibility should take into account both social and environmental aspects of its activities, in collaboration with stakeholders while the World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"(Lohmann & Steinholtz, 2004).

Brand: The notion of brands in academic literature has transformed over time and is always evolving. The implication of a brand and its fundamental nature has developed from having simply been the product or an organisation towards becoming an individual consumer experience (Tynan, 2010). A brand can be seen as a sign of an organisation that seeks to distinguish and identify either its products and services or an entire organisation itself (Keller, 2010).

Brand value: For this thesis, brand value is interpreted through the value-in-use paradigm which refers to, and is more concerned with, the process of consumption (Forsström, 2006). It takes the outlook that the physical product plays a minor role in the creation of value and that value can be found in non-monetary forms such as reputation, communication, access, market position and reference.

Consumer Brand Loyalty. Hakala, Svensson and Vincze, (2012) describe brand loyalty as willingness from the consumer to pay a higher price and not easily be attracted to what competitors offer and it is this kind of loyal consumers who bring value to the brand. Aker (1991) believes consumer brand loyalty is an asset because it provides value to the organisation and its brand. Aker (1991) further argues that consumer brand loyalty is one of the most important factors for a brand.

Stakeholder theory: This research will be informed by stakeholder theory, a theory that was developed by R. Edward Freeman in 1984. Stakeholder theory seeks to deal with the values of the morality of managing an organisation (Freeman, 84). One of the main suggestions and principles of stakeholder theory is to identify the relevant stakeholders that are of value for the organisation and in order to be successful and sustainable over a longer period of time the organisation should seek to create value for the relevant stakeholders identified.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Research

Ever since the industrial revolution, the core objective of business entities across the world has mainly focussed on profit maximisation and competitive advantage over others in the market (Ricardo, 1817). The waves of globalisation and expansion of capital beyond national boundaries further has accelerated the drive towards profit and competitive edge. Nevertheless, business organisations nowadays have realised the need to include social responsibility as one of their non-profit related issues as their central business agenda (McElhaney, 2009). Many business organisations had already accepted social responsibility as their guiding principle and invest huge amounts of their profit in giving back to society. There are some organisations that not only donate money for charitable purpose but also absorb social responsibility as the core value of their organisation. Such entities inculcate the culture and practice of social responsibility throughout the organisation (McElhaney, 2009). This is popularly known as Corporate Social Responsibility (CSR). It is interesting to note that nowadays CSR is used by business entities to enhance their influence over stakeholders and thereby secure a competitive edge over others. Thus, CSR is predominantly used as a strategy to create and build their brand value (Luo & Bhattacharya, 2006). Recent studies by Margolis and Walsh (2001) and Orlitzky, Schmidt, and Rynes (2003) argue that socially responsible companies get competitive advantage in the market.

Today there are several clear indications that show how organisations promote themselves through social accountability (Miji, 2011). For example, The Body Shop (a leading brand in cosmetics) states that its products are not tested on animals and it supports local suppliers (bodyshop.se. Retrieved on 14th April, 2014). This declaration helps it to project its social accountability. The motive behind promotion through accountability emanates from the increasing belief that CSR and reputation management have a direct influence on the consumer's perception of the brand, and their final decision to purchase or not to purchase organisation's product (Brown & Davin, 1997). Celine (2010) argues that CSR can lead to obtaining more loyal consumers, adding to the overall value of the brand.

CSR is a broad term used to describe voluntary responsibility that mainly revolves around issues such as ethics, morals and the environment (Celine, 2010). According to Webb (2007), an increasing number of US consumers believe that CSR is more

pertinent than ever. Furthermore, Webb (2007) argues that CSR has also been shown to have a correlation with profitability.

The need to engage in CSR has prevailed in industrialised societies, particularly Western Europe where public awareness of social responsibility has been activated and thus an emphasis on the softer and a more humane organisation is increasingly being noticed (O'Dwyer, 2002). Using Shell's dive in reputation and revenue due to environmental accidents, Bebbington, (2008) explains that environmental issues have become increasingly important and can have a direct effect on brand perception. According to Ven and Graafland, (2006) one of the benefits of CSR is the enhancement in reputation and brand management, which has a direct link to profitability. Holmstrom, (2000) argues that it is necessary for business to change its perception of social and environmental considerations because it pays to do so. Consumers are increasingly evaluating the brand and the organisation's reputation becomes an important factor and consideration (Webb, 2007). CSR is becoming important when consumers are purchasing new products because we live in an emotional economy in which it is important to constantly nurture the soul of the brand and its underlying values (Gobe, 2007).

By fostering and nurturing strong values, the organisation can create powerful emotional ties with their consumers (Edwards, 2005). Progressively, more organisations seek to integrate appropriate moral positions when developing their brand (Røvik, 2008), since values and emotions associated with brands are increasingly a permissible cause for a high price (Donvabrand, 2007). Consumers are willing to pay not only for a brand's practical benefits but also for its emotional ones. Therefore value creation should be a crucial factor for any organisation (Donvabrand, 2007). Consumers choose to buy brands that are consistent with their own identity (Holmberg & Wiman, 2002). For example, if the consumer wants to be perceived as ethical, then he/she would seek brands that communicate morality. This trend is particularly more visible in retail and the food industry (Miji, 2011). Holmstrom, (2000) argues that taking strategic conscious decisions is the most profitable practice for many years and several organisations are placing more emphasis on the management of their social performance, as they come to recognise the long-term linkage between financial success, social and environmental impacts.

Miji, (2011) further argues that the trend of using softer values such as volunteer work is more pertinent in western countries. Miji (2011, p12) further argues that two of the most important motivations behind CSR are “access to capital and increased shareholder value” and “reputation and brand management”. According to Miji, (2011) the motivation to use CSR and CSR communication to enhance a brand is more prioritised in specific industries such as retail and supply chain.

As Lohmann and Steinholtz, (2004) explain, in a highly competitive climate, soft values are needed in order to build a brand reputation and competitive advantage. Poolthong and Mandhachitara, (2011) explain that CSR can be used to create a competitive brand and add value as well as functioning as a tool for social responsibility. Smith, (2003) and Hull and Rothenberg, (2008) argue that correct and proper use of CSR can lead to increase revenue and thus increase brand value.

Western consumers are increasingly looking at a brand’s emotional value when they decide to purchase (Brown & Davin, 1997). In an emotional economy, CSR can be a tool for creating consumer loyalty which subsequently leads to a brand becoming more valuable (Sahlin & Andersson, 2008). How organisations handle their social responsibility and the emotions surrounding their brand may have a decisive impact on their market position, ability to sell, to acquire and obtain new consumers and even demand a higher price for their product, or simply, on creating a more valuable brand (Sahlin & Andersson, 2008).

In light of this background, the current research explores and analyses the role of CSR as a vehicle to enhance brand value of an organisation and increase consumer loyalty. Though there are many empirical studies on the diverse aspects of CSR and its impact on brand value creation (Donvbrand, 2009, Sanna, 2004), there is a limited amount of literature on the actual practice of CSR that contributes towards brand image. There are still inadequate empirical studies that highlight on how and why CSR creates brand value and, or consumer loyalty. Most of the literature is based on the impact of CSR on brand equity or consumers perceptions than the ‘actual process’ of CSR that creates brand image. Since there is significant gap in the literature, there is a need to conduct research that links CSR with value creation and consumer loyalty and highlights the methods that help to reach brand value and consumer loyalty by using CSR. The present study attempts to fill the gap in existing scholarship on CSR practice and brand value creation. Two Swedish corporats, IKEA

and KAPPAHL, are selected for empirically examining the CSR process and strategies that create brand value.

1.2 Research Problem

The relationship between CSR and brand value has established by several studies as mentioned above. Though there are many firms that use CSR (Donvabrand 2009, Sanna, 2009) to build their brand in the market, their approach to CSR and their strategy to use CSR as an effective tool to develop brand value among consumers is not uniform across the firms. Different firms use diverse mechanisms to achieve their objective to build brand value through CSR. Their definition of CSR, perspective on stakeholders and internal mechanisms to operative CSR hardly reflect uniformity. In this context, it is important to study how organisations plan, design and implement their CSR strategy to promote brand value. The research problem, hence, is to explore and understand the dynamics of CSR in an organisation and its close linkages with stakeholders and triple bottom line concept and its ability to create brand value and consumer loyalty.

1.3 Objectives

The main aim of the study is to examine and analyse how CSR activities build brand value of the organisations. Specific objectives of the study include the following:

- To examine and analyse how CSR strategies are planned and implemented in an organisation with a view to create consumer brand loyalty;
- To evaluate critically the role of stakeholders in designing and implementing the CSR strategies of an organisation;
- To analyse how the selected organizations CSR and triple bottom line practice and its ability to create brand value and enhance consumer brand loyalty.

1.4 Research Questions

In view of the background and context discussed above, the main research questions of the study are:

- How do organisations implement CSR so that it enhances brand value and consumer brand loyalty?

- How do organisations define (charity, core values) and approach (reactive, proactive) their CSR in order to attain brand value and consumer brand loyalty.
- How do organisations involve stakeholders in their strategic CSR in order to gain brand value and consumer brand loyalty?
- How do organisations incorporate the triple bottom line approach in order to gain brand value and consumer brand loyalty

1.5 Scope of the Study

The current research focuses on CSR activities of two reputable organisations in Sweden. The two selected organisations are IKEA and KappAhl. IKEA and KappAhl are regarded as the top sustainability brands in Sweden. Kappahl is a large retail fashion organisation that has embraced CSR. Kappahl is one of several big organisations which have been “forced into” CSR through previous scandals but are now highly regarded as one of Scandinavia’s best retailers when it comes to fair compensation for workers and the use of certified and fair trade suppliers and contractors (<http://www.swedcham.com.hk/members/kappahl-far-east-ltd>). IKEA is known its charity activities and philanthropy. IKEA is seen as pioneer in Scandinavia for its clear and well established CSR activities and is generally regarded as a fair and conscience-driven organisation by the average consumer (Kiefer, 2013). The methodology chapter will provide a detailed discussion on the criteria for selecting these two organisations for empirical study.

1.6 Significance of the Study

Contemporary organisations can create an emotional bond with the consumer through their brands, but only if the organisation has strong and identifiable values (Edwards, 2005). Consumers tend to buy the brands that match their own personal values (Holmberg & Wiman, 2002), therefore not being in line with the consumer’s emotional level can be damaging for any brand.

As discussed above, there is no shortage of literature on CSR and its influence on brand value creation. However, the actual implementation processes that helps organisations leverage the benefit of CSR is not yet documented abundantly. The

questions “why CSR fosters brand value?” and “how is it being created?” still remain very significant as far as the study on brand management is concerned. Therefore, studies that focus on the practical steps to be followed in CSR activities and their resultant impact on brand value creation indeed contribute substantially to the literature on both CSR and brand management. Herein lies the significance of the present study as it clearly emphasises the CSR processes and activities that lead to brand loyalty.

Furthermore, organisations can indeed benefit from such a study. The study can assist organisations to use CSR in a more efficient, transparent and profitable manner. Findings from studies such as this can facilitate the development of the role of public relations (PR) practitioner in allowing it to be more managerial and permit it to be more involved in the development of the core strategies of the organisation instead of being at the executive level. After realising the significance of CSR as a branding tool, there will be increasing arguments to elevate the strategic importance of CSR rather than continuing it as a mere supportive/complementary tool within marketing or PR departments. Furthermore, if CSR is seen as a value-creating tool, it will help to further clarify the role of the PR practitioner within the organisation. If CSR is implemented as a core value and seen as strategically important, it can help to elevate the role of the PR practitioner from agent to a more executive role.

The study also attempts to explore the role of stakeholders in CSR activity planning and implementation. Finally the knowledge of creating value is exciting and elusive as value derives from individual and collective experiences and is valuable in different ways to various stakeholders. Therefore it cannot be totally understood in an objective way. Since there has been a limited amount of research done on the subject, this study will help to add to the existing knowledge about CSR. Although there has been some research on the subject, considering how quickly the field of practice is changing and evolving, more research needs to be undertaken in order to add to the existing knowledge.

1.7 Chapter Overview

Chapter: 1 Introduction

The chapter provides a broad overview of the problem under investigation and explains the scope of the study. The chapter also explains the main objectives and significance of the study. The introductory section explains the context and background of the study and issues related to CSR and brand value. Further, it

highlights the existing gap in research and the potential need for conducting empirical studies on the CSR practices actually carried out in an organisation and its resultant influence on brand value creation.

Chapter: 2 Literature review

This chapter provides an extensive review of all existing literature on the core theme of research including CSR and branding. Different perspectives on CSR, approaches towards CSR, emergence of the concept within academic discussion and its significance in building brand value will be explored. The study will further explain major theories and models of CSR. The main aim of this chapter is to provide a comprehensive overview of the concepts under study and their inter-relationships.

Chapter: 3 Conceptual Framework

This chapter presents the conceptual framework of the study. The conceptual framework of the study is built on two major theories; stakeholder theory and triple bottom line theory. This chapter will investigate the various aspects of stakeholder theory that are relevant to the objectives of this study. For that reason, the theory section will be presented in four sub headings by further investigating the theories of Freeman (1984) Kapferer, (2004), Harris & de Chernatony, (2001) and Mårtenson, (2009). The four sub headings will explore touching points between stakeholder theory and loyalty, stakeholder theory and branding and the concept of the emotional brand, thus highlight the relevance of the theory in the present research context. The last part of the chapter will explain triple bottom line theory and integrate the theory with the core arguments within the theoretical context of the current research.

Chapter: 4 Research methodology

The methodology chapter of the study presents the methods used in this study. The chapter seeks to explain and justify the qualitative approach that was undertaken for the study. The chapter describes the reason for selecting the methods adopted and presents the research design. The methodology of the present study is exploratory. The second part of the chapter explains the sampling methods adopted and the analysis of the empirical data. Lastly the chapter also explains the validity and generalisability of the method used in the study.

Chapter: 5 Case Studies of IKEA and Kappahl

This chapter attempts to make a comparative analysis of the CSR activities practiced in the two selected organisations. The CSR objectives, plans, implementation

strategies and role of various stakeholders will be analysed using document analysis method. The chapter also presents the data collected using the questions asked in the qualitative interviews on the key themes. Lastly, a short overview of the discussion is also presented.

Chapter: 6 Conclusions and Recommendations

The final chapter seeks to reconnect to the purpose of the study and discusses the major findings. Generalisations are made on the basis of the major findings of the empirical study. After presenting the final conclusions; the chapter provides recommendations for future research studies to be built on the current research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Ever since the proliferation of the concept and practice of CSR in general and its use as a core business strategy in particular, scholars began to express keen interest in the diverse aspects of CSR activities across the world. Therefore, there is no dearth of literature on CSR. Nevertheless, while analysing the nature and scope of the existing scholarship on CSR and its relationship with brand value, it is evident that the majority of empirical studies have focussed on the nature, impact and outcome of CSR (Morsing & Schultz, 2006; Geva, 2008; Rovik, 2008). Apart from that many of the studies on CSR focus on philanthropic activities rather than linking it with brand value. Early research on CSR attempted to define the concept and its future. But after the dawn of liberalisation, the focus of CSR studies altered from philanthropic activities to the linkage between CSR activities and the brand value of the organisation. In light of the context, this chapter provides a detailed review of existing literature on CSR.

The study sought to investigate how CSR can be implemented to create brand value. There is a dearth of literature on the linkages between brand value creation and CSR. The chapter will thus introduce the concept of CSR and explore issues such as CSR within organisations, approaching CSR, communication of CSR and the reasons for resorting to CSR by the organisations. The study explores the involvement strategy as explained by Morsing and Schultz, (2006) and Gevas, (2008) and the three Models of Corporate Social Responsibility. These models are presented as a way to illustrate the various aspects of CSR and their inter-relationships. By referring to the contributions of Keller, (2010) the second part of the literature review presents the other major concepts of the study - brand, value creation and brand value. In order to discuss CSR and its ability to create brand value, the third part of the chapter explores common themes on CSR and value creation, citing the works of Holmberg & Wiman, (2002), Lohmann & Steinholtz, (2004) and Røvik, 2008). The final part of the chapter further provides the context by exploring previous research on CSR, branding and methodologies used. In a nutshell, this section presents the major concepts that are relevant to the present study and summarises some of the previous theories and methods that are the focal theme of research.

2.2 Corporate Social Responsibility

CSR has long been used to explain an organisation's responsibility to society (Charter, 1992). The very definition of CSR is nonetheless difficult to explain (Grafstrom, 2008). There is a narrow interpretation of the concept, where accountability is intended only to the immediate environment of the organisation. However, it may be more advantageous to use a holistic approach to CSR. In that case, the organisation should be viewed as part of the global society. According to the EU commission on social responsibility, CSR should take into account both social and environmental aspects of its activities and in collaboration with stakeholders (Lohmann & Steinholtz, 2004). This will be achieved on a voluntary basis. The CSR concept can thus be understood, on one hand, by what the organisation does internally; and on the other, by what it does externally. According to recent theories, CSR can be seen from three perspectives (Lohmann & Steinholtz, 2004). First among them is the balance between economic, social and environmental issues that an organisation reflects in its activities. The second important aspect is the credibility of the organisation and its activities. The third important aspect of CSR is the organisation's approach to transparency.

2.3 Definition and Historical background

The concept of CSR is broad and evolved through different phases. According to the World Business Council for Sustainable Development (2008), "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Mallenbaker, 2008).

The concept of CSR received attention during the 1990s together with the concept of sustainable development. Due to the initiatives of the UN and European Union, attempts were made to redefine the concept of development with a view to focus on environmental issues. Awareness about environmental issues and the effort to put them on the development agenda in the early 1990s resulted in the Declaration of Agenda 21, under the initiative of the UN (Lohman & Steinholtz, 2004). The agenda highlights, amongst others, the definition of the concept of "sustainable development". According to the Agenda 21, sustainable development implies meeting current needs while taking into account future generations. The definition throws light upon new insights regarding the world's environmental problems and the emerging environmental challenges. The problems can be solved only if the social problems were identified and explored. Social issues are related to economic

problems and lack of resources (Lohman & Steinholtz, 2004). Thus there is a positive relationship between environmental issues and lack of economic resources. To address these issues, the ministerial meeting of the European Union, held in Lisbon in the year of 2000, set up a goal of fostering sustainable development (Lohman & Steinholtz, 2004).

It was envisaged that through highlighting the policies that contribute to sustainable development and improved level of competence, the European Union could lead the world economy. With this objective in view, initiatives were undertaken to raise public awareness of CSR, and to provide a clear definition of the concept. Against this broad context of an environment-centric approach of development debate, it is generally argued that organisations should, in their operations and interactions with stakeholders, take into account social and environmental factors together with financial factors. As a result, this movement, mostly led by northern European countries, has led to an increased interest and development of CSR in Europe (Lohman & Steinholtz, 2004).

Ohrling (2010:10) describes modern CSR as a:

“Structure where organisations are going beyond existing laws and regulations that relate to issues such as environmental, work safety, health and investment in the environment they operate in”.

CSR is often divided into three different areas of responsibility: economic responsibility, social responsibility and environmental responsibility (Grafstrom, 2008). Examples of such laws and principles that are globally approved can be found in the UN’s Global Compact on human rights, labour, environment and corruption, 2007.

According to Grafstron, (2008), three areas of CSR are:

1. Financial Responsibility

Financial responsibility implies that an organisation must operate in a way that favours free market and competition. The organisation’s environment must seek to promote development and growth, abide by existing laws, but should also create and uphold voluntary standards to comply with good financial responsibility and

principles. Such principles include corporate governance, corruption, consumer protection and good corporate citizenship (Graftstron, 2008).

2. Social responsibility

An organisation should take greater responsibility for their social work and thus their responsibilities as "citizens". In areas of an organisation's social work, there are principles that must be followed. Examples of such principles are taking more account of their employees and taking greater part in local issues in areas where they operate (Graftstron, 2008).

3. Environmental responsibility

In environmental issues, organisations should seek to expand their policies on environment and global warming. Earlier, it was unusual for organisations to extend their environmental policies beyond the existing statutory requirements. But now, many organisations have an expanded environmental policy. This includes taking greater responsibility for the external environment, waste management and projects that cultivate the local or greater global environment (Graftstron, 2008).

2.4 Driving Forces behind CSR

Some scholars claim that organisations tend to engage in ethical business for two reasons; either because it is of a genuine ethical impetus or because of external pressures (Joyner & Payne, 2002). Genuine ethical impetus implies their feeling towards community and intention to spend part of their profit towards the benefit of the community in which the organisation operates. The driving force is ethical and genuine. However, some organisations initiate CSR activities because of the pressure from media, international civil society and human rights activists (Joyner & Payne, 2002).

These positions mean CSR can be either philanthropic or strategic. The philanthropic motive means a natural desire to engage in responsible manner (Joyner & Payne, 2002). The subject is associated with a genuine motivation to behave responsibly, without the influence of external pressure. The second motive is more strategic in nature and is meant to convince the environment that the organisation is acting according to social expectations. In this case, the purpose is either one of avoiding

legal sanctions or of assuring stakeholders that the organisation cares about the consumer and society as much as it does about profit.

2.5 CSR as a charity or as a core value?

There are two different approaches to CSR (Grafström, 2008). The first is that the organisation perceives CSR as charity, such as traditional sponsoring. The second is that the organisation views CSR as part of its core values. It is important to point out that these two approaches do not necessarily need to be mutually exclusive.

When you equate CSR with charity it is often a question of individual projects with charities, such as donations (Grafström, 2008). An example of CSR as charity is when IKEA, one of the largest furniture manufacturing companies in the world, at the end of 2007, donated a dollar to UNICEF for each stuffed animal sold. There is an on-going trend that shows that many organisations strive towards achieving a responsible profile by targeting sponsorship activities towards the community (Grafström, 2008).

In contrast with charitable CSR, which is relatively externally focused, a CSR based on core values focuses more on the internal operations of the organisation (Grafström, 2008). In this case, the organisation tends to assess how it operates and takes environmental and social considerations in its own business as well as towards external society. It is through its core values that the organisation can distinguish and minimise those moments or processes that affect the environment or society in a negative manner. For example, a responsible way of conducting business could be to consider environmental and social issues earlier and visualise their impact on the entire supply chain.

Even though CSR began in organisations as a reflection of charity, it has now shifted into a central or core value of the organisation. There are many scholars who view CSR as the central business value of the organisation (Vogel, 2005; Porter and Kramer, 2002; Edvardsson, Enquist and Hay, 2006). According to Vogel (2005) the new world of CSR is 'doing good to do well'. Porter and Kramer (2002) argue that nowadays CSR is used in the companies for "Competitive Advantage" rather than charity. They further argue that when CSR becomes a core value of the organisation, there will be convergence of interests between charity and business. For example, when companies spend on social and economic activities apart from business, it will lead to a better society and this will in turn help business. Thus considering CSR as a

core business value will help in increasing business gains as well. Strong corporate values influence stakeholders and thus lead to the building of a service brand (Edvardsson, Enquist and Hay, 2006).

2.6 Communicating CSR

Since CSR is closely connected to the creation of brand value in an organisation, communication processes and techniques play a vital role in CSR practice. Organisations have gone from dealing with their stakeholders and meeting their requirements to considering relationships with them (Grafström, 2008). Today, it is not only the organisation, its employees and its customers who engage in and influence social issues, but also other stakeholders who are indirectly related to the business. These may include the media, consultants and government bodies. Stakeholders are often divided into primary and secondary.

The primary stakeholders such as customers and shareholders are necessary for organisations survival. The secondary stakeholders such as the media and government agencies have the power to drive advocacy (Røvik, 2008).

For the organisation, there is a strategic value in communicating their corporate social responsibility (Røvik, 2008). Consequently, not only does an organisation need to act responsibly, but it should also seek to communicate its responsibility. This must be done to gain legitimacy and trust amongst stakeholders (Grafström, 2008). However, for organisations, there are also risks involved in communicating their responsibility. Many organisations are faced with the scrutiny that often accompanies their communication. Thus an organisation must act to promote communication. The message communicated to stakeholders should be related to what is actually happening in practice. Claiming to take a greater responsibility than what they actually do can destroy an organisation's credibility and reputation among consumers (Røvik, 2008).

In recent years the organisation's stakeholders have come to be seen as partners in far-reaching relationships (Morsing & Schultz, 2006). The King Report on Corporate Governance in South Africa highlights the role of CSR and stakeholders as an important aspect of corporate governance (<http://www.sustainabilitysa.org/sustainabilityreporting/StandardsandGuidelines/KingReportsonCorporateGovernance.aspx>). The Stockholm Accord that highlights the

role of communication managers and public relations professionals in issues of sustainability is another example (<http://www.stockholmaccords.org/accords-text>).

These initiatives imply that the communication in these relationships has more to do with getting involved in relationships with stakeholders than dealing with them. While there are two main types of CSR communication, both still tend to engage the organisation and its stakeholders in a two-way communication manner.

The two main communication strategies are: the Response Strategy (Stakeholder Response Strategy) and Involvement Strategy (Stakeholder Involvement strategy).

The Response Strategy seeks to alter other external stakeholders' preferences and actions instead of changing its own operations (Morsing & Schultz, 2006). The organisation is the initiator of the communication. The feedback received from its environment is then used to analyse attitudes and needs for additional impact. The feedback therefore does not have a strong impact on the organisation. This is called asymmetric two-way communication because both parties do not have the same negotiation capabilities in the dialogue. Therefore in one way communication it can almost be seen as having a more reactive nature where the organisation aims to assure the customer that it is a responsible organisation (Morsing & Schultz, 2006).

In an Involvement Strategy, the stakeholder has greater influence than in a Response Strategy (Morsing & Schultz, 2006). The dialogue between stakeholders and the organisation has greater focus. The aim of the organisation's message is to communicate responsibility, but the emphasis is not only to inform and tell, but also to listen to stakeholder feedback. In this case, the organisation can usually better adapt its message towards the stakeholders (Morsing & Schultz, 2006).

Involvement Strategy requires that both the stakeholders and the organisation is open to compromise, and the dialogue proceeds as a form of negotiation in which both parties are trying to reach consensus about CSR communication (Morsing & Schultz, 2006). As one can gather from the name, Involvement Strategy seeks to engage and involve the stakeholder rather than only seek to communicate to them. By involving the stakeholders in the organisation's CSR efforts, one can say that this strategy is proactive in nature. This type of two-way communication is symmetrical as it gives both parties a level playing field in the dialogue (Morsing & Schultz, 2006). This strategy takes a positive view towards informing and investigating various mutual interests, but it is not seen as enough. By involving the stakeholder, the

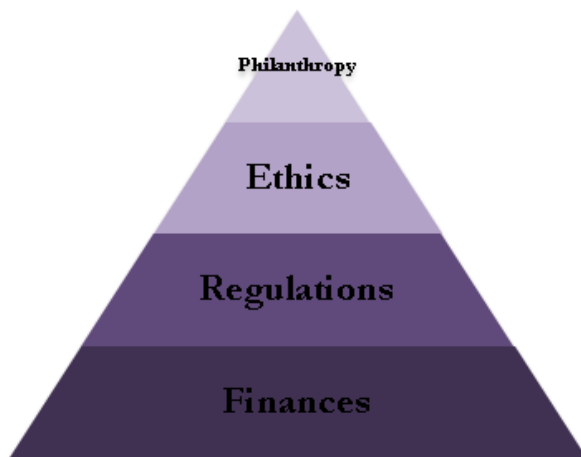
organisation has an easier task to understand, adapt to and address the mutual interests. Thus, both the organisation and its stakeholders work in a systematic and continuous dialogue. It is also an ethical approach (Morsing & Schultz, 2006).

In the stakeholder involvement strategy, the organisation not only influences the stakeholder but is influenced by the stakeholder (Morsing & Schultz, 2006). This strategy in turn leads to better business prospects as the decision has already received approval from the stakeholders. The involvement of the stakeholder can also avoid any legitimacy problems of the CSR initiatives already planned by the organisation. This helps in creating brand value as well. Therefore both strategies play a vital role in building brand value as responsive communication. Further, involvement in communication strategies helps in understanding customers' views, expectations and demands from an organisation towards its dealings with the community. If these communication strategies are used effectively, organisations will be able to design their CSR activities in line with the expectations of the stakeholders. This will ultimately lead to better brand value among stakeholders (Morsing & Schultz, 2006). An organisation's fundamental aim is to become a market leader through very strong brands. In this process, effective CSR communication can indeed be an asset as it emotionally links the customers with the brand.

2.7 The Pyramid and the Concentric circle of CSR

To illustrate the various aspects of CSR including philanthropy, ethics and sustainability, how they interact with each other, Geva, (2008) uses three exciting alternatives in his article entitled: "Three Models of Corporate Social Responsibility: Interrelationships between Theory, Research and Practice". Two of these models: the Pyramid of CSR and Concentric Circle Model of CSR are particularly relevant as the models present two different approaches to CSR. The first model, the pyramid of CSR, provides the initial perception of CSR. The second model, Concentric Circle Model of CSR, provides a more developed understanding of the area. The Pyramid model was developed by Carroll (2001). According to this model CSR implies "economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time" (Carroll & Buchholtz, 2001). The model argues that organisations should consider these expectations from society and try to avoid tensions by incorporating the economic, legal, ethical and discretionary obligations (Geva, 2008).

Figure 2.1: Pyramid of CSR (Trevino & Nelson, 1995)



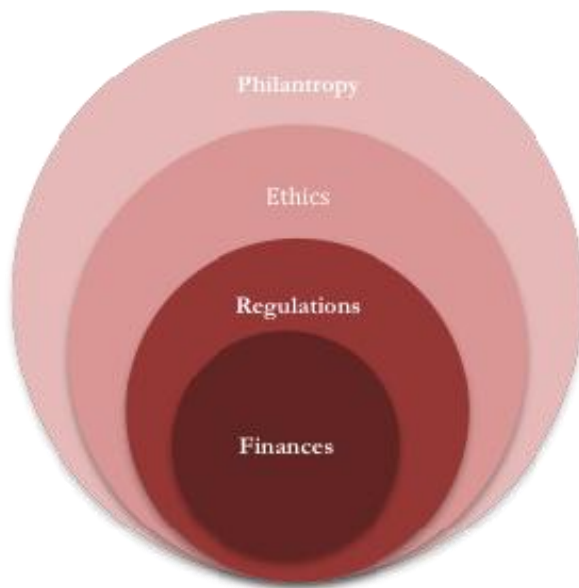
Pyramid of CSR

This is a model that summarises CSR as a pyramid consisting of four responsibilities (Trevino & Nelson, 1995). The four responsibilities include economic, legal, ethical and philanthropic responsibilities. Financial responsibility focuses on the organisation; that is, should first and foremost be financially sound. Furthermore the organisation must also take account of the legal frameworks and the expectations about entrepreneurship that is not governed by laws. Under this model, CSR also includes philanthropic responsibility, which means that the organisation should donate time and money towards charitable causes.

The Pyramid of CSR implies that the organisation should administer these four responsibilities in parallel with each other (Trevino & Nelson, 1995). The model is a response to earlier theories that focussed on the premise that organisations could engage in either business or social circumstances, but not simultaneously. The model argues that financial and legal liability is a precondition. Ethical behaviour is desirable and philanthropic responsibilities are highly voluntary.

There are some criticisms of the model's basic assumptions that the philanthropic responsibility can be called just a responsibility, because as Geva, (2008) explains, this is very much optional. Also the philanthropic responsibility is assigned a small role which can also be questioned when this particular area tends to be a crucial part of CSR.

Figure2. Concentric circle model of CSR (Geva, 2008)



Concentric circle model of CSR

The concentric circle model of CSR tends to highlight the mutual relationship between these two (Geva, 2008). The model is recreated as three circular fields with the same midpoint. The innermost field is the organisation's financial responsibility. Then, around the organisation's core, is the intermediate circle; the laws governing the organisation. In the next field, we find the organisation's ethical responsibility. It shows that the organisation's financial aim should be synchronized with an awareness of ethics and morality. At the forefront there is a fourth philanthropic circle. It corresponds with the responsibilities that the organisation needs to adapt to in order to provide a broader and deeper contribution to society. The Concentric circle model of CSR demonstrates an interaction between these fields where the organisation has an inescapable duty to assume all its responsibilities (Geva, 2008).

One can read the model in two ways; from the inside out or outside in (Geva, 2008). The inside-out perspective shows society's influence on corporate culture. This external influence contributes to the fact that social wellness is maintained in the organisation's core values. The opposite approach highlights the integration of social norms or charitable work in the establishment. The message of the model is in particular that organisations need to incorporate social concerns in their core values. While the Pyramid model views the responsibility of an organisation from a narrow self-interest and profit seeking perspective, the Concentric Circle model perceives it

in terms of CSR perspective. In the Pyramid model, the importance of the different responsibilities is scaling down as economic responsibility is the most important and philanthropic responsibility is the least important one. But in contrast, the Concentric Model highlights the inter-relationship among various responsibilities and focuses on the significance of non-economic responsibilities over economic functions. Hence, in the current research study, concentric model is more relevant as the study also investigates how CSR is perceived as a core value in organisation embracing economic aspects with non-economic aspects (Sampada, 1999).

2.8 Brand

The present study mainly focuses on the practice of CSR that creates the brand value of an organisation. Therefore it is important to understand the concept and implications of the term brand.

The concept of brands in academic literature has transformed over time and is always evolving. The implication of a brand and its fundamental nature has developed from having simply been the product or an organisation towards becoming an individual consumer experience (Tynan, 2010). As Keller, (2010) explains, the concepts related to brands are at times elusive and intangible. Intangibles are the different types of brand associations, for example actual, imaginary and future purchases but also history, heritage, and experiences related to the brand.

An organisation's ability to become distinctive and desirable in the market relates to how well the organisation manages to communicate its intangible assets, as these assets tend to aid consumers in their purchasing decision (Heide, 2005). A brand can be seen as a sign of an organisation that seeks to distinguish and identify either its products and services or an entire organisation itself. The main goal of an organisation's marketing communication is to create brand loyalty, which can be attained if organisations manage to convey attractive emotional value with their product or service (Heide, 2005).

2.8.1 Consumer Brand Loyalty

Aaker, (1996) suggests that a strong brand is built on brand-name awareness, brand loyalty, perceived quality and brand associations. Keller, (2001) argues that in order to build a strong connection with loyal consumers one has to establish brand awareness, create strong, unique and favourable brand associations, positive brand

response and create brand relationships with your customers. These four steps, according to Keller, (2001) are the foundation for understanding how consumers construct brands. For a successful brand to be created there has to be collaboration between the strategic vision of an organisation and the image consumers have of the organisation (Hatch & Schultz 2003). According to Donvabrand, (2007) CSR can be used as a strategic tool in order to achieve consumer brand loyalty.

Duffy (2003) discusses that if an organisation has a brand that encourage loyalty, it then has a powerful platform to expand and construct even stronger level of loyalty as loyalty tends to promote further and increased loyalty. Aaker (1991) further mentions that brand loyalty is a strategic asset for organisations because it has potential to provide value in several ways. Firstly, it reduces marketing costs due to the fact that it is much cheaper to retain their old customers than get new ones. Secondly, loyalty provides leverage on trade because the organisation knows that the consumer will buy its products. Thirdly, it attracts new consumers. According to Aaker (1991), a large satisfied consumers base provides an image of the brand as well established in the market and this can attract prospective customers.

Furthermore, brand loyalty gives the organisation time to respond on competitors' moves (Aaker, 1991). This means that if a competitor develops a product that is superior, loyal consumers will allow the organisation some time to encounter the competition (Hakala, Svensson & Vincze, 2012). Hakala et al. (2012) carry on that willingness to pay a higher price and not easily be attracted to what competitors offer can be explained as loyalty and these consumers bring value to the brand. According to Gounaris (2004), organisations desire to create brand loyalty in order to sustain or increase the market share and sales. External brand loyalty is one of the most important factors of the brand value concept for business-to-business (Biedenbach, 2011).

2.8.2 Brand Value

It has become increasingly important for business to understand how value is created (Ots, 2010). In the traditional economic view, Adam Smith (1776) and his followers argued that value is the money paid by consumers for a product. They saw value as something added in the manufacturing process and is realised when money changed hands. This sort of view is called value-in-exchange; the concept of value is

limited to measurable dimensions connected to tangible outputs (Ots, 2010). Another view, Value-in-use, refers to and is more interested in the process of consumption. It takes the position that the physical product plays a minor role in the creation of value and that value can be found in non-monetary forms such as reputation, communication, access, market position and reference (Forsström, 2006). Furthermore, Forsström, (2006) explains the importance of learning in the actual business process and refers to technical competence, market intelligence and innovation as other parts that can be seen as value.

2.8.3 Co-creating Value

It was some 20 or so years ago that the concept of co-creating value in business emerged (Wikström, 1996). During the post-industrial era, consumer interaction became more common within the business environment (Wikström, 1996). Through the emergence of custom-made production and the ability to keep costs close to that of traditional mass production, a movement towards a closer relationship between producers and consumers started (Wikström, 1996). Thus value was increasingly being created from, and together with, the external environment rather than from inside the organisation (Prahalad & Ramaswamy, 2000). Managers had to “engage their customers in an active, explicit, and on-going dialogue; mobilize communities of customers, manage customer diversity, and engage customers in co-creating personalised experience” (Prahalad & Ramaswamy, 2000:79).

The conventional practice of company-centric value creation, which prevailed for the last 100 years, is gradually transforming into an economy in which competition centres on personalised co-creation experiences (Prahalad & Ramaswamy, 2004). Value must be seen as something truly unique to each individual. Consumers desire to interact with organisations and thereby try to be involved in the value creation process. They want to co-create value and interaction makes a basis for co-creation as the co-creation experience of the consumer becomes the foundation of value (Prahalad & Ramaswamy, 2004).

These ideas can be seen as the opposite of one-way communication or mass communication where the message flows out from the business segment. The implications are that promotion should take the form of a dialogue where questions are asked and answered. In summary, researchers' recent suggestion is that brand value is a non-monetary and intangible asset that is imperative for organisations

since it creates value-in-use for their consumers and various stakeholders (Forsström, 2006). Value-in-use refers to many various aspects of a brand and result in positive or negative connotations towards the brand. Customers are not just buying a product - they are buying the brand and its value. An organisation cannot assume that it can influence all stakeholder relationships alone since personal experience from the product use and service or other involvement with the brand as well as the experience of others through word-of-mouth also determines how a customer views a brand (Keller & Lehmann, 2006).

2.8.4 CSR and Branding

To some extent, consumers desire to enhance their self-image through consumption of brands (Holmberg & Wiman, 2002). Values are embedded in brands and are therefore also a part of the consumer's self-realisation. Organisations seek to integrate appropriate moral positions when developing their brand (Røvik, 2008). It is argued that an organisation's internal as well as external approach to ethics, transparency and social causes influence the customer's attitude to a brand. Organisation's core value plays a predominant role in creating and sustaining a particular brand (Edvardsson, Enquist and Hay, 2006). Therefore CSR is generally regarded as a natural component in the process of building a brand.

The material value of a brand, which is of a physical and tangible nature, is important, but intellectual or intangible values play a more crucial role for organisations (Lohmann & Steinholtz, 2004). These values, can for example, be intellectual capital or principles. In a highly competitive climate, it is important to realise that the soft values are needed in order to build a brand reputation and thereby give it a competitive advantage.

The organisation's behaviour affects how the brand is perceived by the consumer (Lohmann & Steinholtz, 2004). Building a common culture is an efficient way to control the behaviour of an organisation in a desired direction. Culture becomes a benchmark for how the organisation should meet its operating environment. There is a further link between CSR and branding. In working with brands, it is common to try to reach into the organisation's core and set core values (Lohmann & Steinholtz, 2004).

This is also common when working with CSR issues, often stipulated in some form of well-formulated core values. CSR works best if it is consistent with the organisation's core values (Pirsch, 2007). Organisations that have institutionalized CSR activities always engage in promoting and servicing their surroundings by using their products and their influence. In contrast, organisations that work with CSR as a marketing tool have a tendency to think for short term benefits. They are also at a greater risk of failing to develop emotionally durable ties with their consumers, since it becomes more difficult for them to be consistent with their values. Organisations that have the ability to build in, and outwardly convey, institutionalised norms and values have a greater chance of achieving credibility (Røvik, 2008).

2.8.5 Previous research on CSR, Branding and Methodologies

Using the Triple Bottom Line as a theoretical framework, Yuan-Shuh, (2011) claims that CSR is a tool that enables improvement in the company's reputation while at the same time strengthening the brand. Polonsky and Speed (2001) and Nan and Heo, (2007) describe CSR as a means to enhance corporate image and thus have competitive advantage with rivals. The study "CSR Globe" made by Institute for Corporate Cultural Affairs (ICCA) between the years 2005-2007 in which 100 large multinational companies were studied and interviewed regarding the benefits of CSR identified that CSR helps firms to be in better position to meet social, environmental, legal and economic risks. Secondly, the study also reports that CSR leads to enhanced reputation and builds a stronger brand by increasing credibility, reliability and quality. Thirdly, it increases customer satisfaction and loyalty. Fourthly, CSR ensures an increase in competitiveness through differentiation and innovation, which in turn would attract more partners. Fifthly, it lowers operational costs through better resource utilisation, fewer emissions and waste. Sixthly, well-developed codes of conduct under CSR lead to increase in efficiency in the distribution chain. Finally, CSR develops improved relations while conducting stakeholder negotiations.

Based on qualitative studies, Smith, (2003) has concluded that there is a positive link between a company's CSR performance and its financial performance. Performing the value-creating activities in the CSR area can result in higher financial results for the organisation. According to Chi-Shiun, Chih-Jen, Chin-Fang & Da-Chang's, (2010) qualitative study about the effects of CSR link to corporate reputation, brand equity and brand performance in the industrial sector, CSR and corporate reputation has a positive effect on brand equity/value. Lagerlöf & Libell, (2011), using the

deductive approach and collecting data through qualitative in-depth interviews, came to the conclusion that if joint and consistent actions were taken within areas of social, environmental and financial responsibility, the organisation's overall CSR work would improve and could lead to better brand equity. The study also clarifies that the degree of value added to the brand is different for different activities, in which certain actions constitute strong differentiation points and a great value for the brand.

Pettersson, (2009) examined how communication of CSR can influence the target group's relation towards a brand and how the communication in that context can be designed. In order to get a particularistic perspective, the author used a case study to collect data for the research. He used IKEA and their environmental competition, The Great Tealight Hunt, as the case study for research. The communication that was used in The Great Tealight Hunt and the target group's interpretation was then examined using a quantitative survey. The research concluded that CSR communication can have an influence on the target group's relation to the brand. However, for it to be value-generating, CSR had to be communicated in the right manner.

Anderson and Ek, (2008) followed food retailer Coops' CSR work. Having used a method in which interpretation was the main concept, they switched between the inductive and deductive approach. Their investigation was based on a qualitative approach with interviewing as its main data collection method. They attempted to explore if Coops' CSR work could lead to financial gain. The study gave insight on Coops CSR methods but was inconclusive about whether there was a direct link between financial incentives and Coops' CSR work, citing a need for more time and a deeper and longer investigation. Furthermore, Coops' official stance on CSR was that they used it for social welfare and not for economic growth and were perhaps not too forthcoming with all their information.

Olguin and Håkanson, (2011) have used 4 fashion retailers in their research and their incentives of working with CSR. The authors used a qualitative approach in which they have conducted a text study of the four organisation's social accounts. In this study, they used an abdicative approach where they fluctuated between theory and empiricism. By studying the social accounting of these four organisations they found that that social responsibility managed to provide the organisations with financial benefits.

Most researchers tend to use the qualitative approach and one part of their argument is that there has not been enough research on the subject and thus a qualitative approach has been more appropriate. Furthermore, much of the research, partly because the issue has been approached from a marketing perspective, has been done on how to communicate CSR efficiently in order to gain brand value and not necessarily if CSR adds brand value and if so how to conduct a value creating CSR. There is simply not enough conclusive research done on if and how brand value develops through the implementation of CSR. The current study attempts to explore and analyse these aspects using qualitative research.

CHAPTER THREE: CONCEPTUAL FRAMEWORK

3.1 Introduction

The main objective of the study is to explore and analyse the CSR activities of two selected firms and how they contribute to attaining brand value and consumer loyalty. The focus of the research is on the activities and features of CSR. For this purpose, the study identified two theoretical frameworks, Triple Bottom Line Theory and Stakeholder Theory.

As discussed in the literature review, there are many studies that identify consumers as one of the major stakeholders in a business. Stakeholders can determine the success of the business, since profits can only be realised through the consumption of products and services (Mårtenson, 2009). CSR is generally used by firms as a strategy to build brand value along with social benefit. But the extent to which CSR influences brand building is yet to be established empirically. In view of this, this research attempts to analyse this aspect using stakeholder theory, a theory that was developed by Freeman in his book "Strategic Management: A stakeholder approach", (1984). This chapter will investigate the various aspects of the stakeholder theory that are relevant to the current research and its key objectives.

3.2 Triple Bottom Line (TBL) Theory

Triple Bottom Line Theory, popularly known as TBL is an important approach used to analyse CSR activities. TBL is an approach used to study the social performance of an organisation. TBL uses three elements in measuring the social performance of firms. They are financial, social and environmental. In other words it considers the interface between these three elements (Fauzi, 2010). The TBL model is closely related to the concentric circle model of CSR. The Concentric Model highlights the inter-relationship between various responsibilities and focuses on the significance of non-economic responsibilities over economic functions. Both approaches emphasise non- economic and intangible aspects of business that would lead to the satisfaction of stakeholders and enhancement of brand value. In this study TBL is used to analyse the CSR activities of IKEA and KAPPAHL.

TBL is one of the major approaches that measures the non-economic aspect of accounting in a firm. During the mid-90s, John Elkington changed this approach and

initiated a new framework to measure performance of companies in America. This accounting framework went beyond the traditional accounting method and included non-economic gains of the company including environmental initiatives as well (Elkington, 1998). This is called Triple Line Theory.

Financial ability has long been regarded as the only important indicator of a business' strengths, prospects and contribution to society. Traditionally, in business studies, bottom line implies profit and loss, which is stated in the bottom line of the financial records (Wexler, 2009). It is generally considered as the detailed presentation of expenses and losses in monetary terms. Conventional business studies included only tangible and measurable profits and losses in their balance sheets completely ignoring the social or environmental benefit or loss it created during the period of operation.

The Triple Bottom Line theory emerged questioning this approach and highlights a 'full cost accounting' involving the social, ethical and environmental analysis of cost and benefits. The theory is called Triple Bottom Line as it adds two bottom lines, social and environmental, in the traditional profit-loss bottom line. Slowly, among the peer concepts and competing concepts, Triple Bottom Line, became an established concept among businesses, public authorities, organisations and the public (Wexler, 2009). TBL requires that organisations ratio of success is based on more than the financial results of the business (Nijhof, 2008). The term was coined in 1995 by John Elkington but became a formal concept some years later (Wexler, 2009).

Many business firms have incorporated strategies in line with the Triple Bottom Line theory (Slaper & Hall, 2011). Social enterprises that incorporate socially relevant and environmentally sustainable business practises thrived during the last decades posing a serious challenge to traditional industries. The flourishing of social enterprises that absorb the core arguments of Triple Bottom Line theory in their functioning clearly necessitates the need to explore whether this commitment helps leverage brand equity. If the Triple Bottom Line approach really has an impact on the firm's success what was the strategy that the firm followed? The study attempts to substantiate the claims using qualitative methods. The following section provides a brief introduction of the theory and its dimensions.

There are several studies that highlight the social and environmental aspects of business. Elkington (1998) argues that organisations should take into account more than the financial dimensions, and also include environmental and social factors.

Elkington, (1998) thus merges together three different responsibilities, economic, environmental and social to a concept and termed it TBL. The three factors can also be referred to as profit, people and planet (Slaper & Hall, 2011). While CSR is closely related to sustainable development (van Marrewijk, 2003), TBL is the basic foundation for sustainability (Elkington, 1999). Van Marrewijk, (2003) argues that organisations should take responsibility in society (CSR) by taking into account economic, social environmental issues (TBL), which in turn contributes to a sustainable society. The broadest view of TBL is for organisations to capture the complete range of values, issues and processes in order to maximise the positive impacts of their operations and create additional economic, social and environmental value (Elkington, 1999). The central argument of the theory is that multiple stakeholders other than the stakeholders should benefit from an organisation's operations.

Elkington, (1998) further argues that business is only sustainable when it takes into account the full spectrum of economic prosperity, environmental quality and social justice. According to Roome, (1998) the concept of TBL is based on finding and maintaining a balance between the three factors. Thus emphasis should be placed on the social and environmental balance and not be subordinate to the consequences of economic self-interest. Elkington, (1999) points out that all three criteria must be met simultaneously for TBL to be realised and the organisations that seize this opportunity will see long-term benefits in their business activities. While advocates of the triple bottom line argue that the model contributes to valuable insight in the area of sustainable development (Pava, 2007), there are various scholars who criticise the concept. According to Barkin, (1996) sustainable development is a utopian concept, which is almost impossible for business to live up to. While the challenges of living up to the expectations of the model are questioned, conceivably the most recurring criticism emphasises the difficulties in the measurement of sustainability (Slaper & Hall, 2011).

However, there may be economic advantages in using TBL, as modern consumers are more demanding and the sort of brand loyalty that once existed, where consumers buy a product because of old habits, are waning (Grankvist, 2009). As explained earlier, an organisation's image, reputation and subsequently sales are in danger if the consumers have a negative perception of the organisation's general behaviour. Consumers demand not only good value from the organisation, but they also require that the organisations achieve results in social and environmental issues

as well (Van Marrewijk, 2003). Here, the concept is very much linked to the concept of CSR. Since CSR of a firm implies its societal and environmental responsibilities, Triple Bottom Line theory can be perceived as one major approach to do CSR activities. Also the environmental, ethical and social bottom lines that the theory postulates can be attained through well planned and executed CSR strategy. Thus both concepts are inter-connected and mutually reinforcing. If organisations do not act in a socially and environmentally responsible manner, this can have a directly negative impact on reputation and sales (Grankvist, 2009). By means of the Triple Bottom Line strategy, business can attain improved financial results if an increased number of consumers have a positive view of one's organisation (Roome, 1998). Another very tangible benefit that arises by using the Triple Bottom Line strategy is brand differentiation in the market place. Surveys show that consumers are more likely to buy a product or service from a socially responsible company (Grankvist, 2009).

As discussed earlier, TBL theory is closely related to the concentric circle model of CSR. The concentric circle model of CSR is represented as three circular fields with the same midpoint. The inner field represents the organisation's financial responsibility. Then, around the organisation's core, is the intermediate circle, the laws governing the organisation. The next field stands for the organisation's ethical responsibility. It shows that the organisation's financial goals should be synchronised with an awareness of ethics and morality. At the forefront, there is a fourth philanthropic circle. It corresponds with the responsibilities that the organisation needs to adapt to in order to provide a broader and wider contribution to society. This clearly corresponds with the suppositions of the TBL theory that environmental and social responsibilities are equally as important as financial responsibilities.

TBL theory is essentially seen as a transformation from the old to the new approach in business. Elkington, (2004) illustrates the transition in the following manner:

Table 2.1

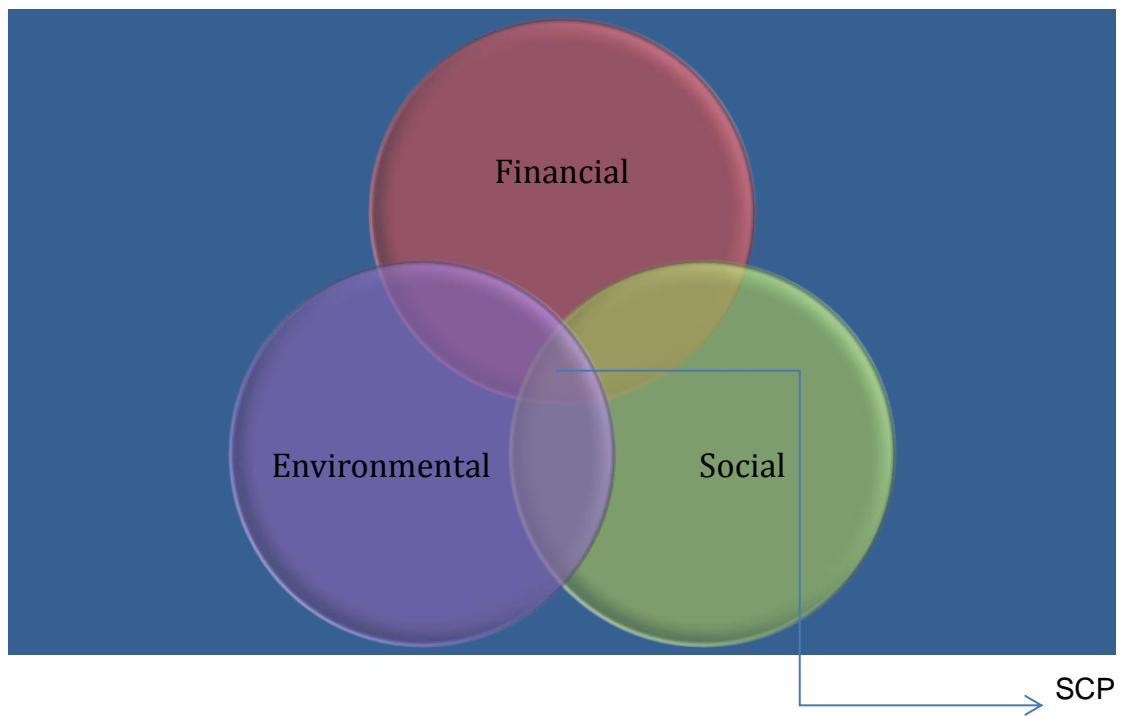
Dimension	Old Paradigm	New Paradigm
Market	Compliance	Competition
Values	Hard (Economic only)	Soft (additional values also)
Communication	Closed (Internal)	Open (External)
Partnership	Subvention	Symbiosis (win/win)

Life Cycle technology	Focused on products	Focused on functions
Time	Wide	Longer
Corporate governance	Exclusive	Inclusive

Source: Elkington (2004)

According to Fauzi, (2010), TBL is derived from the interconnection between financial, social and environmental elements. He illustrates TBL in the following manner.

Diagram 2.1 TBL Theory



As shown in the diagram, Sustainable Corporate Performance (SCP) represents the interface of the three core functions of an organisation. TBL as SCP requires a major shift in corporate governance practice and it is not easy. TBL theory is used in the present study to assess how the three functions are aligned in the brand building activities of the two selected corporate firms, IKEA and Kappahl. Using the indicators of TBL theory, the current research will analyse CSR activities of the two firms as well.

3.3 Stakeholder Theory

Examining stakeholder theory is important because it helps to bring greater clarity to the different types of groups operating within an organisation's external environment. Additionally, by applying stakeholder theory, it helps the organisation to better understand stakeholders' impressions of their organisation. As defined by Freeman (2010:48), stakeholders are seen as "those groups who can affect or are affected by the achievements of an organisation's purpose". Fassin, (2009:116) perceives this definition as a combined version that includes "two dichotomous views", a claimant definition and an influencer definition. Fassin's, (2009) definition of stakeholders has been divided into three different categories: stakeholders, stakewatchers, and stakekeepers.

These three groups are classified as consisting of "internal constituents and stakeholders who have a real stake in the company, the pressure groups that influence the firm, and the regulators who impose external control and regulations on the firm" (Fassin, 2009, p. 121). According to Fassin, (2009), real stakeholders are defined as those who "possess a legitimate claim, power, and influence" which the organisation has a responsibility to recognize. The organisation has little reciprocal direct impact on stakeholders even though they enforce regulations and lead to constraints upon organisational functions (Fassin, 2009).

It is important to understand how different stakeholder groups can potentially influence a business. Freeman, (2010) classifies these influences by stakeholders as economic, technological, social, political, and managerial. An economic effect on an organisation by a stakeholder can consist of influences upon its profitability, cash flow, and stock prices (Freeman, 2010). An organisation can also affect the economic "well-being" of a stakeholder by having some sort of financial stake within that particular group (Freeman, 2010). Technological effects by a stakeholder on an organisation include the prevention of use of specific technologies and/or a constraint on what technologies can be produced (Freeman, 2010). Social effects by stakeholders include "altering the position of the organisation in society, changing the opinion of the public about the organisation, or allowing or constraining what the organisation is about to do with "society's permission". The organisation may have social effects on a particular stakeholder as well by helping constrain the stakeholder to engage in certain activities, or by giving the stakeholder a "cause" to rally around" (Freeman, 2010:93). Freeman, (2010) states how these social effects evolve into political effects, stating how actions taken by stakeholders are undertaken to achieve

some sort of social purpose. Finally, managerial effects by a stakeholder can include an organisation being forced to change its “management systems and processes, and even its managerial style and value” (Freeman, 2010:23). Freeman, (2010:95) states that by analysing stakeholders in this way “we can understand in more detail the cause and effect relationship between an organisation and its stakeholders”.

According to Johnes and Wickes, (1999), stakeholder theory includes the following; “(1) the firm has relationships with constituent (stakeholder) groups, (2) the processes and outcomes associated with these relationships are of interest, (3) the interests of all legitimate stakeholders have value, (4) the focus of stakeholder theory is on managerial decision-making” (Hillman et al., 2001:15).

According to Johns et al., (2002:7), “the two basic principles of stakeholder theory includes the belief that managers need to pay attention to a wide array of stakeholders, and that managers have obligations to stakeholders which include, but extend beyond, shareholders”.

3.3.1 Criticism of the stakeholder theory

“Stakeholding replaces the narrow, but clear, accountability of business to its shareholders with accountability to everyone – accountability so broad as to be valueless” (Goyder, in Vinten 2000). The stakeholder approach certainly has its critics. Opponents of the stakeholder theory argue that business is specific and limited while the theory is too inclusive (Vinten, 2000). Principally, the anti-stakeholder theorists believe that catering for the needs and concerns of stakeholders is not necessarily beneficial for the stockholders. Sternberger (Vinten, 2000) goes even further and claims that the stakeholder approach is for those who want to enjoy the benefits of business without having the discipline of business and referring to it as “parasitic”. Mahoney, (1995) further notices that the approach is too wide and can lead to an organisation losing its focus. According to Mahoney, (1995) and Goyder (Vinten, 2005), the stakeholder theory is all-inclusive, vague and even a threat to the bottom line.

3.3.2 Stakeholder theory and loyalty

Campbell, (1997) argues that in order to survive in the financial market, organisations must win the loyalty of various groups such as customers, employees, suppliers, financiers, media, local community and many other groups. Without loyalty from

these groups, organisations will have less room to manoeuvre in the financial market. Today's modern and complex society does not allow organisations to operate in isolation. Various social groups interact with organisations in order to promote their needs, demands and expectations. As organisation's public relations becomes more integrated so does the need for feasible integrated solutions. Organisations need to engage and be genuine in order to build long lasting relationships. Organisations that know what to communicate creates a more solid stakeholder relationship which enables them to minimise the restrictions on an organisation achieving its mission (Toth, 2007). According to Taylor, Vasquez and Doorley, (2003:260) "research shows that organisations are most effective at maximising their interests when they listen to their public and anticipate and adapt to public needs".

3.3.3 Stakeholder theory and Branding

According to Keller and Donald, (2003) an organisation's brand is a crucial and intangible asset that needs to be properly managed in order to maximise its value to the firm. The value of a brand resides with the firm's customers in their mindsets, which actually includes everything that may exist in the customers' minds with respect to the brand. It could be for example thoughts, feelings, experiences, images, perceptions, beliefs and attitudes (Keller & Donald, 2003). As Merz, He and Vargo, (2009) explain, scholars are increasingly reaching a new logic in regard to brand value, defining it as all the stakeholders' collectively perceived value-in-use. The brand is created through collaborative, value co-creation activities among firms and all their stakeholders. Helm and Jones, (2010) further justify the relevance of strong stakeholder relations as a tool for increasing brand value when they explain that an ever increasing proportion of an organisation's assets reside in brands, future brand equity will depend on co-creation, which suggests that management take a more holistic view of value-seeking and co-creation processes among the organisation, its consumers and other stakeholders. To the consumer, the brand is not only perceived as the product consumed but rather as the total experience (Mårtenson, 2009). Harris and de Chernatony, (2001) further explain that an organisation whose core values are persistent and relates to the mind-set of the stakeholder's perception of a brand will in the long term be a successful organisation. When core values function as a connecting link between an organisational identity and the consumer's perception of the brand, and when this connection works well, the organisation is able to enhance its brand and thus overall value (Harris & de Chernatony 2001).

3.3.4 A strong brand, an emotional bond

The best way to a long-term, competitive business is to create a strong brand (Kapferer, 2004). The most sustainable form of loyalty between the consumer and organisation is brand loyalty, not price loyalty which many certainly do seem to believe. The brand adds value to the product and identifies with the consumer, something a favourable price cannot do. A successful brand must have the ability to distinguish itself, to build confidence and have a strong profile (Kapferer, 2004). A strong brand is also characterised by its high recognition rate and that the core value of the brand is recognisable for the consumer (Holmberg & Wiman, 2002). There are those who say that strong brands have a calming effect as they help us limit our options in favour of brands that appeal to us on an emotional level (Holmberg & Wiman, 2002). Therefore brands operate as a contract between seller and buyers as it creates recognition, trust and confidence (Kapferer, 2004).

A strong, emotionally charged brand is a brand that the consumer absorbs so deep, that eventually they think of themselves as "Apple-girl" or "Rolex-man" (Fire Week, 18/6-2007). An organisation that wants to achieve such an end-product should therefore always seek to sell something more than just its products. When the consumer sees himself or herself as part of the brand, a special bond will be created. This does not apply to any brand but rather brands with strong emotional associations tied to it. Smith, (2011) argues that brand equity is one of the most valuable intangible assets for firms and that such equity needs to be created and sustained through the power of brand narratives, which must be firmly rooted in the meaning of reality and social salience. In the narrative, the organisation's objectives and the customer's values should be compatible, Hill, (2008), puts it this way: "If a brand delivers emotionally, its myth translates into reality for its tribe" (Hill 2008;15). For organisations to achieve success, they have to first connect emotionally and then provide rational support (Hill, 2008). According to Elliott and Percy (2007; 47) "there is always a social dimension to a brand; an individual may love a brand's image, but will want his/her important others to like it too". The social practices of a consumer culture are complex in nature and involve a mutual, dialectic relationship between the consumer and the cultural milieu. Brands can help to construct, communicate and maintain an individual's identity. In narratives, socially shared meanings are constructed. Using recycled envelopes could symbolise "I care for the environment" (Elliott & Percy, 2007).

There is a lack of literature on CSR and its inter-relationship with branding. This is important as brand value is related to emotions. Since there is lack of empirical evidence to show the linkage, this study attempts to explore the relationship between CSR activities and brand creation.

CHAPTER FOUR: METHODOLOGY

4.1 Introduction

The main objective of research is to answer the questions which have not been answered by others (Flynn, 1990). It generally explores the answers to those questions that can be answered using available data. Thus research is a process to arrive at dependable solutions to problems through a well-planned approach and method. As rightly put by Rusk (Flynn, 1990:21),

Research is based on the fundamental assumption that invariant relationship exist between certain antecedents and certain consequences so that under a specific set of conditions certain consequents can be expected to follow the introduction of such antecedent.

There are many characteristics of research. Some of the core features of the research process include the following:

1. Collecting new knowledge
2. Highlighting new methods and principles
3. Using reliable data collection methods
4. Being logical and objective
5. Hypothesis oriented
6. Organising data in quantitative form
7. Patient and persistent activity
8. Leading to careful generalisation and conclusions

This chapter attempts to present and explain the research methodology used to analyse how an organisation uses CSR to create brand value. The chapter explains how the study was organised. This chapter starts with a description of the research approach and strategy followed by an explanation of the types of research methods adopted and the methods of data collection used. It also discusses why the particular methods were selected for the current study and describes the relevance and suitability of the research methods used in the study.

4.2. Research Design

Research design can be defined as the plan and structure of enquiry, formulated in order to obtain answers to research objectives. It includes the framework of the entire

research process, starting from developing the hypothesis to the final evaluation of data. The research design should define the research problem and detail the process for solving it. It should describe the techniques that have to be used for selecting samples, collecting data, managing costs and other aspects necessary for conducting research (Flynn, 1990).

Research design facilitates the smooth flow of the entire research process. A good design helps in planning research activities in a way that results in minimum use of time, money and effort. All the available resources should be considered before developing an ideal research design. The validity of the research result is based on the initial research design. Therefore the failure to develop a proper research design would put the whole research process at risk and the research will not meet its purpose.

A good research design should include the following components:

1. Identifying the exact problem to be investigated
2. The objective of the research
3. The process of obtaining information
4. The availability of adequate and skilled manpower
5. The availability of adequate financial resources for carrying out the research

Research methodology implies the procedural framework within which the research is conducted. According to Burns (2000:34) research is a “systematic investigation to find answers to a problem”. This study used the empirical research method of Flynn (1990) for conducting research.

There are two types of empirical research; qualitative and quantitative. The selection of these approaches depends on the nature of the problem under study. According to Edem and Lawal (1997) quantitative research is a system of subjecting data or information to empirical analysis in order to assist a manager or researcher in reaching a decision. Quantitative research involves survey research, co-relation, modelling etc. Quantitative or structured and formal methods of data collection are not effective all the time due to disadvantages such as deliberate falsification of answers and difficulty in understanding the respondent. In such situations qualitative methods are used.

In qualitative research, emphasis is on real experiences rather than numerical data. Merriam (1998, p16) states that in contrast to quantitative research which seeks to find evidence which supports or does not support an existing hypothesis, "qualitative designs allow the hypotheses to emerge from patterns of recurring events". In the current research, a qualitative study has been selected as it involves CSR and brand building activities in two organisations.

The following table shows the difference between qualitative and quantitative methods of research.

Table 4.1 Qualitative and Quantitative methods

Features	Quantitative	Qualitative
Data	Measurement with numbers	Examine meaning of words
Setting	Impersonal, controlled	Personalised, interactive
Relationship with theory	Tests existing theory	Theory emerges
Process and procedure	Highly structured	Unstructured

Source: Flynn (1990)

Qualitative methods are ideal exploratory tools as they are flexible, can be adapted to different situations easily and can be used widely in market research. Further, qualitative research helps the researcher in drawing responses from the participants interacting in a group as it involves group dynamics.

The research design of this thesis is exploratory and is located within the phenomenological paradigm. The case study approach was adopted in the study. The aim of this study is to analyse and interpret how the selected two organisations create brand value through CSR activities and their interaction with their stakeholders in the process. With this objective, the study explores and illustrates how organisations like IKEA and KAPPAHL pursue their CSR activities and interact with their stakeholders.

The present study is exploratory in nature. According Babbie and Mouton, (2001) the primary goal of qualitative method is to understand and describe a phenomenon rather than merely explaining it. Johanessen and Tyfte, (2003) argue that the qualitative method is the most appropriate if there is not much previous research on the subject. Hence the qualitative method is more appropriate for this research since

the research seeks to illuminate and discuss the subject rather than presenting hard numbers.

Eriksson and Wiedersheim-Paul, (2001) explain that qualitative research explores more “softer” values where there is more room for interpretation and discussion around an issue. Quantitative research seeks to present “hard” facts and numbers with less room for discussion and interpretations. A qualitative approach is far more heterogeneous than a quantitative one (Allwood, 2004). Quantitative studies with closed-ended questions would lead to unilateral responses and thus the findings would either confirm or reject the hypothesis. There are less chances for getting intangible elements of the issue under question. In contrast, qualitative study helps to understand and analyse complex social situations, behavioural patterns of people and its implications for the specific problem. The result produced by qualitative research does not have its roots in statistical publications or quantitative surveys (questionnaires, etc.). The respondents get the freedom to answer the questions as they perceive them because there are no closed-ended questions in qualitative research. Thus longer interviews are part of the qualitative approach and are designed to culminate in vivid descriptions (Johannessen & Tufte, 2003). This strengthens the case for a qualitative approach.

The main aim of the study was to analyse the process through which CSR is used to create brand value in the selected organisations. The study is exploratory in nature and attempts to get the perceptions of the stakeholders towards brand value and CSR activities. Hence, qualitative study is selected as perceptions and attitudes of stakeholders are difficult to measure and quantify.

Since, as explained earlier CSR and its relationship with brand value and consumer loyalty is rather complicated and cannot be fully measured in quantitative terms, this study chose to take a micro perspective, applying the qualitative method in order to analyse the issue. Since the studies that correlate CSR activities and brand loyalty are new and there is a limited amount previous studies on the theme, this research seeks to take an abductive approach by combining a mixture of the deductive and inductive method. As Lesson and Solberg, (1994) explain, the deductive approach is more evaluative and the inductive approach is exploratory. They further explain that the abductive approach is the holistic middle ground. The complexity and newness of a problem necessitate a need for using a holistic analysis. A holistic approach that

merges information will lead to an increased understanding of the research problem (Yin, 2003).

4.3 Philosophical underpinnings of the qualitative research

This study selected the phenomenological approach since the research seeks to understand how the CSR activities are planned and operated for creating brand value. Phenomenological research is essentially suited for qualitative approaches and interlopes with other qualitative methods such as ethnography, hermeneutics and symbolic interactionism (Lestor, 1999).

An assortment of methods can be used in phenomenological based research, including interviews, conversations, participant observation, action research, focus group discussions and analysis of personal texts (Lestor, 1999). Phenomenological studies conduct observations about individual circumstances, which do not provide an opportunity for the generalisation that is sometimes argued for survey research (Plummer, 1983). The approach emphasises the word interpretation, where the result may, not only be right or wrong, but can be interpreted and provide a basis for assumptions. There are a number of rules in this approach that makes it possible for the interpreter to understand a result. Most importantly, one's worldview should be open and subjective (Eriksson & Wiedersheim-Paul, 2001). During the process it is imperative to be open for new impressions and changes (Eriksson & Wiedersheim-Paul, 2001). This research tends to be in the category of the phenomenological approach because it seeks to recognise and interpret the suppositions gained from the qualitative interviews.

4.4 Case Study Approach

Since this thesis is of an exploratory nature, multiple case studies are used. According to Yin, (1994) and Babbie and Mouton, (2001), a case study research design would be an appropriate method in order to achieve the above mentioned objective. Yin, (1994) further argues for the appropriateness of the case study if the research aim is to discover rather than to verify. Yin, (1994) promotes further advantages of the case study by explaining that structuring a case study is more flexible in terms of resources such as time, setting, money and subjects. This is particularly relevant as this study has been done on limited time available by the participants and very limited financial backing. Furthermore, Yin, (1994), argues that case studies are most efficient when combined with theory. As explained earlier,

theory has played a crucial role in the research by giving context and validating the research objective.

Another determining factor in choosing the multiple case study approach is the depth and length of data collected. The required depth of investigation justifies the approach of using two cases. As Babbie and Mouton, (2001) argue, qualitative research commonly focuses on a rather small number of cases to study. Lastly Yin, (1994) claims that the multiple case study design is relevant if the researcher wishes to explore the existence of a phenomenon. Since the aim of this research is to investigate the phenomenon of how brand value is created through CSR, the multiple case studies are the most appropriate method. The selected two organisations have effectively utilised CSR activities for brand building and integrated it as the core value of their organisation. In this study, the researcher attempts to highlight the difference within the organisations in terms of their approach to CSR activities. Therefore, multiple case studies help to analyse the differences and similarities as the goal of multiple case studies is to replicate findings across cases.

4.4.1 Criticism of the case study method

The multiple case study design is not appropriate if the phenomenon is well understood and matures (Yin, 1994). Johannessen and Tufte, (2003) concur by arguing that if the 'why's and 'how's of the phenomenon are well developed, then the multiple case studies might not be efficient and the proper method of investigation. As explained earlier, the phenomenon under investigation in this research is under constant and rapid changes. Therefore, the criticism of the approach should not compromise the validity of this research. There are few empirical studies on the inter-relationship between CSR activities and brand loyalty. It is a relatively nascent area of research with no established and well developed empirical studies that support the arguments. Hence, multiple case studies are still valid and relevant as a methodology. Apart from that, not a single study was conducted comparing the CSR activities of the organisations under research. Thus, the method is apt and ideal.

4.5 The selected cases under study

As mentioned earlier, the two organisations, IKEA and KAPPAHLI, were selected for analysis in this study. The two cases were selected using theoretical sampling (Strauss and Corbin, 1998). IKEA is the world's largest multinational, flat-pack furniture retail chain and it is a highly successful company in terms of market

penetration and revenue. Furthermore, it provides easier and simpler strategies in a competitive market compared to other similar firms (Maon, 2007). Further, IKEA is selected for in-depth analysis of CSR operations and brand building because IKEA is one of the world famous business firms that successfully integrated CSR into its operational dynamics. Besides, IKEA still enjoys the reputation of one of the finest brands across the world. According to the American Cleaning Institute Releases Report on Eco-Metrics for Supply Chain (2011), IKEA and Volvo are ranked among the top brands for sustainability in Sweden (www.dailymotion.com). KAPPAHL is selected from the apparel industry as this company is one of the top brands that communicate CSR effectively among apparel and fashion brands. KAPPAHL is the third largest clothes retail company in Sweden, after H&M and Lindex (JC utlovar expansion genom e-handel, Mar 3, 2000). But in the target group of women between 30 and 60 years old, KAPPAHL and Lindex have the greatest market share of 6.7 per cent each (Lindex billigare än H&M, Mar 9, 1999).

KAPPAHL initiated the concept 'Future, Friendly, Fashion' that envisages their move towards sustainable activities. The concept attempts to improve both social and environmental issues within the supply chain. Interestingly, KAPPAHL was one of ten brands to participate in MADE-BY's Sustainable Fibre Master class, an initiative that promotes the integration of sustainable fibres within the brand's collections (<http://publisher.wizness.com/fr/reports/made-by-annual-report-2012/brand-projects/interview-with-kappahl>).

Compared to IKEA, KAPPAHL is a smaller firm. But KAPPAHL is the world's first fashion retailer to gain environmental certification in 1999 (Official Website of Kappahl). Though both the companies put emphasis on CSR and brand building, there is considerable difference in their strategies.

Table 4.1 Profile of sample firms

Company	Turnover (Billion)	Market	Number of Stores	Number of employees
IKEA	28.506 Euro	43 countries	349	139000
KAPPAHL	4.8 SEK	Sweden, Norway, Finland,	400	4500

		Poland		
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Source: Kappahl.com. Ikea.com

4.6 Data collection method

The data collection method consists of either primary, and or, secondary data. Secondary data consists of the reanalysis of previously collected data for some other purpose (Saunders, 2007) whereas primary data collection refers to the gathering of information from various forms of observation and interviews. In this research, both primary and secondary data were collected. The secondary data collected consists of books, publications and academic articles regarding brands, image, stakeholder theory and CSR. The secondary data was used to provide a general outline of the current issues surrounding the core research theme and to present a detailed review of literature on the theme.

The primary data, which forms the foundation of the study, consists of interviews conducted with the personnel from the selected organisations. These interviews were supported with secondary data. Secondary data was collected from peer reviewed journals, books and other relevant articles. A literature review was conducted to identify research gaps and select an appropriate theoretical framework. The literature review further helped to identify the research methods used by previous studies. It is understood that in previous research studies, scholars used both quantitative and qualitative methods. But the predominant methodologies used were case studies, focus group discussion and document analysis.

4. 6. 1 Document Analysis

Document studies in the form of company reports and CSR annual review form the key part of empirical analysis in the present study. The main source of information for document studies is the official websites of the selected firms. The latest version of CSR and Sustainability report 'wasalso' analysed for the purpose of comparative analysis. According to Flick, (2009) documents are 'communicative devices' that are created for a specific reason. Company documents are released for publication. Therefore, they reflect the views of the company only. According to Stittle, (2002, p.349) "Companies tend to use the reporting of ethical issues to portray their own

image in a positive “or favourable” light”. Since document studies provide a narrow perspective on the issue under study, it must be supported by other methods including interviews or focus group discussions (Flick, 2009). Therefore, interviews with key personnel of the companies under study were also conducted to supplement the information. Besides, documents of international NGOs like WWF and Fair Trade Center were also consulted to get an objective analysis of the cases under study. All the CSR and sustainability-related reports of the selected firms were consulted and analysed for the purpose of the study.

4.6.2 The Qualitative Interview

This study employed qualitative interviews since the study requires a thorough analysis and understanding of the CSR activities of the selected firms. According to Johannessen and Tufte, (2003), in a qualitative interview, the informant and the interviewer follow a specific theme and structure. This is because the interviewer wishes to receive answers as comparable as possible from all the informants. Therefore similar questions were put to all respondents with a view to conducting comparative analysis. Individual in-depth interviews were conducted as the researcher chose to implement them either by phone or face to face (Jacobsen, 2007). The researcher conducted face-to-face interviews with all the respondents. According to Trost, (2005) face-to-face interviews are appropriate for studies that require in-depth information from respondents. This is also supported by Jacobsen, (2007), who posits that the telephone interview is not appropriate where many open questions are asked and a face-to-face interview provides greater opportunity to find answers to questions that may be sensitive.

Scholars differ in their view on how structured qualitative research designs should be constructed. Some argue that they should be loosely structured, while others would select tighter designs when working with well-delineated constructs (Miles & Huberman, 1994). According to Blumberg, Cooper and Schindler, (2008) when designing an interview, the researcher can decide if the interview should be structured, semi-structured or unstructured. A structured interview is done with the help of a predetermined interview guide.

4.6.3 The semi- structured interview

The data gathered was obtained through the process of semi-structured interviews involving 14 questions lasting for two hours. The questions were open-ended with a

free response format in which follow-up questions were also used. When conducting interviews, the researcher can choose constructed, semi constructed or open interviews. The unstructured interview may not contain any solid questions and usually begins with a story from the respondent and the semi structured is somewhere in between. This study used semi structured interviews as opposed to structured interviews.

The interview question were standardized but allowed for an open ended discussion. A possible drawback of the standardised interview is that the questions cannot be adapted to suit each individual informant (Johannessen & Tufte, 2003). To allow for this, this research kept the standardised questions but remained flexible and allowed and encouraged the interviewer to further explain and divulge if time and conditions allowed. Further, the study used the case study and the intention of the research was to compare and contrast the selected organisations in terms of their CSR activities and brand building through CSR. Therefore, a standardised questionnaire that helps the respondents to compare and contrast the answers certainly helps to get information required for analysing data. Since it is semi-structured interview, respondents are free to expand and limit their answers as they perceive. Thus with a standardised and semi structured questionnaire, the study ensures both heterogeneity and uniformity.

4.6.4 Sampling

The process of choosing organisations and interviewees is an important one. According to Johannessen and Tyfte, (2003), the interviewees must be able to provide relevant information. If the information received or the researchers analytical ability is flawed then the qualitative study will be a shallow one (Kylén, 2004). Therefore great care has to be taken in choosing appropriate interviewees who have the capability to share relevant information. The data collected would shed further light on the subject of CSR in branding and the eventual role that it can have in strengthening brand value. The data collected would help to answer the study's research objectives and create a foundation for future studies on the theme. Therefore, a qualitative approach is more appropriate for this kind of research.

The empirical material collected was combined with theory in order to gain a deeper understanding of the subject. As Ryen, (2004) explains, the first step of a selection process is to choose a field, in this case, an organisation. The second step is to

single out a person within that organisation. Since the research is focusing on CSR and branding, a specific industry has not been picked. The criterion for choosing organisations was the implementation of successful CSR as part of their overall business strategy. Based on the success and failure of CSR practises and its impact on brand value creation, two organisations were selected. In depth interviews were conducted within the organisation to get relevant data in support of the objectives of the study.

4.6.5 Sample selection criteria

The positions of the interviewees were within the organisations public relations (PR) or the marketing section such as IKEAS world wide strategic creative hub, located in Malmö City, Sweden. Furthermore the position of the interviewees ranged from regional PR managers up to national and international managers. This helped the research to achieve a broad range of answers, which covered local, national and international issues. 15 respondents were selected from each organisation to get an overall sample size of 30. The interviews were conducted face-to-face, which as explained above, is the preferred option for the research. The interviews were divided into two subjects: first CSR activities followed by stakeholder relationships and branding since the study is about the inter-relationship between CSR activities, consumer loyalty and brand building.

The respondents were selected from the CSR and PR departments of the selected organisations. Purposive sampling was used as a method to select the respondents. According to Welman and Kruger, (1999) purposive sampling is the most important type of non-probability sampling and it helps us to identify the primary participants. In this research, purposive sampling was used based on the researcher's judgement and the purpose of the research (Babbie, 1995). Purposive sampling can be used to identify respondents who have direct and "real experiences relating to the phenomenon to be researched" (Kruger, 1988 p. 150). Using internet search engines, LinkedIn, and personal contacts, the researcher identified potential respondents within each organisation. After identifying primary respondents, snowball sampling was used to select other respondents. Snowball sampling involves the method of expanding sample size through asking the already identified respondents to suggest other respondents. When the additional respondents recommended by the primary respondents are used it is called snowball sampling (Babbie, 1995; Holloway, 1997).

In both KAPPAHL and IKEA, 5 respondents were senior level managers who had been working with the organisation for more than 15 years. Five were selected from middle level professionals working for the organisation for the last 5-10 years and the remaining 5 were selected from junior officers with less than 5 years, experience within the same organisation. This categorisation was employed with a view to gather information on CSR practises that the company had been following for sometime. Also an attempt was made to know whether there had been any marked shift in CSR policy in recent years. This also helped to get information on the changing nature of CSR-brand value creation within the organisation. Due care was taken to ensure that all 30 respondents were aware of the strategic CSR activities of the firm and were keen to improve it further for future benefits. For the convenience of the respondents, interviews were conducted at their office premises. The interview was conducted only after getting consent from the respondents. The responses were recorded and transcribed in order to analyse the data. For the convenience of analysis each interview was assigned a code with date of interview and name of the respondent.

4.7 Data Analysis

Since the transcript of the in-depth interviews were over 40 pages there was a need make the data more manageable. Coding is the primary technique for categorising, summarising, and reducing the data (Richards & Richards, 1994). The essential steps in the analysis of qualitative data consist of coding, combining the codes into broader categories and themes, and interpreting the results (Sinkovic, Penz & Ghauri, 2005). In order to identify themes and categories, thematic content analysis is employed (Crewell, 2007). Thematic analysis is one of the most predominant analysis methods in qualitative research. It implies identifying, examining, and recoding themes within the collected data (Guest, 2012). Analysis is then conducted based on the themes identified. In thematic analysis there are 6 stages through which coding is done. These are familiarity with data, generating initial codes, searching for themes among codes, reviewing themes, defining and naming themes and producing the final report (Guest, 2012). The initial analysis from the first transcript allows for refining the discussions for the subsequent interview. The final analysis was conducted when all the data had been collected.

As stated by Sinkovic, Penz and Ghauri, (2005), data analysis is a long process, which includes reading and coding, and then starting all over again. Relevant sections were reread and then analysed for familiar patterns and themes. In this

study, thematic analysis of the data was conducted in tune with the research questions and objectives of the study. Transcripts were coded and summarised on the basis of the perceptions on CSR activities, the role of stakeholders in designing CSR, brand building efforts, impact of CSR on brand image, etc.

4.7.1 Validity in Qualitative Research

Validity accounts for the correlation between the material collected and the phenomenon under investigation (Ryen, 2004). It can be simply described as: Is the information we receive useful to the problem we want to solve (Kyle, 2004)? Validity can be sub divided into external (theoretical validity) and internal (logical validity) (Svenningsson, 2003). The internal validity is about a project's structure and the parts that are included, such as theory and empirical data. If the theory is flawed, then obviously the project as a whole cannot achieve validity, despite a perfect empirical investigation. For this research, special care has been given to find relevant theory. As Repstad, (2007) explains, it is important to use updated and relevant sources that are suitable for the study. Since this study deals with a relatively new subject, the majority of the sources have been fairly current. For the empirical study, it has been imperative to identify and interview individuals with combined insight into both CSR issues and branding.

Few issues, such as short fall can effect validity (Johannessen & Tufte, 2003). As mentioned, it is imperative for the group of informants to be as heterogeneous as possible. Initially, a few of the intended interview subjects became unavailable. To avoid a lack of validity, they have been replaced with similar interview subjects. When dealing with qualitative studies and a smaller number of interviews, one runs the greater risk of sampling error (Johannessen & Tufte, 2003). This means that the study can lose its representativeness. Because of time limitations and availability, the thesis has not had the opportunity to interview a greater amount of informants while maintaining the same reflective and qualitative standard.

The study was based on the theoretical framework of Stakeholder Theory and Triple Bottom Line Theory. Since the main objective of the research is to analyse how CSR activities are implemented in order to ensure brand loyalty, stakeholder theory and Triple Bottom Line Theories are the most significant framework to approach the problem. Stakeholder theory highlights the interest of the entirety of stakeholders in the company including customers, stock holders, employees, public, government,

social groups etc. in strategic decision making. It rejects the narrow customer centric perspective on management. Corporate Social Responsibility also shares the same idea as stakeholder theory.

Like stakeholder theory, CSR also intends to consider the community as a key stakeholder in their business. Triple Bottom Line theory further expands CSR as the theory is about the concern towards people, planet and profit. As discussed in the previous chapters both theories focus on the tangible as well as intangible benefits of organisational goal. Therefore, the theories selected clearly support CSR activities and making CSR as the core value of an organisation to achieve brand value and loyalty. Thus the theories are valid externally. Since the study is exploratory in nature and involves perceptions and the attitude of the stakeholders involved, qualitative method is selected for empirical validity of the theory. It is difficult to measure or quantify attitudes and perceptions of the stakeholders. Therefore, the methodology is suitable for the current study. Thus, in this study, the theories and methods used are valid and relevant. Both external and internal validity are ensured in this study through the careful selection of theoretical framework and methodology.

4.8 Conclusion

This chapter provided detailed analysis of the methodologies used in the research. Basically, the main attempt of the study is to analyse the CSR activities that lead to brand value, consumer loyalty and how organisations manage such activities. Information on the CSR activities and their strategic importance can be shared by the designated officials of the firm and the documents published for publicity purposes. Therefore, this study selected a document analysis based case study approach as the key methodology and used qualitative interviews to support the information provided in the documents. The following chapter will now discuss the CSR activities of the selected firms and their inter-relationship with brand image.

CHAPTER FIVE: CSR AND BRAND BUILDING: CASE STUDY OF IKEA & KAPPAHL

Some organisations perceive CSR as philanthropic activities and some others view it as a strategic component in a competitive world. However, recently, organisations have begun to pay greater attention to socially responsible practices as stakeholders are becoming increasingly conscious about the ethical policies of business entities (Lindgreen, 2007). Against this context, this chapter will analyse the case studies of two selected organisations, IKEA and KAPPAH about the relationship between their CSR practices as strategy to build their brand with consumers. The main focus is to analyse the strategies of both organisations and highlight the effectiveness of these strategies in realising their goals. This section also focuses on how the organisations communicate their strategies to stakeholders. In addition, a brief overview and history of the selected organisations is also provided. The responses of the employees of both IKEA and KAPPKAL on the core issues of CSR, brand and sustainability are used in this study. The analysis is based on data derived from sustainability and CSR reports of the organisations and interviews with members of staff.

5.1 IKEA: An Overview

IKEA is the largest furniture company in the world that sells ready to assemble furniture and home appliances. This is a Swedish company, registered in the Netherlands. The company was founded in 1943 by Ingvar Kamprad. The name of the company IKEA is derived from the name of the founder Ingvar Kamprad, Elmtaryd (name of the farmland in which the founder was born and brought up), and Agunnaryd, the home town of the owner in Sweden (Chu, 2013). IKEA presently has 350 stores in 43 countries. The company sells almost 12000 products (ikea.com). The company uses 1 % of the total wood supply in the world and thus makes it one of the biggest users of wood in the furniture sector (IKEA group Sustainability Report, 2013).

During the last decade, annual retail turnover of IKEA has increased up to 400%. The company enjoys an extremely successful business model that focuses on gaining control over strategic resources through well-designed logistical coordination. IKEA has 1500 suppliers in 50 countries. The majority of the suppliers are from developing countries and they supply directly to the company avoiding middlemen.

This helps the company to reduce production cost and offer products at a lower rate (ikea.com). Total sales in 2013 were 27.9 billion Euro while the number of workers are about 13 000 (Sustainability Report, 2013).

IKEA's corporate structure has two wings: non-profit and for-profit. IKEA's business operations, retail chain, franchising, design and manufacturing of products, purchase of raw materials and opening of new stores are controlled and managed by INGKA, a private for-profit company registered in the Netherlands. However, INGKA holding is not an independent corporate entity. It is fully owned and controlled by the Stichting INGKA Foundation, a non-profit company started by the owner in 1982. This is operated by a five member executive company including the founder and his wife (The Economist, 2006). The INGKA foundation is the largest charitable organisation in the world with its net worth of \$36 billion, greater than the Bill and Melinda Gates Foundation, having net worth of \$33 billion (Bill & Melinda Gates Foundation website).

The IKEA social initiative was officially launched in 2005 with the objective to scale up social activities of the company at global level. The main partners of the initiative are UNICEF and Save the Children. By 2009, IKEA became the largest corporate partner of UNICEF with an investment worth \$48 million (UNICEF, 2009).

5.2 CSR in IKEA

The guiding philosophy of IKEA is to "create a better everyday life for the many people and to offer a wide range of home furnishings with good design and function at prices so low that as many people as possible will be able to afford them"(http://www.ikea.com/ms/no_NO/pdf/sustainability_report/sustainability_report_2014.pdf). In all the documents, IKEA clearly states that its main objective is to integrate social and environmental considerations into its daily activities and manufacture products in a socially responsible manner without affecting the sustainability of the planet and people. The strategy is popularly known as People and Planet Positive Strategy (Sustainability Report, 2013). The strategy is based on three key initiatives:

1. Inspire and enable millions of customers to live a more sustainable life at home. In this way IKEA intends to encourage customers to use environmentally friendly products that reduce waste, generate energy and recycle water at a lowest price;

2. Strive for resource and energy independence: Use minimum resources, recycling products, prevent wastage of raw materials to ensure sustainability of resources on the planet;

3. Take a lead in creating a better life for the people and communities impacted by our business: “Enshrine the core philosophy in the value chain, protect the rights of employees, promote a good code of conduct throughout the operations and protect human rights”.

The following table shows key aspects and goals of the CSR strategy of IKEA.

Table 5.1 CSR strategy indicators: IKEA

CSR strategy indicators	Goal % by 2015	Achievement in 2013
Wood used in products coming from more sustainable sources.	50	32.4
Cotton from more sustainable sources	100	72
Renewable energy produced as share of total energy consumption	100	37
Home furnishing materials, including packaging, made from renewable, recyclable or recycled materials	100	92
waste from stores and other IKEA operations sorted for recycling	90	87
Reduction of carbon emissions from our own operations	50	19.4
Reduction of carbon emissions from our suppliers	20	-0.1
Co-workers that view IKEA as a company that takes social and environmental responsibility	95	83

Customers that view IKEA as a company that takes social and environmental responsibility	70	41
Suppliers that view IKEA as a company that takes social and environmental responsibility	95	89

Source: IKEA Sustainability Report, 2013

Table 5.1 Clearly shows how IKEA has incorporated CSR in a more progressive sense correlated to recent theories such as (Lohmann & Steinholtz, 2004), who state that CSR can be perceived as an initiative to create balance between economic, social and environmental issues and it should be reflected in the activities of an organisation. In the case of IKEA, it is evident that the key component of the People and Planet Positive Strategy, including promotion of sustainable life at home, resource and energy independence and creation of better life for the impacted community, clearly incorporates the balancing approach popularised by CSR theories. Further, IKEA's emphasis on the use of minimum resources, recycling products and prevention of wasting raw materials to ensure sustainability of resources on the planet reflects the Declaration of Agenda 21 of the UN. According to the Agenda 21, sustainable development implies meeting current needs while taking into account future generations. The definition throws light upon new insights regarding the world's environmental problems and the emerging environmental challenges (Lohman & Steinholtz, 2004).

The analysis of the CSR strategy indicators of IKEA explains its direct linkage with the TBL theory. TBL requires that organisations' ratio of success is based on more than the financial results of the business (Nijhof, 2008). According to Elkington, (1998) the key exponent of the theory, organisations should take into account non-financial dimensions and include environmental and social factors while considering profit and loss. He thus amalgamates three different responsibilities; economic, environmental and social and called it the Triple Bottom Line concept. The three factors can also be referred to as profit, people and planet (Slaper & Hall, 2011). While CSR is closely related to sustainable development (van Marrewijk, 2003), TBL is the basic foundation for sustainability (Elkington, 1999). Now, when we consider the People and Planet Positive Strategy of IKEA, it is clear that all the indicators reflect the drive towards sustainability as indicated in the TBL theory. In each and

every aspect of the operations and supply chain management, IKEA made the TBL approach the core of its strategy.

As Van Marrewijk (2003) stated, organisations take responsibility in society (CSR) by taking into account economic, social and environmental issues (TBL), which in turn contributes to a sustainable society. This broadest view of TBL is captured by IKEA. IKEA's raw material policy, child labour policy and drive towards reduction in carbon emissions, is directed towards maximising the positive impacts of their operations and creating additional economic, social and environmental value as clearly stated by Elkington (1999) in his TBL approach. A primary proposition of this hypothesis is that multiple stakeholders should benefit from an organisation's operations, not exclusively shareholders.

There are two diverse styles of corporate social responsibility (Grafström, 2008). The first approach is to view CSR as charity. It involves functions like traditional sponsoring. The second method is to identify CSR as a core value. It is essential to note that these two approaches do not necessarily need to be mutually exclusive. An organisation can use both methods simultaneously. In IKEA, CSR is not only perceived as a philanthropic function but also as a core value of the organisation and its business strategy. When one equates CSR with charity it is often a question of individual projects with individual charities, such as donations (Grafström, 2008). An example of CSR as charity is when IKEA, at the end of 2007, donated a dollar to UNICEF for each stuffed animal sold. However, CSR as a core strategy includes the process to distinguish and minimise those moments or processes that affect the environment or society in a negative manner (Grafström, 2008). In IKEA, the indicators reflected in the table above (Table 5.1) show how the organisation incorporates CSR as the core value of the organisation. There are many scholars who have argued that CSR has become the core value of corporate organisations beyond charitable activity (Vogel, 2005; Porter and Kramer, 2002; Edvardsson, Enquist and Hay, 2006). The case of IKEA that reflects the role of CSR as the core value of the organisation also supports this argument.

Theories on CSR state that the responsible way of conducting business is to consider environmental and social issues earlier and visualise their impact on the entire supply chain (Grafstrom, 2008). IKEA designed its CSR strategy in such a manner that it does not focus only on the company and its stores but throughout the supply chain across the globe. The table above (5.1) establishes this clearly as it is

evident that IKEA is keen to implement CSR philosophy and practice across the supply chain. For example, IKEA's main targets are to reduce emission of carbon dioxide by suppliers and to increase use of sustainable cotton across the supply chain. The IKEA Sustainability report (2013) states that the specific targets and strategies to extend CSR activities across the supply chain indeed helped them to enhance credibility among consumers. Thus we can assume that strategic CSR through sustainable business was effectively used by the company as a part of the brand building efforts.

To make strategic CSR activities more obvious, IKEA appointed its first manager for social and environmental responsibility in 1991. The CSR policies in IKEA became explicit in 1998, when the company created a Voluntary Code of Conduct. According to Rene Hausler, Partner, IKEA-San Diego Franchisee, IKEA "is a leader in setting high environmental standards for its product. That means employing strict manufacturing methods and supply processes so that materials, technologies and transportation have the least damaging effects on the environment".

During the interview all the 15 respondents selected from IKEA recognised that CSR is a core function of IKEA. When we asked the respondents to define CSR in the context of IKEA, 53% of the respondents identified CSR with social commitment and ethics in operations. 33 % of the respondents identified CSR with environmental sustainability. The following Table will explain the respondents view on CSR in IKEA.

Table 5.2 Meaning of CSR: Response of IKEA staff

Implications of CSR	Response %
Social Commitment and ethics	54
Environmental Sustainability	33
Employee participation and wellbeing	14

From the interview, it was evident that senior level managers were more proactive and vocal about CSR activities of IKEA whereas the lower level employees were not clear about the core CSR functions of the organisation. Interestingly, majority of the low level managers identified CSR with employee wellbeing. When asked about the meaning of CSR, some of the managers identified it with 'reducing wastage of water', 'reuse of old materials' and 'decreasing energy consumption in supply chain and

stores'. However, all of the respondents perceive CSR as the core value of the organisation and none of them identified it with charity giving. The perception of CSR as a core value within an organisation is often viewed as an effective strategy to build the brand. In the literature on CSR and Branding Pirsch, (2007) and Rovik, (2008) explained this aspect in detail. According to them organisations that have institutionalised CSR activities as a core value try to promote and service their surroundings by using their products and influence. In contrast, organisations that work with CSR as a marketing tool have a tendency to think for short term benefits only. They are also at a greater risk of failing to develop emotionally durable ties with their consumers, since it becomes more difficult for them to be consistent with their values. Organisations that have the ability to build in, and outwardly convey, institutionalised norms and values have a greater chance of achieving credibility (Røvik, 2008).

Here in the case of IKEA, it is evident that CSR is not used as marketing tool as IKEA never uses CSR for marketing its products. In contrast, CSR is used as a core philosophy of the organisation and is well absorbed by the staff and supply chain. In his previous research on Triple Bottom Line Theory and CSR, Yuan-Shuh, (2011) claims that CSR is a tool that enables improvement in the company's reputation while at the same time strengthening the brand. Polonsky and Speed, (2001) and Nan and Heo, (2007) describe CSR as a means to enhance corporate image and thus competing with rivals. The empirical study on IKEA also verifies these claims.

5.2.1 Origin and Development of CSR in IKEA

Since 2002, IKEA has been having a separate organisational function to ensure the practice of CSR, monitoring code of conduct and evaluating values externally and internally relating to it (IKEA Report, 2009). The CSR strategies emerged mainly as a response to media reports about environmental damage created by IKEA. There were newspaper reports about the somewhat high emission of formaldehyde in IKEA's products. There were also reports about the use of child labour by some of the IKEA's suppliers from developing countries. These issues necessitated the integration of CSR into the core values of the institution. Hence IKEA initiated an elaborated CSR plan with a view to enhance its reputation and brand values. During the early years, the main objective of IKEA was to optimise product life cycle to minimise the environmental impact. However, IKEA slowly shifted its focus to more serious efforts to take care of community issues and began to involve the community

in its CSR activities as well (IKEA Report, 2009). The external pressure that played an instrumental role in designing strategic CSR in IKEA supports the arguments of Joyner and Payne, (2002) as they stated that some organisations initiate CSR activities because of the pressure from media, international civil society and human rights activists (Joyner & Payne, 2002). They (Joyner & Payne, 2002) argued that organisations often tend to plan CSR to convince consumers and other stakeholders that they are acting according to social expectations. In this case, the purpose is either to avoid legal sanctions or to assure stakeholders that the organisation cares about the consumer and society as much as it does about profit.

The core areas of CSR effort in IKEA include the following; product development (environmental friendly design), supplier relations (code of conduct for manufacturing), reduction of energy in manufacturing and transport, sustainable management of stores and wellbeing of the community and employees.

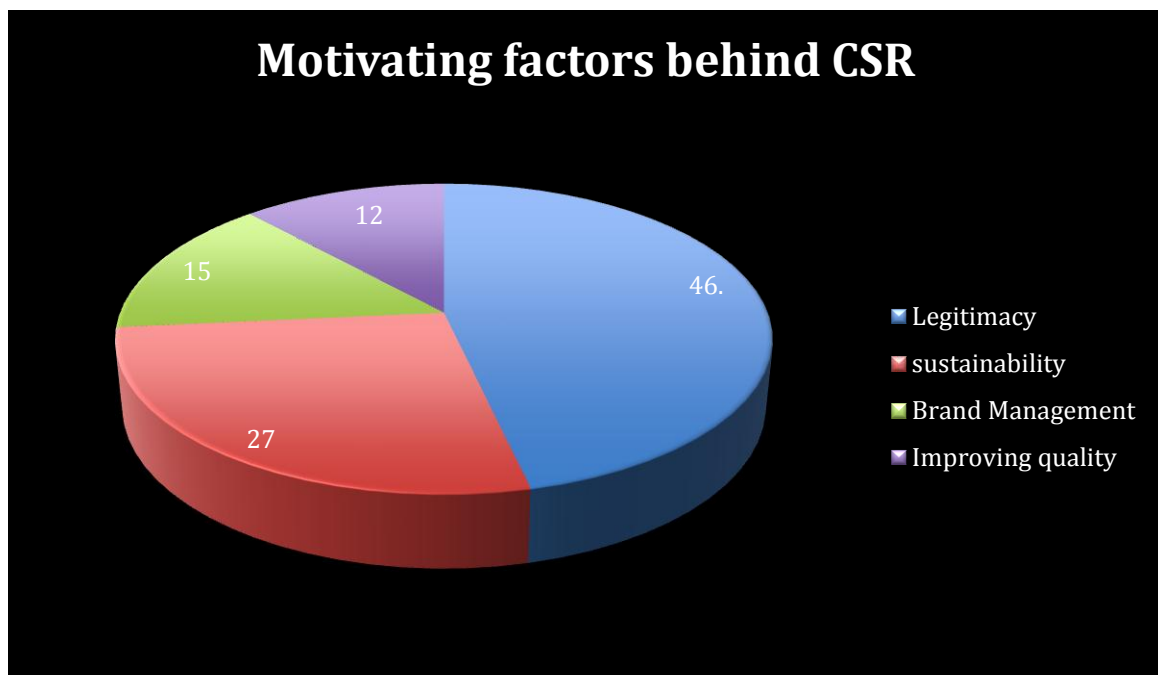
In the interview, questions about the motivation behind CSR were posed to the respondents. The following diagram will explain the perception of the key personnel regarding the key motivation behind CSR in IKEA. As shown in the diagram, the majority of respondents perceive CSR as an effort to get legitimacy for the IKEA global activities. As mentioned above, the main motivating factor behind CSR in IKEA was to counter the attack levelled against the organisation by international media. Of the respondents (46%) also affirmed that increasing external pressure and media reports were the key factor that necessitated the growth of CSR functions within IKEA. Since the organisation is engaged in global sourcing and supply of raw materials from developing countries, enhancing credibility among consumers and other international stakeholders is extremely important for the survival of the organisation. Thus, legitimacy is recognised as the most important determinant of CSR in IKEA. IKEA's collaboration with UNICEF and Save the Children helped the organisation to gain acceptance among international community. The second important factor is sustainability. Within IKEA, respondents felt that economic and environmental goals that are integrated into the organisation's core values will lead to long term sustainability of the organisation. Sustainable measures like energy saving, reduced emission, use of recycled products and store design substantially reduce the cost of production on one hand and save natural resources on the other hand. Thus, 27 % of the respondents perceive the sustainability goal as the key motivating factor behind CSR operations in IKEA. There are employees who feel that these CSR measures will improve the overall quality of the organisation in terms of customer

relations, stakeholder interaction and overall business performance. Therefore, 12% of the respondents identified quality improvement as the key factor that motivated IKEA.

There are many studies that focus on the relationship between brand building and CSR (Edvardsson, Enquist & Hay, 2006). It is generally perceived that CSR is implemented by organisations as an effective strategy to build their brand. Lohmann and Steinholtz, (2004) argue that in a highly competitive climate, it is important to realise that soft values are needed in order to build a brand reputation and thereby give competitive advantage while Donvabrand, 2007) argues that CSR can be used as a tool for creating brand loyalty and thus, enhancing the overall reputation and value of the brand.

However, in IKEA, the respondents who are the personnel associated with CSR activities did not view it as a core factor in brand building. Only 15 % of the respondents identified brand building as the key factor in CSR activities. But here also, some of the respondents identified that avoiding risk is more important than brand building. For IKEA, CSR is very important not because the company wants to gain acceptance among the customers in a competitive market but because of the concern with enhancing its reputation and good will as a champion of sustainability.

Pie Diagram 5.1 Motivating factors behind CSR



5.2.2. Leadership in Environmental Responsibility

In the words of Russel Johnson, Head of Quality for IKEA, “If people see IKEA as a company that is polluting the environment, creating waste or emissions, or wasting resources, then we are not living up to our mission. That is a very strong matter. We are meeting customers face to face every day. As a company built on the mission to create a better everyday life for the majority of people, of course we must take environmental issues seriously” (IKEA Sustainability Report, 2013).

Therefore, IKEA gives maximum importance to environmental responsibility. The key concerns are efficient use of resources through reducing waste and hazardous emissions, extensively use of wood that can be recycled easily and continuous training extended to the employees on environmental responsibilities (IKEA Sustainability Report, 2013).

IKEA perceives environmental sustainability as the core agenda of the organisation. Here also we can see the move towards the TBL approach of CSR. The IKEA Report on Sustainability(2009) also supports Elkington’s, (1998) view on TBL that business is only sustainable when it takes into account the full spectrum of economic prosperity, environmental quality and social justice. While analysing the CSR activities of the firm, it is evident that the major initiatives including the following directly correspond to the TBL approach as the objective is to gain ‘sustainability’ rather than profit.

1. More than 2/3 of the cotton used comes from sustainable sources. IKEA invested €1.35 million in projects to help 110,000 cotton farmers improve their incomes and produce cotton using less water and fewer chemicals.
2. 550000 solar panels were installed in IKEA buildings and this covers annual electricity needs of 20,300 families.
3. In 2013, 51% of all lighting products that IKEA sold were LED. The company sold 22.4 million LED products including 12.3 million LED bulbs. Through this, customers were able to save €86 million per year as electricity cost is relatively low in LED products.

4. IKEA is trying to manufacture products that use more renewable energy, less water and reduce waste. Water efficient showers, insulation for windows etc. are some examples.

5. IKEA produces water taps that use a pressure compensating aerator which can decrease the flow of water to eight litres per minute for kitchen taps and six litres per minute for bathroom taps, compared to the EU standard flow of 12 litres per minute. This reduces consumption by 30-50%, saving between 1,800 and 3,000 litres of water for each tap in the average European household, reducing costs for customers through lower energy bills for hot water and lowering water bills where water use is metered (Sustainability Report, 2013).

6. In IKEA conventional products are replaced by rechargeable and recycled products. Many kitchen appliances are made from recycled plastics and batteries are rechargeable.

During the interview, respondents shared that all the efforts mentioned above indeed help the organisation to function with better quality and efficiency. More specifically, the leadership in environmental activities lead to total quality management in IKEA even though the respondents did not use the term specifically. The Senior Manager of CSR stated that environmental sustainability efforts and initiatives of IKEA made the organisation and employees more committed, responsive and quality conscious. Within the organisation, the IKEA CSR team urge employees to use all the tools and techniques to implement environmentally sustainable policies. This has helped the company to reduce cost and save resources. Interestingly, some of the respondents informed the interviewer that “waste” is a forbidden word in the company premises. Nothing is wasted unnecessarily and even unsold and defected products undergo recycling. Thus employees view environmental policy of IKEA as a core value of the institution to enhance productivity and quality management. The respondents also shared that even though IKEA’s initiatives were initially centred on reducing and consumption of energy, later on employees also took an active interest in expanding the scope of CSR activities. Thus more local community projects with NGOs were designed and implemented effectively.

5.2.3 IKEA Code of Conduct for Suppliers: IWAY

Since IKEA is working with many countries and raw materials are sourced from diverse regions of the world with different codes of conduct it is very difficult to follow

ethical standards across the operations. To overcome this challenge, IKEA developed its own code of conduct called IWAY in 2000. The code of conduct was revised periodically to adapt to changing notions of sustainability. Broadly speaking, IWAY implies “what suppliers can expect from IKEA and what IKEA requires from its suppliers in terms of legal requirements, working conditions, the active prevention of child labour, care of the external environment, and forestry management (IKEA, 2009).

IWAY simply means “the IKEA way on Purchasing Home Furniture Products”. It is designed and implemented on the basis of the ILO declaration 1998 on the right to work and the RIO Declaration on Sustainable Development. According to IWAY, the suppliers have to comply with:

- Legal Requirements;
- Emissions;
- Ground Contamination;
- Chemicals;
- Waste, Hazardous waste;
- Fire prevention;
- Worker’s health and safety;
- Dormitories;
- Wages, overtime;
- Child labour;
- Forced and bonded labour;
- Discrimination;
- Freedom of association and collective bargaining;
- Harassment and abuse;
- Continuous improvement;
- Forestry, routines for the procurement of wood;
- Fulfilment of IKEA requirements and legislation.

The IWAY code of conduct is applicable for suppliers, sub-contractors and all local offices. IKEA also provides training and workshops for the contractors so that they can absorb the IKEA code of conduct in their operations. IKEA clearly stipulates that “products must be manufactured under acceptable working conditions by suppliers who take responsibility for people and the environment” (IKEA, 2007). Further, IKEA regularly monitors updates and revises the guidelines on IWAY compliance with its suppliers across the world.

At the time of interview, respondents were keen to share their views on IWAY. The majority of respondents were of the opinion that IWAY has indirectly helped IKEA in brand building among the competitors, 'specially the overseas workshops it's an effective way to communicate and listen, take on board, improve and find the most effective way of ensuring that our codes are adhered to'. Normally organisations involve in CSR activities as a philanthropic function and not as a core strategic value of the organisation. Also many organisations do not integrate CSR into the supply chain. However, IKEA has effectively integrated CSR values into the value chain through IWAY. Needless to say, IWAY plays a leading role in providing much needed legitimacy and credibility to IKEA as an international multi-country firm based on global sourcing. The senior officials of IKEA stated that the company 'used an involvement strategy of CSR instead of responsive CSR in the supply chain mainly because of its ability to penetrate all levels of production and distribution'.

A responsive strategy of CSR focuses more on the external pressures and external stakeholders' preferences (Morsing & Schultz, 2006). In a responsive strategy, stakeholders are not involved in the CSR process and the organisation itself creates and implements CSR in tune with the external influence and criticism (Morsing & Schultz, 2006). However in involvement strategy, the stakeholder has greater influence as opposed to responsive strategy (Morsing & Schultz, 2006). In this, communication between stakeholders and the organisation is more important and visible. The aim of the organisation's message is to communicate responsibility, but the emphasis is not only to inform and tell, but also to listen to stakeholder feedback. In this case, the organisation usually adapts its message towards the stakeholders (Morsing & Schultz, 2006). In IKEA, the code of conduct is periodically revised in accordance with the feedback received by the customers and other key stakeholders. IKEA continues its dialogue with stakeholders at various stages of the CSR decision making process and carefully follows the changing perception of internal as well as external stakeholders (IKEA Sustainability Report, 2009). As Morsing and Schultz (2006) rightly stated, by involving the stakeholder, the organisation has an easier task to understand, adapt to and address mutual interests. Thus, both the organisation and its stakeholders work in a systematic and continuous dialogue in IKEA.

Throughout the value chain, IKEA intends to practice certain core activities like abandoning child labour, recycling of materials, water and energy conservation etc.

Nevertheless, the majority of respondents view this CSR not as a social function rather they perceive it as strategic policy of the company to reduce cost and enhance the quality of management. All the respondents identified IKEA CSR as a proactive, not responsive strategy of CSR even though it originated as a responsive strategy to prevent widespread criticism. Also the respondents agreed that even though the company didn't make explicit efforts to integrate CSR with brand building, the intangible effects of CSR have helped the company immensely to build its own brand and customer loyalty.

5.2.4. Raw Materials Policy

In IKEA, wood is the essential raw material. Hence forest conservation and responsible timber policy have been part of the IKEA's way of CSR. The respondents stated that in IKEA they insist that all suppliers must meet the IWAY Forestry Standard, which is designed in such a way that wood is logged legally and does not have a negative impact on the environment. IKEA rejects raw materials that fail to meet the IWAY Forestry Standard. Further, IKEA will discontinue working with the suppliers if they fail to meet the standard repeatedly. IKEA is one of the largest purchasers of Forest Stewardship Council (FSC) certified wood in the retail sector. IKEA further promotes recycled products in wood and leather with a view to protect animal welfare and forests (IKEA sustainability Report, 2013). In 2010, IKEA used only 16 % of its raw materials from sustainable wood and it has increased up to 32 % in 2013. The company also trained 190 buyers and co-workers in their purchase team for sourcing responsible wood (IKEA, 2013). Apart from that, each year the IKEA timber supply chain is audited by a third party for compliance. It has ensured that 98 % of the wood supplied is sourced from audited suppliers only.

The respondents argued that the raw material policy of IKEA and the manner in which it is executed within the organisation play a very important factor in its Triple Bottom Line approach towards sustainability and business. If the company is only concerned with stockholders' interests, IKEA could have bought raw materials from the suppliers at the cost of environmental sustainability. But the organisation is equally responsible to the planet and profit as the TBL theory implies.

5.2.5 Resources and Energy Independence

As energy conservation is the most important concern of society today, IKEA puts emphasis on this aspect. In 2013, IKEA produced renewable energy equal to the 37

% of the energy the company consumed. Besides, 61% of the energy used by the entire group comes from renewable sources. The report of IKEA states: Eighty-two per cent of IKEA Industry Group's heat energy comes from renewable sources. The heat is mainly used to dry wood flakes that are used to make particle board. IKEA has installed a new biomass boiler at a wood board production site in Sweden and are working towards converting all our boilers to biomass. Transportation of products is designed in such a way that CO2 emission can be reduced to minimum.

According to the respondents the following steps are taken by the organisation to ensure energy efficiency and independence:

- Increasing the use of rail and sea transport, a lower CO2 emissions alternative to road transport;
- Co-operating with transport suppliers to increase the use of modern, fuel efficient vehicles, and to explore the use of more sustainable fuels, with a focus on road transport and customer home deliveries in big cities;
- Working with partners like BSR, a sustainable business membership organisation, Green Freight Europe and Green Freight Asia, to develop a common methodology for measuring CO2 and other transport emissions;
- Continuously trying to reduce water usage in operations. Also encourage customers to save water through efficient products;
- 87% of the waste materials are reused in IKEA to save the environment.

5.2.6 Human Rights, Community Engagement and Philanthropy

IKEA is committed to improve the life of employees, the community and humanity at large. For this purpose, there are many programs and policies that are implemented with the help of UNICEF, UNCHR and Save the Child Program. As per the latest report of the IKEA foundation, more than 100 million children will benefit from the IKEA foundation programs. These programmes range from UNICEF inspired emergency response for the children of Syria, which includes donations and humanitarian aid to the UNCHR programs for refugee families where IKEA has donated over 76 Million Euros in order to provide shelter and care for families in Sudan, Ethiopia and Bangladesh. The respondents were happy with the employee

policies of the organisation. Some of the key policies and initiatives that are identified by the respondents are:

- All employees are treated equally and 47 % of the managers are women;
- New health and safety standards were implemented in 2013 and IKEA takes a preventive and proactive approach in safety. There are mandatory safety training, safety committees etc.;
- IKEA also ensures communication among the employees and their participation in the decision making process. There is a co-worker survey, VOICE that enables a better understanding of co-worker views and how engaged they feel with their work. It is conducted by an independent organisation to ensure confidentiality and each part of the business participates at least once every two years. In 2013, over 82,000 out of a total of 135,000 co-workers participated in the survey. The survey showed that 70% of co-workers agree with the statement, “Within my department sustainability is a natural part in the everyday work”.
- Since 1994, IKEA Foundation has been actively working with UNICEF and Save the Children to improve the life of children and the communities in their wider supply chain. The projects such as previously mentioned Emergency Response project supported by the IKEA Foundation tackle issues such as poverty, lack of schools and trained teachers and inadequate healthcare systems.

It is interesting to note that all the respondents were aware of the philanthropic activities of the organisation and feel proud of it. In IKEA, the lower level employees are not completely aware of the CSR strategies of the organisation due to lack of proper communication regarding CSR. However, they are still aware of the charity works of IKEA and get information about the activities through media reports and press releases of the partner organisation.

5.3 Role of Stakeholders in CSR Policy

According to Freeman (2010, p. 48), stakeholders are seen as “those groups who can affect or are affected by the achievements of an organisation’s purpose”. According to Fassin, (2009), real stakeholders are defined as those who “possess a legitimate claim, power, and influence” to which the organisation has a responsibility. In organisations, stakeholders play an important role. Therefore, organisations tend to serve the interest of various stakeholders in their decision-making process. Hence,

stakeholder theory plays a vital role in determining the nature of CSR activities as well. According to Johns et al., (2002), “the two basic principles of stakeholder theory include the belief that managers need to pay attention to a wide array of stakeholders and that managers have obligations to stakeholders which include, but extend beyond, shareholders. Campbell, (1997) argues that in order to survive in the financial market, organisations must win the loyalty of various groups such as customers, employees, suppliers, financiers, media, local community and many other groups. Therefore, each organisation attempts to engage in continuous dialogue and communication with stakeholders through involvement and responsive strategies so that they feel the pulse of the market. This process will help them to enhance their acceptability and credibility in the competitive market. According to Taylor, Vasquez and Doorley, (2003:260) “research shows that organisations are most effective at maximising their interests when they listen to their public and anticipate and adapt to public needs.

While looking at the IKEA’s experience from the perception of stakeholder theory, it is clear that the organisation adapted an effective strategy to involve stakeholders in each and every stage of CSR activities. IKEA has over the years developed a very comprehensive CSR strategy that is well integrated into the ethics and vision of the company. Both external stakeholders and internal stakeholders play an active role in formulating and designing the CSR policies.

From the study it is evident that IKEA used involvement strategy in CSR activities. In the stakeholder involvement strategy used effectively by IKEA, the organisation not only influences the stakeholder but is influenced by the stakeholder (Morsing & Schultz, 2006). This strategy in turn leads to better business prospects as the decision has already received approval from the stakeholders. The involvement of the stakeholder also avoided legitimacy problems of the CSR initiatives already planned by the organisation. This helped in creating brand value as well. According to Morsing and Schultz (2006), in involvement strategy, two-way communication is symmetrical as it gives both parties a level playing field in the dialogue. By involving the stakeholder, the organisation has an easier task to understand, adapt and address to the mutual interests.

It is interesting to note that in IKEA, the responsive strategy of CSR slowly underwent change and transformed into an involvement strategy of CSR. Since IKEA has been following a cost-effective strategy through sourcing from developing countries, it was

under public scrutiny even during the initial years. As Sanna (2009) reports there were problems related to the practice of child labour by suppliers in India and China, use of questionable forest products from Indonesia and Russia and very high emission rates and production of hazardous waste by the IKEA stores. All of these issues seriously eroded the reputation of the company and there were media reports on the unethical practises followed by IKEA across the world. It is in the context of the pressure from external stakeholders that IKEA was forced to develop an integrated and stakeholder-centric CSR strategy that encompasses all aspect of ethical standards. Thus, in IKEA CSR was begun as a responsive strategy in reaction to the external stakeholders' criticism and apathy.

Slowly, the organisation realised the importance of CSR as a core value and initiated an involvement strategy so that it can gain substantial benefit in terms of reputation and goodwill. At present, a range of NGOs, external CSR experts, internal stakeholders, governments, trade unions and industrial organisations play an active role in designing and implementing IKEA's CSR strategies.

The following table shows role of external stakeholders in IKEA's CSR policy.

Table 5.3 Role of Stakeholders

External Influence	Reaction of IKEA
Target of an aggressive public campaign in Denmark regarding the presence of high levels of formaldehyde in particleboards. Sued and condemned for violating Danish law. Temporary 20% loss of sales in Danish market.	Development of a large testing laboratory for products. Introduction of new supplier requirements. Discussions with BASF and ICI in Germany to find ways to reduce formaldehyde exposure in IKEA products.
Intensification of criticism about environmentally related issues like packaging wastes and use of PVC plastics that contain dioxins (Germany), catalogues criticised for amount of waste generated in production, use of chlorine-bleached paper, and number of trees	Officially adopts first environmental policy in 1991.

<p>felled each year to produce.</p>	
<p>Swedish documentary blames IKEA for child labour in Pakistani factories and shows on television children chained to weaving machines.</p>	<p>New business manager, Marianne Barner, halts contracts with the implicated Pakistani supplier and adds a standard clause forbidding child labour in suppliers' contracts. She travels to Pakistan, India, and Nepal to check work conditions, and meets collaborators in buying offices, suppliers, and NGO representatives. Cooperation with <i>Save the Children</i> launched to find solutions to child labour issues IKEA faces.</p>
<p>By end of the 1990's, pressures from environmental groups intensify, especially over wood procurement issues in Russia and Indonesia. A lack of clarity and transparency is underlined by, among others, Robin Wood in Germany (which employs spectacular actions) and Greenpeace</p>	<p>After launching, with a Malaysian foundation, the Sow a Seed project to replant millions of trees on Borneo, IKEA works with Greenpeace and officially commits in 1999 to phase out all purchases of products from unknown sources of wood to ensure that no wood originates from ancient forests. The only exception is wood from ancient forests coming from FSC-certified forestry.</p>
<p>2003: The Dutch Foundation SOMO publishes a study of labour conditions in IKEA's supply chain, commissioned by the Dutch union FNV. The report details several violations of IKEA's code of conduct in different factories, essentially at the social level but also at an environmental sense (mainly wage levels, freedom of association, work</p>	<p>In 2003-2004, IKEA launches several cause-related marketing operations with Save the Children (STC) in different countries. After 2000, IKEA funds STC projects in Kosovo (\$500,000 in 2004), contributes to studies in Vietnam and Bangladesh, and supports STC literacy programs in the US.</p>

hours, etc.). The impact of the study is curiously low.	
2003: IKEA the target of a public interpellation campaign by Oxfam Belgium, stressing poor wage levels in Southeast Asia and the IKEA consumption model. The book is published in 2006: <i>IKEA: Models to assemble, a model to dismantle.</i>	2004: IKEA joins in the UN's Global Compact 2005-2006

Source: ikeafoundation.org. IKEA Sustainability Report, 2013.

From the above table it is clear that external as well as internal stakeholders are responsible for IKEA's environmental friendly policies.

In the interview, most of the respondents were of the opinion that stakeholders play a vital role in CSR policy formulation and implementation in IKEA. The PR manager of IKEA stated that when 'external stakeholders like NGOs or international agencies suggest any change in policy or criticise the existing model of IKEA, the company takes immediate steps to rectify defects if any or pursue proactive policies'. For example, in 1998, IKEA changed the raw material policy and the code of conduct as a result of a request from the International Federation of Building and Wood Workers (IFBWW). IKEA also receive frequent suggestions from organisations like Greenpeace, Save the Children, and the World Wildlife Fund (WWF). According to the respondent, IKEA considers these interventions as serious and takes proactive measures as any prejudiced action may affect the credibility of the organisation and its image.

Another area in which external stakeholders influence decision making is internal auditing. One of the senior CSR professionals stated that this is an 'important area of intervention'. He explained this with an example. Generally, the local level compliance of the code of conduct and implementation of CSR activities are controlled and regulated by local offices of IKEA. The complete IWAY code of conduct is verified at various levels so that any non-compliance can be rectified

immediately. This process is again verified by a third party auditing process. This third party verification is a key activity within the CSR implementation plan. In the annual meetings, the third party verification reports are shared with international NGOs like UNESCO, Greenpeace etc. IKEA is keen to continue this process as it was under strong criticism from these organisations for violating forest conservation norms. To some extent, IKEA's strategy to involve external stakeholders is a responsive strategy of CSR rather than a proactive strategy.

The percentage of respondents that admitted that IKEA reacts immediately when reputation is at stake was 67%. When poisonous substances were found in IKEA products during the 80s, there was widespread criticism of the policies of the company. However, IKEA immediately made necessary changes and tightened the manufacturing process through a rigorous checking and verification process.

In the supply chain, stakeholder relationship is maintained through IWAY. One of the respondents instrumental in implementing CSR policies with off-shore suppliers admitted that in IKEA, 'the emphasis is to build a long-term relationship with suppliers rather than short-term strategies'. Thus compliance with IWAY and regular checking is very important for stakeholder relationship. He further commented that IKEA always urges the external stakeholders like raw material suppliers or dealers to follow the CSR practices and environmentally friendly policies very strictly. This will in turn help the suppliers and dealers to enhance their managerial quality. Besides, workers get better pay, safer working conditions, right to participate in associations etc. The respondents thus claimed that even the factory workers from developing countries who do not work for IKEA directly but through raw material suppliers find the policies empowering and socially responsible. Thus, the respondents stated that the CSR policy in the supply chain not only benefits the full-time employees of IKEA but all the stakeholders including the poor workers from India, China and Russia. He explained this with an example. IKEA has been working with Star bags, a company in Vietnam, for many years. Star bags implemented IWAY successfully. The company was able to improve product quality and sales over the years. Besides, workers welcomed the new safety, wage and other HR measures wholeheartedly and this has resulted in lower attrition rate and high employee satisfaction.

As mentioned previously, IKEA has collaborative projects with NGOs with largely the aim of improving refugee, family and children's lives in war and impoverished stricken regions. Respondents stated that every week they get several enquiries

about collaborating with NGOs. But IKEA is very selective in collaborating with external stakeholders for charitable purposes. Currently, IKEA has direct relationship with 'Save the Children', UNICEF and WWF. Apart from global and national level partnerships, IKEA also has partnership with local NGOs. At the local level, the customer service section and local CSR coordinator oversee the CSR activities. During the interview, the researcher met 3 respondents who directly take care of local/community level stakeholder partnerships with focus on environmental issues. In general, environmental issues tend to dominate the agenda in EU countries. The respondents said that they form local environmental committees in partnership with the local community and discuss topics of environmental sustainability. The committees meet once a month and organise events like 'energy conservation awareness programs', 'promotion of bicycle riding', workshops on using eco-friendly lamps etc. The local CSR coordinator and selected members from the community take the initiative in planning, implementing and monitoring the events periodically. According to the respondents, these local collaborations with community stakeholders have helped the organisation to build trust among the community members. There are other local projects like "Ellan-Allan Project" which is designed to extend counselling support to teenagers. At the local stores they collect money from customers and use this for many local projects aimed at children. Interestingly, the respondents felt that these local initiatives are directly linked to the community and thus provide better mileage to the organisation's brand value than the CSR practised within the supply chain. Due to the lack of publicity material and communication, community stakeholders get involvement in CSR only through such direct initiatives. As Harris and de Chernatony (2001) stated, when core values function as a connecting link between an organisation's identity and the consumer's perception of the brand, and when this connection works well, the organisation is able to enhance its brand and thus overall value. This observation is valid in the case of IKEA.

From the analysis above, it is clear that stakeholder relationship is an important aspect of IKEA's CSR policy. IKEA focuses on building and maintaining long lasting relationship among all the potential stakeholders; community, sub-contractors, suppliers, NGOs, employees and media. For IKEA, stakeholder relationship is as important as shareholder relationship. Further the responsive strategy towards stakeholder relationship has changed into involvement strategy. In each and every stage of implementation, stakeholders are consulted and involved in the implementation process.

5.4 CSR Communication and Brand Building Efforts

Communicating CSR is an important aspect of brand building as it gives an opportunity for the consumer to know about the social vision and mission of the brand. However, the most interesting aspect of CSR in IKEA is that the organisation rarely communicates about the activities explicitly. It is surprising to note that on the IKEA website there is no direct reference about CSR in the sections 'IKEA concept', 'IKEA product range', 'home furnishing specialist etc. IKEA only places emphasis on the family and environment and egalitarian traditions of Sweden (Lewis, 2005). As former CEO of IKEA France, Jean-Louis Baillot, rightly mentioned, "people consider that IKEA has an environmental behaviour" because of its Scandinavian roots, which means that "it is ultimately not inevitably necessary to speak about it" (Comité 21, 2004). Earlier IKEA used product catalogues, brochures and packaging. After 2005, these are available only through IKEA foundation websites and sustainability reports. Of late, IKEA recognises the fact that communication is also an essential element of brand building through CSR. The three core issues of its communication focus are to create knowledge among customers so that the IKEA brand can be promoted in a competitive environment, to encourage employees with a view to building a positive environment in the organisation and the increased employee knowledge also improves efficiency by removing duplicated efforts and coordinating the different activities and projects across stores.

During the interview almost more than 90% of the respondents admitted that there is lack of communication with the outside world about CSR activities. When the researcher asked about this lack of proper publicity about CSR activities one of the senior CSR managers replied that IKEA is more interested in taking action rather than professing about something. According to him, CSR is part of the strategy of the organisation and has evolved as a core value of the organisation. Therefore, it cannot be treated as a social service that needs to be communicated frequently. Further, he argued that IKEA's aim is to make CSR the culture of the institution and not to use it for building the IKEA brand directly through CSR. Thus IKEA does not believe in externally communicating it loudly like other organisations. IKEA strongly believes that a CSR-embedded organisation will benefit the brand building effort better than direct communication with stakeholders about their CSR policies. They further admitted that even without a rigorous campaign or advertisement about CSR, IKEA already has achieved the reputation of a highly responsible company with embedded CSR culture. Though extended and far reaching external publicity to all

sorts of stakeholders is not adequate, the respondents felt that there was sufficient communication about CSR within the organisation and the groups of people who are targeted by the CSR efforts. There were newsletters, CSR related messages within the office premises where the interviews were conducted. Besides, IKEA ensures that employees get regular newsletters of UNICEF, Save the Children and Greenpeace etc that contain message about avoiding waste and saving energy. From this, it is evident that IKEA wants to communicate CSR within the organisation and inculcate the culture of CSR wherever possible.

At present external communication is only through the website, media and annual sustainability reports. They further stressed the need for communication through social media. The respondents felt that IKEA's brand value can be further enhanced through better communication with external stakeholders.

The Coordinator of IKEA CSR in Sweden stated that the 'next step in IKEA's CSR agenda should be better communication for brand building'. He admitted that due to the lack of communication efforts, 'IKEA is not able to leverage the benefit in the highly competitive market'. Thus he felt that the next step in CSR should be the 'creation of better communication with customers for brand building and advantage in a competitive market', then enhance 'the knowledge among employees through effective internal communication strategies so that they have access to the CSR activities of the company'. This will help the firm to create a positive environment and work culture. Recently IKEA has improved communication to employees through in-store magazines, their intranet and meetings. But the respondents felt that although the communication is more than adequate some gaps still exist at the and hence some employees are still unaware of the wide range of the CSR activities of the company.

Brand building is generally achieved through external and internal CSR marketing. However IKEA does not make CSR a core marketing tool to gain market visibility and support. The main channels through which IKEA markets its product are its website, family club and magazine, IKEA catalogue and stores. Since IKEA never campaigns about its CSR activities in marketing channels, the question was posed to respondents why IKEA has chosen this strategy and how effective the current strategy is. The senior level CSR managers were of the opinion that IKEA's effort to minimise the CSR advertisement is a deliberate attempt as it may be counter-productive in the long run. IKEA feels that highlighting CSR success may be

perceived by the customers as a marketing gimmick or deliberate attempt to attract brand image and competitive advantage in the market. This in turn may affect the brand value rather than contributing to it. Thus IKEA follows a different strategy. The CSR efforts of IKEA are generally publicised through the international and local partners with whom IKEA is working. Thus partnership with UNICEF or Save the Children itself provides much needed legitimacy and credibility to the organisation. In talks regarding the enhancement of brand value, the respondents unanimously admitted that this strategy had helped IKEA to enhance its brand value. Thus, we can conclude that without any deliberate effort to create brand value through CSR, IKEA was able to leverage benefit from these activities.

Here we can see that in the case of IKEA the brand is created through collaborative, value co-creation activities rather than direct efforts as stated by Merz, He and Vargo, (2009). According to Merz, He and Vargo, (2009) scholars are increasingly reaching a new conclusion in regard to brand value, defining it as all the stakeholders' collectively perceived value-in-use.

5.5. Triple Bottom Line Approach and IKEA

IKEA's business strategy is popularly termed as People and Planet positive whereas the TBL theory implies People, Planet and Profit. This itself shows the connection between IKEA's CSR policies and TBL approach. The TBL theory highlights 'full cost accounting' involving the social, ethical and environmental analysis of cost and benefits. The theory is called Triple Bottom Line as it adds two bottom lines, social and environmental, to the traditional profit and loss bottom line. From analysis of the IKEA business strategy it is evident that IKEA has integrated the concept of TBL as the organisation's culture and key mission. As rightly pointed out by one of the respondents, IKEA's business strategy involves the following features:

1. To make sustainability the core of business operations and customers choice through providing environmental friendly products at an affordable price;
2. To pursue a policy to conserve energy and resources to the maximum extent possible;
4. To integrate the values of sustainability into the supply chain through a combination of compliance and auditing.

From this it is clear that IKEA is seriously concerned about the three bottom lines in business rather than the traditional concept of profit and loss. In fact, the company refuses to market the CSR activities and instead prefers to call itself a plant friendly company that perceives environmental sustainability as a core value and culture of the organisation.

The IKEA Foundation is the largest funding partner of UNICEF and has extended support to millions of children suffering from malnutrition and women through the partnership with Save the Children and UNICEF. Apart from that, IKEA clearly follows the TBL approach in its audit reporting. For example, IKEA has implemented a four step staircase model. At each step, the requirements that suppliers must comply are mentioned. A lower level of the staircase implies the general laws and regulations that suppliers have to meet while growing trees etc. A higher level of the staircase requires compliance with the standards set by the Forest Stewardship Council, the official body that certifies and evaluates the ability of the contractors to harvest wood sustainably. In IKEA annual reports the company very strictly include the suppliers' compliance with FSC certification. So far, the company has been able to get 95 % of the wood supply from sustainable sources. In its annual sustainability report, IKEA clearly mentions the percentage gain in social and environmental sustainability apart from the regular cost and profit aspect of the company (Sustainability Report, IKEA, 2013).

Using the indicators provided by Elkington (2004), the following table will analyse how far the IKEA initiatives support TBL theory.

Table 5.4 TBL Indicators and IKEA Initiatives

Dimension	Old Paradigm	TBL Paradigm	IKEA initiatives
Market	Compliance	Competition	Market leader in the furniture category. Good brand value.
Values	Hard (Economic only)	Soft (additional values also)	Emphasis on non-economic values. CSR is the core value than charity.
Communication	Closed (Internal)	Open(External)	Follows stakeholder involvement strategy in communication.

Partnership	Subvention	Symbiosis (win/win)	Collaboration with International agencies, active involvement of external stakeholders in CSR strategy.
Life cycle technology	Focused on products	Focused on functions	The entire life cycle technology in IKEA is focussed on reducing environmental damage and promoting sustainability.
Time	Wide	Longer	Longer
Corporate governance	Exclusive	Inclusive	Include external as well as internal stakeholders other than shareholders.

Source: Derived using Indicators of Elkington (2004)

However, the importance of TBL in accounting and auditing is not communicated to the lower level employees of the company as the majority of the respondents were not aware of the TBL. Only senior level managers who are directly engaged in CSR and PR activities are fully aware of the TBL aspect and IKEA's focus on complying with TBL norms.

5.6 Conclusion

The above analysis shows that CSR is an integral part of IKEA even though the organisation is not explicit about it. There are many studies that argue that IKEA is not proactive in communicating with customers about CSR activities. But this has not affected the profitability of the company. CSR has indeed greatly contributed towards the building of brand IKEA across the world as it keenly insists on very strict ethical standards in sourcing and other aspects. IKEA also co-operates with the community in the CSR strategy. Thus IKEA was able to overcome the initial criticism against child labour and environmental pollution and heralded a new era in the history of strategic CSR activities. Besides, we can see that CSR is not implemented in IKEA as a separate activity. It is the core organisational theme around which entire activities are planned and implemented. CSR is not perceived as charity. It is considered as a core value and organisational approach in all activities.

CSR IN KAPPAHL

5.7 KAPPAHL: An Overview

KAPPAHL is a Swedish international clothing company which was officially started in 1953 in Gothenburg. Founded by Per-Olof Ahl, it was initially a company that sells overcoats. Now KAPPAHL has around 400 stores and 4500 employees. KAPPAHL's core objective is to provide affordable fashion to men, women and children. As the website states, the mission of KAPPAHL is "Value-for-money fashion with wide appeal". KAPPAHL intends to provide an opportunity for people to dress well at affordable price. The total turnover of the company in 2013 was 4.8 billion dollars. KAPPAHL is the first international fashion chain that was certified according to the environmental management standard ISO 14001 (kappah.com) 18% of the KAPPAHL range is eco-labelled. KAPPAHL's operation extends to Sweden, Norway, Finland, Poland and the Czech Republic. The four main strategies of the company are as follows:

1. Extend the store network;
2. Regular upgrading of stores;
3. Enhance sale in the existing stores
4. Scale up the activities to other regions as well.

KAPPAHL's focus is not only to provide affordable fashion but also to instil confidence among the customers who wear the KAPPAHL's brand. With the emergence of the concept of CSR, KAPPAHL recognised its importance in planning and implementing business strategies and therefore social and environmental responsibility has been an integral part of KAPPAHL for the last two decades. Apart from the CSR activities that encompass all daily operations of KAPPAHL, the organisation also works with external stakeholders to attain social and environmental sustainability.

5.7.1 CSR in KAPPAHL

The sustainability vision of KAPPAHL, according to their latest sustainability report, is stated in this way: "Our activities are economically environmentally and socially

sustainable and create fashion with consideration for our planet today and in the future.”

The vision of Kappahl, mentioned above, reflects the main preposition of TBL theory as the TBL approach also encompasses the economic, social and environmental aspects of a firm's performance. TBL implies the intersection between these three elements (Fauzi, 2010).

According to the companies CSR report (2013), CSR activities became an integral part of the firm for two reasons. Firstly, when the company scaled up its operations and became a global giant in fashion retail, they had to deal with multiple stakeholders including those who are working in faraway places. Dealing with international suppliers, workers and communities is a herculean task especially when the entire operation functions on a global scale. Therefore, a new code of conduct is pertinent when dealing with child labour, hazardous waste and inhuman working conditions. This will certainly enhance the public confidence in the brand. Secondly, KAPPAHL recognises that the resources of the earth are not growing in tune with the enormous economic growth that is witnessed across the globe since the 1950s. Depleting natural resources is indeed a serious concern not only for the growth of a fashion chain but also for the survival of humanity itself. Thus sustainable use of resources including recycling, reduced emissions and use of recycled cotton would certainly help decrease the dangerous effect of environmental destruction. These two reasons necessitate the development of a comprehensive strategy to integrate environmentally friendly and socially sustainable ideas into the organisation's mission and vision (CSR Report, 2013). Since the issue of sustainability is at the core of KAPPAHL, the principles of CSR are applied at all stages and levels; production, design, supply and sale.

While observing the CSR activities of the firm, it is evident that CSR activities are effectively utilised to build the KAPPAHL brand. Here, a TBL approach towards sustainability plays a vital role in determining the nature and content of CSR in the company. According to Marrewijk (2003) TBL represents the association between the three Ps; profit, people and planet, CSR and Corporate Sustainability. Since the ultimate objective of each organisation is to secure corporate sustainability, CSR activities function as an intermediary step in which organisations try to achieve balance among the three Ps (Marrewijk, 2003). Using the TBL framework, it is

apparent that the following CSR activities of the company are directly related to the drive towards ensuring corporate sustainability.

The following activities have a sustainability objective at their core, hence can be treated as a TBL approach towards securing corporate sustainability in a competitive environment.

Reduced energy consumption:

1. Implement energy saving programs in all units and markets;
2. Introduce "green" electricity in all units and markets where possible;
3. Minimise air transport;
5. Improve documentation for environmental reporting and transport management.

Reduce environmental impact of production:

1. Increase share of ecological and eco-labelled garments to 20 per cent of the total range;
2. Increase alternative fibres, for example recycled fibres;
3. Active cooperation in interest organisations such as the Swedish Textile Water Initiative (STWI);
4. Business for Social Responsibility (BSR) and Better Cotton Initiative (BCI) for sustainable development;
5. Together with 30 or so other textile and leather companies in the STWI, draw up guidelines for wet processes;
6. Through membership of the BCI, work for improved cotton cultivation and increased access to sustainably grown cotton and better conditions for cotton farmers;

7. Continue to work with our suppliers who have most impact on the environment through helping them to improve their processes.

Improve the work environment for the manufacturers of our clothes:

1. Work to increase compliance with the Code of Conduct;
2. A computer system for follow-up will be brought into operation;
3. Increase transparency of subcontractors;
4. Increase activities for training women in Bangladesh to three classes;

Communication and training

1. Mark out our eco-garments clearly on the website and in stores;
2. Give customers and employees the opportunity to calculate their carbon footprint on the website;
3. Give our customers advice on how to look after their garments in a more sustainable way;
4. Together with other textile companies, improve opportunities for re-use and recycling of clothes;
5. Educate our employees in CSR work.
6. Train designers and buyers in the Sustainable Fashion Academy (SFA).

Most attractive employer:

1. Improve internal communication by developing KappNet;
2. Develop a recruiting method through social media;

Well-established culture and watchword "A winning team":

1. Communicate our culture and keywords to all employees in 11 countries;
2. New staff magazine;
3. New material for employee performance reviews;
4. New introduction material.

The researcher interviewed 15 core personnel from KAPPAHL who are directly responsible for the CSR activities of the firm. Interestingly, all the respondents were very clear about the CSR policies and programs of KAPPAHL and its core values. When the respondents were asked to define CSR, 63 % of the respondents identified the CSR approach of KAPPAHL with environmental sustainability efforts. Only less than 25 % of the respondents were of the opinion that CSR is more of a social and ethical commitment than one of environmental sustainability. This in particular may be because of the company's firm commitment towards environmental sustainability issues and focus on sustainable cotton initiatives and eco-label clothes. Almost all respondents stated that environmental issues are the core concern of the company and remembered the ISO certification the company received for maintaining high environmental standards throughout the strategy. Further, except for a small number of lower level managers, who were recruited recently, all the respondents identified CSR as a core value of the organisation as opposed to simply giving away money for charitable purposes.

Thus, in KAPPAHL according to a senior PR manager 'CSR is not implemented as a stand-alone activity separated from the main agenda of the firm'. Instead CSR is 'absorbed within the organisation as the central strategy and core value of the firm'. It is envisaged that making CSR the heart of the production, supply and distribution functions would lead to increased credibility and reputation for the organisation. This will reflect in brand value as well. Thus in KAPPAHL, when CSR is implemented in all aspects of the firm and as a constant core value, 'It facilitate corporate sustainability and increase the over all perception and value of the brand'.

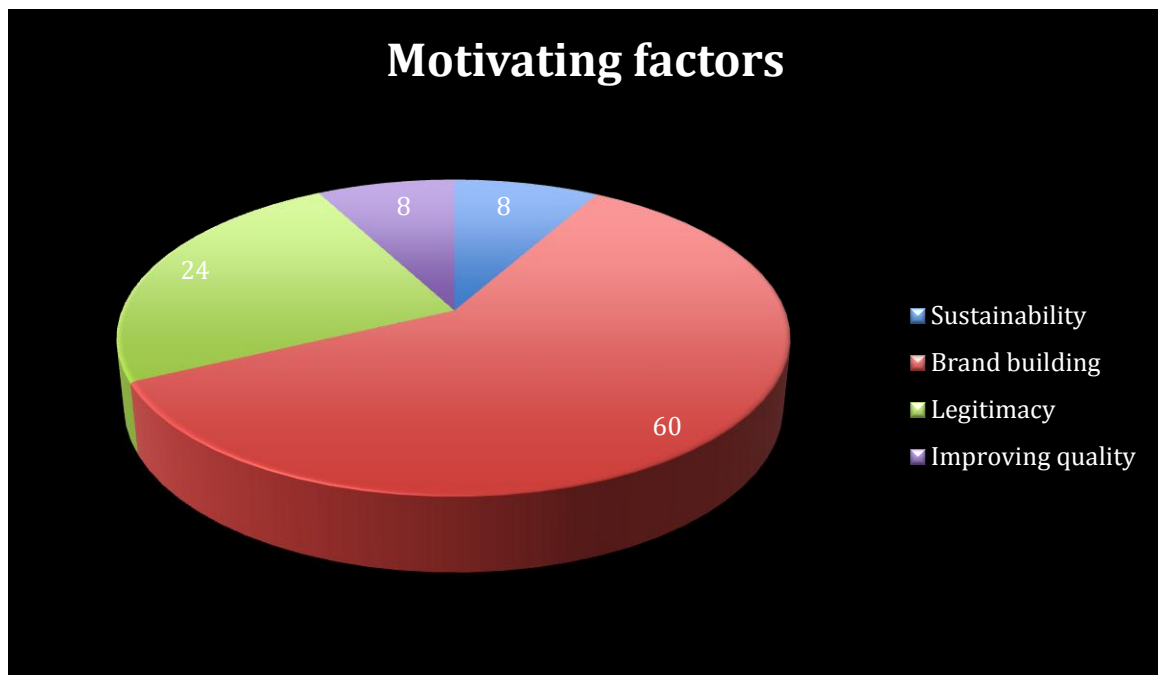
Table 5.5 Meaning of CSR: Response of KAPPAHL staff

Implications of CSR	Response %
Social Commitment and ethics	24
Environmental Sustainability	63
Employee participation and wellbeing	14

In the interview, questions were POSED to the respondents about the motivating factors behind CSR in KAPPAHL. The following diagram will explain this further.

Diagram 5.2 Motivating Factors of CSR

8



It is interesting to note that unlike IKEA, 60 % of the KAPPAHL respondents identified the main motivating factor as brand building. Only 24% of the respondents said that CSR is pursued by the company to gain legitimacy and reputation in the international market. Also the respondents who perceive CSR as a means to improve quality and sustainability are not high. Furthermore the respondents admitted that CSR activities in the company are designed, planned and implemented with a view to create a value-based image among the customers. Evidently, the general consumer perceives KAPPAHLs brand as eco-friendly and affordable (<http://www.kappaahl.com/sv-SE/om-kappaahl/vart-ansvar/>).

The majority of the respondents admitted that CSR is a core strategy to build brand value of the and that KAPPAHL's main objective is to integrate appropriate moral

positions when developing their brand as stated by Røvik (2008). It is debated that an organisation's internal as well as external approach to ethics, transparency and social causes influence the customer's attitude to a brand (Edvardsson, Enquist and Hay, 2006). The core value of the company plays a dominant role in creating and sustaining a particular brand (Edvardsson, Enquist and Hay, 2006). Therefore CSR is generally regarded as a natural component in the process of building a brand. Apart from the material value of a brand, intellectual or intangible values also play a more critical role (Lohmann & Steinholtz, 2004). These values can, for example, be intellectual capital or principles. KAPPAHL realised that in a highly competitive environment, soft values are particularly important to build brand reputation and thereby give it a competitive advantage.

5.7.2 CSR in Production

In production the company uses only environmental friendly raw materials and processes including usage of water conservation efforts during cotton cultivation. For cultivation and preparation of raw materials, a strict code of conduct is adopted and all the suppliers are legally responsible to adhere to the production standards stipulated by the code of conduct. Apart from that special training is given to women workers in environmental friendly production practices. Also the company actively participates in many local projects that focus on water purification.

The company code of conduct further insists that all the raw materials must be of very high quality and ensure child safety in the final product. The increased use of child friendly, non-chemical raw materials contributes immensely to the sustainability of the value chain and life cycle of the product. In 2013 KAPPAHL sold 9 million eco-labelled garments and is planning to increase the production of ecological cotton. KAPPAHL initiated SWAR (Sustainable Water Resource Management), a Swedish Project for clean textiles in India. An international agreement was signed in order to create safer working conditions for textile workers in Bangladesh. A total of 1,600 factories and 2 million workers are covered in this project. KAPPAHL has received the Swedish government award for the production of best sunscreen cloths on many occasions. In 2013 alone, the company conducted 1300 tests in various labs to check the content of hazardous chemicals in their products.

All these strategies are planned and implemented with a view to inculcate sustainability as the core value of the organisation right from production to

distribution. The respondents argued that within the organisation, the compliance officers and CSR professionals are very keen to verify whether the sustainability ethos has proliferated at each section of the firm or not. Here also it is evident that TBL theory and its suppositions explain the CSR approach of KAPPAHL.

5.7.3 Logistics and Sales

Choosing the right kind of transport definitely helps to decrease the emission of CO₂. With this aim the logistics of the entire group is coordinated at the head office level. According to KAPPAHLS Sustainability Report, (2013) their distribution system is one of the best in the whole of Europe and each year over 50 million items pass through it. More than 95% of the logistics is by sea and here also the company insists on very high safety, health and environmental standards. The company uses reusable carrier bags and recycled plastic bags in which products are transported. KAPPAHL's Sustainability Report (2013) further explains that the company also has their own production of transport crates of recycled plastic. Sea transport accounts for 97.5 % of the total transport in KAPPAHL. Sea transport reduces emissions substantially compared to air and road transport. Besides, it reduces cost as well. As a result of these measures, carbon dioxide emissions per garment decreased by 0.7 per cent and nitrogen oxide emissions by 0.4 per cent. Since 2008, the company has been part of the clean shipping index, a membership-based initiative that focuses on environmentally friendly transportation KAPPAHL Sustainability Report (2013).

In the retail stores also recycled products are used to the maximum extent possible. KAPPAHL's mission is to create environmentally sustainable stores and provides information to customers as well. The company has also tried to reduce energy consumption in the store premises. KAPPAHL is eager to sell their eco-labelled garments and get consumers feedback about it. The company has produced a brochure called 'Wash right' that provides vital information to the customers on washing garments with efficient use of water and energy.

The respondents stated that in retail stores they received an overwhelming response to their brochure "Wash Right" and customers are eager to know more about water and energy saving methods of washing. The CSR coordinators said that on average he gets around 100 - 150 emails in a month asking about the guidelines for better utilisation of energy and water. This proves that consumers view the company as a reliable source of information on responsible living and that the organisation has

'legitimacy and authority' in such issues. All the proactive measures of the firm to conserve nature and the environment are treated positively and thus it has reflected in sales and reputation. Customers welcomed energy saving measures and the no waste policy in the retail store premises and treat this as a genuine effort from KAPPAHL. This intangible benefit of CSR is the main contributing factor of brand loyalty and brand value.

In this process we can see that KAPPAHL has effectively used communication to implement CSR and thus attain desired brand value. Customers' feedback was collected and taken seriously and served as 'guidelines and indicators for future projects and communications'. The stakeholders were consulted at various stages of the CSR planning and implementation process. KAPPAHL shows that by using the Triple Bottom Line strategy a firm can accomplish positive view from consumers (Roome, 98). Another very tangible benefit that arises from using the Triple Bottom Line strategy is brand differentiation in the market place. Surveys show that consumers are more likely to buy a product or service from a socially responsible company (Grankvist, 2009).

5.7.4 Future Friendly Fashion

Future friendly fashion implies three things; working for a better future, building long term relationships and above all providing value for money for customers responsibly. The following table explains the core activities under the future friendly fashion strategy of KAPPAHL.

Table 5.6 Future Friendly Fashion

Future	Friendly	Fashion
Reduce emissions of carbon dioxide.	Act openly and transparently in sustainability work, internally and externally.	Guarantee quality and sustainability throughout the chain, from idea and design to finished product

Reduce energy consumption.	Be an attractive workplace.	Increase the percentage of sustainable material in our collections.
Reduce the amount of waste and increase the percentage of recycling and re-use.	Contribute to a more sustainable society through information and training initiatives.	

Source: Sustainability Report, 2013

5.7.5 Water Conservation Efforts

The company needs 7400 tonnes cotton every year. Cotton requires a large amount of water for cultivation. Therefore water conservation is indeed a great challenge to KAPPHAL. As per the estimates of the World Wide Fund for Nature, “cultivating the cotton for one single pair of jeans requires 10,000 litres of water. The fact is that traditional cotton cultivation is estimated to account for the consumption of 3.5 per cent of all water and 6 per cent of all pesticides in global agriculture, due to ineffective methods” (Sustainability Report, 2013).

To address this issue, KAPPHAL collaborated with the Better Cotton initiative (BCI) in 2007 that works for producing sustainable cotton across the world. At present BCI accounts for 4 % of the total cotton production and the objective is to increase it up to 20% by 2020. Through this initiative, KAPPAHL has produced 8250 tonnes of cotton and 2400 farmers received training for producing sustainable cotton. KAPPAHL also signed up for the Water Partnership for Cleaner Textiles in Bangladesh. The aim of the project is to continue developing cost-effective cotton cultivation that use less water. The SWAR project in India is also intended to reduce the usage of water and thereby increase production efficiency.

KAPPAHL’s collaboration with BCI was an attempt to enhance long term financial gain of the company as the price of cotton always fluctuates in the international market. The company provides fashion clothes at affordable rates and if the cotton price increases KAPPAHL will be forced to alter its policies towards affordability. This will affect its market as customers’ loyalty towards KAPPAHL is closely related to

affordability. Therefore, the BCI initiative and SWAR project are essentially business strategies to avoid any future threat from the competitive market. But KAPPAHL was successful in projecting this as an indispensable step to attain environmental sustainability in long run. Needless to say, consumers are attracted to this initiative resulting in increased brand loyalty. Thus, even though it was a responsive strategy in tune with market requirements, it turned out to be a sustainability drive that contributed to the brand image of the organisation. The TBL concept is applicable here. On one hand, the strategy to associate with BCI resulted in reducing the cost of production and thus protected the interest of shareholders. On the other hand, it also helped to win the confidence of the customers' as sustainable cotton is environmental friendly and affordable. Financial, social and environmental aspects are covered within this single strategy of KAPPAHL.

5.7.6 Code of Conduct

KAPPAHL insists on high ethical standards and codes of conduct while dealing with supplier and customers. The first code of conduct was introduced in 1997. The company strictly prohibits child labour and this is binding on the suppliers as well. In addition to the code of conduct KAPPAHL also stipulates that suppliers must strictly follow the existing laws of their home country. Contracts with suppliers are signed only after prior investigation about the suppliers and their policies towards workers. Other areas in which KAPPAHL takes an active interest are:

1. Introducing minimum wages in all countries that the company has raw material suppliers;
2. Improving the working conditions of all employees;
3. Prohibition of forced labour and child labour;
4. Freedom of association and organisation;
5. Continuous monitoring and improvement of working conditions;
6. Concerted efforts for safer working conditions;
7. Empowering vulnerable women through training, skill building efforts, etc.

5.7.7 Eco Label Garments

Eco-label garments are innovative garments that are eco-friendly and provide comfort for customers. In 2013, 9 million of the garments produced were eco-labelled. This is 18 % of the total garment production in KAPPAHL. The eco-label products are manufactured from organic cotton that does not contain any harmful chemicals.

The respondents are of the opinion that eco-label products have played a significant role in increasing the sales volume of the firm as they are getting regular queries from customers regarding the availability of more eco-label products. Also they felt that customers prefer to buy child-friendly products from KAPPAHL and ensure that the products made for kids are free from harmful chemicals. The eco-label garments, like BCI, also enhanced the legitimacy and reputation of brand KAPPAHL. A senior PR manager stated that the decision to enter the eco market was expensive and risky but had clearly 'elevated the KAPPAHL brand' from affordable to a more legitimate trustworthy brand. Particularly the child-friendly products have acquired lots of positive buzz, brand ambassadors who passionately endorse to products online and on social media. In general this move has elevated the brand and 'gained KAPPAHL a more loyal and passionate set of consumers'.

From the above analysis, it is evident that TBL theory is applicable in the case of KAPPAHL. According to Roome (1998) the concept of TBL is based on finding and maintaining a balance between three factors; social, economic and environmental sustainability. In KAPPAHL also we can see that the emphasis is placed on the social and environmental balance without subordinating to economic self-interest as stated by Room (1998). Elkington (1999) also clearly argues that all three criteria must be considered equally and organisations that use this opportunity will get long-term benefits in their business activities as opposed to conventional organisations that perceive CSR as charity.

5.7.8 Stakeholder Involvement and Communicating CSR

According to the respondents, KAPPAHL is very particular about communicating their strategies to customers. The firm believes that better communication of CSR leads to sharing of knowledge and increased understanding about the perception of the customers. Communication is through various channels, including social media. KAPPAHL use social media sites such as Facebook to interact with customers.

Regular communications and emails help the organisation to revise and improve their products and strategies in tune with customers' feedback.

The communication process is different with diverse stakeholders. The following section illustrates the important communication and dialogue areas in KAPPHAL.

With Employees (Internal stakeholders):

- Work environment and pay;
- Gender equality;
- Open working climate;
- Opportunities for growth and development;
- Trades Union cooperation.

With External Stakeholders: (NGOs. Media, General /local public. Politicians)

- Environment and climate impact;
- Working conditions and pay;
- Animal welfare;
- Use of water and chemicals;
- Contribution to social development.

With Investors (Internal stakeholders):

- Environment and climate;
- Business ethics;
- Human rights;
- Working conditions;
- Expansion;
- Profit and sales trend.

With Customers (External stakeholders):

- The work environment in production;
- Quality of the products;
- Value for money garments;
- Good design;
- Chemicals in the garment;
- Chemicals/emission in the process and from transport.

With Suppliers (External Stakeholders):

- Long term relations;
- Early order and capacity bookings;
- Contribution to development of measures to improve the environment;
- Clear requirement specification and monitoring requirement.

Like IKEA, KAPPAHL also designs and revises its sustainability strategy in line with the views and suggestions of the stakeholders. There are external as well as internal stakeholders. External stakeholders include NGOs, global environmental agencies, local governments, local NGOs, etc. The respondents stated that the company is always willing to design the policies as per the requirement of the stakeholders. The following examples were provided by the respondents to highlight the role of stakeholders' role in CSR decision making:

1. When consumers expressed their interest in sustainable clothes, KAPPAHL initiated the production of eco-labels and decided to increase it gradually;
2. When the employees expressed interest in communicating CSR activities internally, the firm responded positively and started conducting workshops/training programs to employees on the CSR strategy of the company;
3. When international media and NGOs expressed their concern towards child labour, unhealthy working conditions and similar cases from the suppliers of raw materials, the company responded with a detailed code of conduct supplied to the suppliers and sub-contractors. Besides, the company asked the PR managers to publish information bulletins, brochures and press releases to convince the general public and other stakeholders. Special meetings/seminars etc. were also arranged to convince the key stakeholders and media so that the legitimacy and reputation of the company would not be affected;
4. Since the major raw material of the firm is cotton, any increase in cotton price will affect the cost of production and sales price. This is a major challenge to the company as it is focused on affordable fashion. When lack of water resources made cotton cultivation costly and the suppliers in Bangladesh increased the price of raw materials, the firm responded immediately. The issue was discussed within the organisation and finally KAPPAHL decided to join the Better Cotton Initiative (BCI) which aims to create sustainable cotton cultivation across the world

5. When the countries in which KAPPAHL has business operations increase transport taxation, the company addressed this challenge through increasing transportation via sea rather than road.

According to KAPPAHLS CSR Rapport (2013) and the respondents, KAPPAHL has an integrated and comprehensive strategy towards external stakeholders. The company is keen to build relationship with the World Bank, SIDA (Swedish International Development Cooperation Agency), NIR (International Council of Swedish Industry) and many likeminded agencies on matters concerning the environment and society. Like IKEA, initially KAPPAHL also followed a responsive strategy towards stakeholders. But later on it became an involvement strategy as both external and internal stakeholders were frequently consulted while implementing policies. Besides, the company also discusses with industry representatives and shareholders possible policies and their implications on environment.

The respondents further stated that within the organisation compliance with the code of conduct of KAPPAHL is regarded as an important value. The relationship with suppliers and sub-contractors in Bangladesh is based on very strict quality control measures and safe working conditions. The senior CSR coordinator said that the company has 11 social compliance officers working exclusively on the issues and code of conduct at the supplier level. The CSR coordinator further ensured that the code of conduct and its implementation is of very serious strategic importance as any possible breach of the organisations values, even by outside partners (sub-contractors) can have a 'devastating effect on KAPPAHL's overall image and brand in the long run'. Apart from that there are quality controllers to verify the entire production process. They visit two times and orders are given based on compliance with the code of conduct. These concerns over quality issues and the rigorous and seemingly genuine process of ensuring quality does offer a clue that KAPPAHL takes the brand building process seriously. This was apparent from the respondents as they felt that their organisations (KAPPAHL) CSR execution is authentic and not just for show with a strategic aim of strengthening KAPPAHL position in the market by obtaining better goodwill, more loyal consumers, less disruptive negative press and other aspects that might hurt KAPPAHLs overall image.

Further the respondents pointed out that both external and internal stakeholders play a vital role in CSR decision making in KAPPAHL. In general stakeholder participation in CSR decision-making largely depends on the nature and content of the policy.

Generally speaking, CSR activities that are charitable in nature involve all the stakeholders including community members whereas strategic decision making of the firm involves only senior executives and external stakeholders and collaborating NGOs. While taking strategic CSR decisions KAPPAHL considers customer perceptions and feedback alone. This is mainly because of their attitude to CSR as a brand building strategy. KAPPAHL works with independent auditors to examine the organisations' CSR work. They ask independent NGOs to challenge their claims and find out faults within the CSR implementation. Thus it can be said that the organisation is using an involvement strategy as they seek to involve stakeholders in the dialogue regarding their CSR efforts in accordance with the aforementioned Involvement Strategy.

According to the respondents, communication is an important aspect of CSR and KAPPAHL has invested money, time and resources in communicating its CSR messages to all the stakeholders; both within the company and outside. According to the coordinator of CSR, good dialogue with external as well as internal stakeholders is very important as it leads to knowledge sharing, enhances understanding about the shortcomings of the strategy and finally contributes to overall development of the organisation. KAPPAHL has different methods to communicate with different stakeholders. Customers are the most important primary stakeholder. Therefore, with customers the company interacts through direct meetings within the store premises, social media platforms, websites and email exchange. KAPPAHL is aware of the increasing influence of social media platforms among younger generations and therefore focuses more on these channels as the majority of its customers are women and children. Respondents said that they regularly check with and interact with customers through the Facebook page and seriously consider their views on sustainability. The PR manager commented that they get thousands of email in a year regarding sustainability matters for the organisation and reply promptly.

Apart from that the respondents identified some other areas which KAPPAHL focus on. It includes:

1. Regularly meeting with investors and share their ideas and views on sustainability;

2. Frequent communication and dialogue with universities, schools and other educational institutions to get their views on fashion, eco-label, sustainable clothes, etc.;
3. Networking with other stakeholders like municipalities, local organisations and other community level;
4. Send questions to customers and other stakeholders on recycling clothes, chemicals in textiles and get their feedback on these core issues.

Other channels of communication include customers' surveys, the annual employee survey, meetings and workshops on sustainability, customers' information through special brochures like 'Wash Right', regular meetings with industry organisations, etc.

The respondents claimed that compared to competitors in the market, consumers complaints are very low in KAPPAHL. This is mainly because of the strict policy towards suppliers. Regular auditing and codes of conduct urge the suppliers and sub-contractors to produce only quality products in a sustainable way. Most of the respondents admitted that dealing with suppliers and integrating them into the code of conduct is the most difficult part of doing business. Yet, the company was able to handle it mainly due to the cordial and consensus-based dialogue process between the dealers and company. Here also communication plays an important role. On the whole we can see that the company utilises all the available channels of communication.

5.8 Brand Building and CSR

Unlike IKEA, which is not so aggressive in building a brand through CSR, KAPPAHL openly communicates and publicises its CSR activities through various channels. In the interview, respondents stated that the firm intends to enhance its brand image especially among women and children, as the majority of the fashion brands of the company are produced for women and therefore 90% of the employees are women. Even when the CSR activities are implemented, preference is given to women and children. Orphanages in Bangladesh, Doctors Without Borders (who as an organisation are not exclusively for women but play an integral part for female issues such as child birth and care of sexual assault victims) other charity activities are

basically aimed at women. The respondents argued that such activities have immensely helped the company to gain a reputation and legitimacy among the key stakeholders; the customers who are women and children. Interestingly, KAPPAHL gets maximum support from the stakeholders and the staff members stated that customers were willing to pay extra for supporting charitable activities.

All the respondents admitted that CSR's efforts are part of the brand building strategy of the company and the firm has benefited immensely. The Coordinator of CSR in KAPPAHL stated that the company is able to 'attract brand loyalty mainly because of the company's consistent commitment to high quality without compromising sustainability'. Every year, KAPPAHL works hard to keep a consistent level of design, price and quality as per the expectation of the consumer. Eco-label clothes are examples. Further, the organisation has always been successful in projecting the brand as something related to lower price, high quality and environmental viability. This indeed helped the company to build the brand. The visibility of the organisation in CSR matters, its high profile CSR publicity materials, networking, rigorous dialogue with partners and other stakeholders and above all, participating employees in customers through frequent surveys projects KAPPAHL as a desirable brand among customers. From an agency perspective, their work is more commercial with much greater emphasis on increasing brand awareness or reputation. The respondents stated that most consumers in the fashion retail market recognise their brand as being social responsible and this is one of the main strengths of their brand. It is also helpful in positioning their brand in their market segment as such a reputation carries some weight with the consumer.

Some of the initiatives that helped building the KAPPAHL brand among consumers are the following:

1. 18% of the total brands are sustainable labelled;
2. Initiated a SWAR clean textile production project in India;
3. Published production units of their suppliers;
4. Received international awards for the quality of their textile products on many occasions;

5. Among other things, been awarded “Best in Test” by the Swedish test institute Testfakta for their UV protective clothing for children;
6. Conducted 1500 tests in independent laboratories to minimise the occurrence of unwanted chemicals in their products;
7. Always received high marks from employees in the annual employee survey as the best work place.

As mentioned in the theory section, consumers want to be perceived as having high morals and good values (Donvaband, 2007). Therefore consumers are attracted to a brand that helps them to communicate that image. CSR can assist the brand to deliver these values and can thus be an agent for consumer loyalty. The respondents from KAPPAHL also confirmed this. They said that consumers look for brands that can be associated with the values that they stand for. This in turn creates loyalty and builds a relationship between consumer and the brand. A relationship between consumer and brand is built up through a continuous compliance of customer expectations of the brand and what it delivers. Therefore one can claim that CSR is a far-reaching process that offers the promise of accountability. This is also an essential part of the brand's total reputation. But as revealed in the interview, a value connected to the brand does not always have to be related to CSR. Some of the respondents argued that KAPPAHL's core value has to do with the customer being satisfied, and that ultimately creates loyalty rather than CSR. Other values, such as status and luxury, can be more superficial or physical. Consumers can be attracted to the different values of a brand. Some may identify with the more superficial while others identify with the moral values. It is the sum total of these factors that creates a relationship with the consumer. By involving consumers in CSR communication, the organisation was able to obtain access to the factors that contributes to consumers' loyalty. This helped the organisation and urged the coordinators to continuously update their policy as consumer expectations can never be allowed to catch the off guard. On that basis, the respondents said that for CSR to be efficient it must be part of the organisations' core values and should not be the result of external pressures.

Transparency, consistency, commitment, stakeholder relationships and proper communication are the main factors that helped the company to build its brand image through CSR. There are many other organisations that pursue CSR and market it for increasing profit. However, they could not leverage the reputation and legitimacy as

KAPPAHL does. Besides, third party auditing and codes of conduct have also enhanced the image of the company with its core stakeholders.

KAPPAHL is a good example of how organisations handle their corporate responsibility. They started their CSR work as a response to allegations and prevailing social trends. This is called the reactive approach (Grafstrom, 2008). However, we can see that organisations such KAPPAHL have learned from their mistakes and have therefore begun to move towards a more proactive approach. Around the globe, nationally and internationally, there have been many known cases of unethical corporate behaviour that has been revealed in the media. The spread of such events can have a damaging effect on the brand's reputation. Therefore, by looking at the evolution of organisations such as KAPPAHL, one can assume that the modern organisation will seek to be more proactive with their CSR and understand the significance of having CSR as part of their core values.

5.9 Triple Bottom Line Theory and KAPPAHL

KAPPAHL is company that has moved away from the conventional notions of profit-centric strategy that focus only on the interest of the shareholders of the company. Instead KAPPAHL recognises that all the stakeholders are integral to the success of its business. Hence the interests of all stakeholders must be addressed properly while taking decisions. Therefore, KAPPAHL in their annual sustainability reports attempts to project itself as a company that views the sustainability issues from a TBL perspective. In its annual CSR reports, the company specifically mentions the social and environmental aspects of the investment it made during the year.

KAPPAHL is an example of the application of TBL theory because in KAPPAHL, the core value is sustainability and the main focus is to produce a brand that is environmentally friendly. KAPPAHL aims to attain environmental, social and economic sustainability for both shareholders and stakeholders. They have a balanced approach in CSR. On one hand, KAPPAHL tries to use CSR as a strategy to enhance its brand image among consumers and on the other hand it tries to protect the interest of the poor workers who work in faraway factories in inhuman conditions. Both intentions are equally important for the company and one compliments the other. The company understands that the focus on environmentally friendly products and efforts to save energy would ultimately lead to long-term success. For example collaborating with the Better Cotton Initiative to produce sustainable cotton should result in the increased production of eco-friendly cotton.

This will reduce price of raw material as regular cotton cultivation needs more water, hence it is difficult to produce without abundance of water. Here, KAPPAHL used the BCI initiative realising its long term potential. TBL theory also argues that business should go beyond traditional concepts of immediate profit and loss and must calculate future gains in terms of environmental security as well. In KAPPAHL, decisions are made in line with its environmental and social cost analysis only.

5.10 Conclusion

From the analysis above, it is clear that CSR in KAPPAHL has a long story of sustainable development. Unlike IKEA, KAPPAHL articulates its CSR policies and actively participates in communicating with stakeholders including customers even through social media platforms. It is this strategic CSR that provide a unique identity to the brand and makes it popular among customers.

Both IKEA and KAPPAHL initiated CSR activities as a strategic effort to overcome the hurdles caused by their global business operations. Both organisations focus on cost effective strategies and they heavily depend on developing countries for raw material supply. Since the working conditions in these developing countries are different from European counterparts, there was criticism against the inhumane working style and child labour in the factories situated in India, China, and Bangladesh. Thus CSR started from risk minimising efforts and finally became an integral part of their existence.

CHAPTER SIX FINDINGS, CONCLUSION AND RECOMMENDATIONS

This research attempted to analyse how CSR practices are implemented in two selected organisations and how CSR helped them to create brand value and consumer loyalty in a highly competitive market. The study attempted to explore the issue from the perspective of Stakeholder Theory and Triple Bottom Line Theory. The research used document analysis and interviews with selected personnel who are actively participating in CSR policy decisions. The study also analyses the role of stakeholders in CSR planning and implementation. This concluding chapter will explain the major findings of the study and provide policy recommendations for making CSR effective.

A brand's reputation and legitimacy depends on its ability to take on board, reflect and operate according to society's prevailing norms and values. Consumers are now more knowledgeable and society expects that organisations take their responsibilities beyond what the law requires. To operate in a market and be profitable requires that the organisation take responsibility for both their internal operations and the society in general. Thus, reputation and legitimacy of a brand largely depends on corporate responsibility. Assuming that the rise of powerful multinational organisations will increase in parallel with issues such climate change, the rise of poverty and social inequality between the developed and developing world, one can argue that society's expectations of corporate social responsibility will only increase. Therefore, CSR is an issue that is inevitable for organisations to consider and efficiently execute.

6.1 Major Findings of the Study

The research focused on many interrelated aspects of CSR, brand and stakeholder involvement. The following are the major findings of the study.

6.1.1 CSR activities and creation of Brand Value and Consumer Brand Loyalty

The main objective of the present study was to analyse and examine how CSR strategies are planned and implemented in an organisation with a view to create brand value and brand loyalty. Through the close observation, through interviews and reviewing official (CSR, Sustainability reports) documents of the two selected organisations, IKEA and KAPPAHL, the study found that the strategies that enhance the brand value and consumer loyalty fundamentally involve the following aspects.

First is the strong emphasis on putting CSR as the core value of the organisation and its entire dynamics rather than making it as a separate section or department to pursue charitable activities. In both IKEA and KAPPAHL, it is evident that CSR is the most important determining factor in planning and implementing the organisational goals and agenda. It is envisaged that organisations with strategic CSR activities would lead to better brand image and brand value.

Second, the involvement of all stakeholders through continuous communication and feedback mechanisms helps the organisations to create acceptance, credibility and loyalty among consumers. Both organisations effectively used stakeholder involvement strategy to create a positive impression among the general public and stakeholders.

Third is the focus on the 'sustainability factor' while implementing the organisation's key activities. Both organisations put environmental issues at the centre of their operations across the world. While designing strategies and corporate policies, non-economic and non-profit objectives were given equal importance. In other words, a Triple Bottom Line approach and stakeholder involvement in corporate strategy and practice made brand value creation quite easy for these two firms.

6.1.2 Role of Stakeholders in CSR

The second objective of the study was to analyse the role of stakeholders in designing and implementing CSR activities. The finding of the study is that stakeholders play a key role in both organisations. Both the organisations implemented CSR effectively through utilising the relationship with both external and internal stakeholders effectively. Stakeholder involvement strategy helps the organisation to expand the scale of the CSR operations and provides visibility to the organisation. This much needed visibility also contributes to building a strong brand image among primary stakeholders and obtaining and retaining a more loyal consumer base.

6.1.3 TBL Approach in CSR

The third objective of the study was to empirically analyse whether the Triple Bottom Line concept in CSR has any impact on creating and building the brand value of an organisation. The present research found that the TBL approach is the key to both

IKEA's and KAPPAHL's CSR strategy. Both the organisations think beyond the traditional concept of profit and loss and instead focus on the environmental, social and economic benefit of the firm. Intangible benefit and environmental sustainability are pivotal in designing the CSR activities of both IKEA and KAPPAHL. Besides, sustainability is at the core of all activities of both the organisations.

6.1.4 Other findings and Policy Recommendations

Apart from the major findings with regard to the objectives of the study, the research has led to many interesting conclusions about CSR activities and strategies. For example, the research shows that the involvement and responsive approach towards CSR does not have to be mutually exclusive. Through this research it is evident that what was initially a responsive approach to social responsibility can lead to a proactive/involvement approach. In response to media scandals, organisations have begun to act proactively with their CSR. For example IKEA and KAPPAHL always choose to check their suppliers before contracting with them. After several incidents with previous suppliers in developing countries, the media revealed the lack of transparency in working with suppliers in developing countries. Initially both the organisations concentrated on CSR only to pacify the media and regain their reputation among customers. But later they realised that making CSR as the core value of the organisation would be more beneficial in the long run. Thus it can be concluded that by working proactively, an organisation will be able to take better control of, and define, their image rather than having external stakeholders such as media, NGOs, competitors and consumers define it.

Another interesting finding is that working with CSR as charity and as a part of core values are not necessarily mutually exclusive methods. CSR as charity could, for example, be donations to various projects that may not be related to the organisation. During the interviews it has been identified that it is increasingly common for organisations to start incorporating their CSR into their core values. Working with CSR as part of the core values means that the organisation constantly needs to examine its internal and external operations. Having CSR as part of the organisation's core values is a requirement for successful implementation of CSR but does not need to exclude various, non-related charity projects.

The organisations seemed to make a conscious effort to use the involvement strategy (Morsing & Schultz, 2006) when communicating with their stakeholders.

Many organisations consider that at times communication of CSR leads to increased scrutiny from the surroundings, particularly the media. This is perceived by many as intrusive and is at times viewed as a negative side-effect of CSR efforts. Such “side-effects” can be avoided by being proactive with CSR, for example by applying the Involvement Strategy (Morsing & Schultz, 2006). In short this means that responsible actions need to precede communication.

Today, intangible values related to the brand are invaluable. Based on this research and the interviews it can be argued that brand value has progressed towards including a moral and ethical stance in which modern consumers are realising their aspirations through brands and are thus increasingly taking on board the brand’s value and image. It is with this view that we can distinguish a link between CSR and brands becoming more common and more relevant to the overall value and image of the brand. Thus organisations must plan and implement CSR activities strategically so that they can leverage the benefit of enhanced brand image and value.

As well as an organisation’s ability to constantly and consistently convey their values it is crucial for how it will be perceived by others. Based on the messages conveyed, the consumer identifies with these values and builds his/her expectations for how the organisation should act. In cases where a brand is loaded with strong values, it is extremely crucial to convey a clear and consistent message that highlights these values. If the consumer has decided to purchase a brand because of its moral values, then it is imperative that the organisation should actively work to comply with the values stated. If it does not, and if only empty promises are packaged in glossy advertisement, then the organisation and its brand will face the risk of losing the confidence and loyalty of the consumer. A failure to be consistent between communication and the true values of a brand can lead to a failure in achieving a desired image and will considerably weaken the brand. In times of an emotional economy, a weak and inconsistent brand will struggle to gain consumer confidence for the considerable future. But here both KAPPAHL and IKEA are serious about their communication strategies. KAPPAHL is very keen on aggressively marketing its sustainability efforts to attract the customer satisfaction and thus enhance brand value. The company projects itself as a firm with high moral and ethical commitments. But in the case of IKEA, CSR is not included in marketing communications. Rather, IKEA prefers to communicate it through the network of NGOs and other international agencies. IKEA avoids marketing its CSR directly because it feels that it will be counter-productive and customers will view it as a

marketing gimmick. Nevertheless, there is general perception among customers and other stakeholders that IKEA is a brand with high moral and ethical values. Thus, it is evident that a proper stakeholder relationship and communication are very important for organisations to achieve consumer brand loyalty.

As pointed out earlier, one could argue that a new type of brand is emerging in this context. Brands have begun to adopt new shapes and are acquiring an increasing amount of altruistic values. In this kind of brand, CSR can play a central role. With the increasing focus on social responsibility in organisations, softer and more emotional modes of expression are appearing together with brand building communication. 'Soul, morals and heart' are examples of such words. Conceivably these expressions can give a hint on how organisations in the future will take on the process of branding by creating a more human and emotional brand.

Just as the respondents expressed, one can assert that the consumer will increasingly embrace the values that the organisation stands for. This research found that these emotional ties can be achieved through strategic CSR and not simple charity. Based on the research and the discussions, it is important that organisations in the future would add more emotions and compassion to their overall business and thus their brand. Humanising of the brand will lead to greater acceptability among consumers. With issues such as threats to the environment, inequality and poverty on the rise receiving more global attention, it can be assumed that ethics and social commitment will be a strong and attractive component in the new brand. It will increasingly replace superficial values. CSR could be the instinctive process where one can attach more profound and genuine emotions to the brand.

The study further points out that it is essential to create relationship with their consumer based on trust, longevity and loyalty. Firms must therefore seek to involve the consumer in the process, which includes promises given and how they are upheld and achieved. By acting transparently, the consumer will know what to expect and this minimises the chance of misunderstandings and disappointments.

There are many known cases of unethical behaviour by different organisations that has been revealed in the media. This has forced organisations to become more aware of how they work with CSR. Taking action before communicating is an efficient method of proactive CSR communication based on panel discussions. Being increasing proactively within their CSR seems to be the trend of the future. This will

enable the organisation to have a tool to stand up to and meet the scrutiny of the media and other stakeholders.

So how can organisations implement CSR in order to create a more attractive brand? The present research shows that there is not one specific form of execution but rather the organisation's philosophical and structural management of CSR is very important. Instead of viewing CSR as a short term commitment or charitable act, organisations must create a CSR culture within the organisation and make it the core value of the firm. If the organisation is able to inculcate a spirit of CSR within the organisational structure, it can enjoy a positive brand image in a highly competitive world as consumers are increasingly aware of the ethical and social commitment of business. The effect of CSR on brand value may not be always immediate. It may take a long time to influence consumers. Yet, the intangible benefit of CSR on brand value is enormous.

From the research, it is evident that environmental issues are increasingly viewed as one of the most important topics for organisations to manage. Most importantly, CSR will need to be implemented from a managerial level based on the organisation's core values and it must be clearly defined and should always be perceived as a proactive agent within the organisation. By having a clear definition of their strategic CSR and working proactively, the organisation will be able to take better control of, and define, their image rather than having external stakeholders such as consumers define it. Hence communication is an important aspect of CSR success.

To sum up, it can be concluded that there are several factors that help create brand loyalty and CSR can be one of those factors. The main role of CSR in the process of branding is to assist the brand to "keep its promise" to the consumer. One way to achieve this is through clear and consistent CSR communication. The research suggests a key point in an organisation's CSR communication strategy is to always take action before communicating. By offering total transparency with the organisation's CSR work and efficiently conveying its implications, CSR can serve as an effective tool in educating and engaging the consumer about the brand.

In a more emotional and personal economy, CSR helps to create a more genuine and deeper relationship with the consumer where bold and unrealistic advertising campaigns without any social commitment may fail to attract consumers. While advertising mostly seeks to assert what a brand wishes to be, this study implies that

CSR takes the proposition of what the brand actually has done and what it has achieved. In a period when organisations seek to build relationships between the consumer and the brand, a value-based and honest approach towards CSR can help the creation of a more genuine and loyal relationship which certainly enhances the value of the brand.

6.2 Recommendations for future Research

This research is exploratory and qualitative in nature. Hence it does suffer from its natural limitations. The limited time and resources and the nature of qualitative research do not allow for broader generalisations and more raw data is required in order to make broader generalisations. A proper view of corporate conduct on the links between CSR and brand value ought to be explored over a broader time frame. The present study tries to showcase the link between CSR and brand value. Further analysis on the effects of CSR on brand value should be conducted through a quantitative study. Hence there is scope for future research.

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