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Making sustainability reporting trustworthy

- a case study of the service corporation LRF Konsult

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Summary

Corporations have a major role in society for example when it comes to economic development. Over the past decades, stakeholders have begun to demand corporations to take increased responsibility for their business and practice regarding sustainability issues. This development can be described as Corporate Social Responsibility (CSR). By the end of 2016, the Swedish government introduced a new ordinance, obliging larger corporations regardless of branch, to create a sustainability report. The sustainability report is expected to increase transparency and give stakeholders an opportunity to evaluate the sustainability efforts of each corporation. Previously, service corporations have not been taking sustainability reporting into account extensively. However, due to the new ordinance, service corporations can no longer overlook sustainability reporting. The ordinance is designed to suit all types of businesses. Because of this, there is scope for interpretation and uncertainty regarding the report's design and content. Additionally, sustainability reporting is criticised by stakeholders. They are sceptical since they do not trust corporations to actually perform the CSR-activities they claim to conduct. Few studies have addressed the development of sustainability reporting in service corporations. This study aims to investigate the development of trustworthy sustainability reporting in a Swedish service corporation.

To be able to fulfil the aim of this study, a case study of the service corporation LRF Konsult has been conducted. Sustainability reporting is a new challenge for LRF Konsult, and this study is focusing on the initial phase in developing trustworthy sustainability reporting. The empirical results have been collected through five semi-structured interviews, conducted with individuals of distinct positions within LRF Konsult. The questions of the interviews were based on a theoretical framework addressing sustainability reporting, stakeholder theory and CSR-communication strategies.

This study identifies four primary objectives for sustainability reporting made by a service corporation; meet and satisfy stakeholders' demands, be perceived as an attractive employer, educate and motivate employees and maintain legitimacy. Thus, stakeholders are an indispensable part to consider regarding the development of sustainability reporting. This case study also shows that the most relevant stakeholders to involve, when it comes to sustainability reporting, are the employees, the customers and the owner. They are relevant since they both influence and are directly affected by corporations' sustainability reporting. When involving relevant stakeholders through communication, trustworthiness can be achieved. This study implies that both one-way and two-way communication strategies are useful when involving stakeholders in sustainability reporting.

Sammanfattning

Företag har en betydande roll i samhället då de bidrar till den ekonomiska utvecklingen. Under de senaste decennierna har intressenter börjat ställa krav på företagen att ta mer ansvar för deras affärsverksamhet och arbeta mer med hållbarhetsfrågor. Detta kan beskrivas som Corporate Social Responsibility (CSR). I slutet av år 2016, införde Sveriges regering ett nytt lagkrav som innebär att större företag, oavsett bransch, måste presentera en hållbarhetsrapport. Hållbarhetsrapporten ska öka insynen och ge intressenter en möjlighet att utvärdera företagens hållbarhetsarbete. Tjänsteföretag har tidigare inte beaktat hållbarhetsrapportering i någon större utsträckning, men på grund av det nya lagkravet tvingas även tjänsteföretag att upprätta hållbarhetsrapporter. Lagen är utformad för att passa alla företagsformer, vilket innebär att det uppstår tolkningsutrymme och osäkerhet gällande en hållbarhetsrapports innehåll och utformning. Hållbarhetsrapportering har dessutom ifrågasatts av intressenter som är skeptiska mot att företag faktiskt gör de CSR-aktiviteter de påstår sig göra. Få studier har studerat utvecklingen av tjänsteföretags hållbarhetsrapportering. Därför syftar denna studie till att undersöka utvecklingen av trovärdig hållbarhetsrapportering i ett svenskt tjänsteföretag.

För att besvara studiens syfte, genomfördes en kvalitativ fallstudie av tjänsteföretaget LRF Konsult. Hållbarhetsrapportering är en ny utmaning för LRF Konsult och denna studie fokuserar på den initiala utvecklingsfasen av trovärdig hållbarhetsrapportering. Resultatet baseras på fem semi-strukturerade intervjuer, genomförda med personer på olika befattningar inom LRF Konsult. Intervjufrågorna utformades efter uppsatsens teoretiska ramverk som består av delarna hållbarhetsrapportering, intressentteori och CSR-kommunikationsstrategier.

Studien identifierar fyra primära mål för ett tjänsteföretag som arbetar med hållbarhetsrapportering. De fyra målen är: att möta och tillfredsställa intressenters krav, att bli uppfattad som en attraktiv arbetsgivare, utbilda och motivera anställda samt att uppnå legitimitet. Relevanta intressenter till ett tjänsteföretags hållbarhetsrapportering är enligt denna studie; ägaren, anställda och kunder. Dessa intressenter är relevanta för att de både påverkar och är direkt påverkade av företagets hållbarhetrapportering. Om relevanta intressenter involveras genom kommunikation kan trovärdighet uppnås. Denna studie visar att både en- och tvåvägskommunikationsstrategier är användbara för att involvera intressenter i hållbarhetsrapportering.

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1 Introduction

This first chapter contains a presentation of the study's background, the underlying factors for the problem, the aim and delimitations. At last, there is an outline of the study's structure.

1.1 Problem background

In the last decades society's concern regarding environmental and social conditions, for example climate change, has increased (Rockström, 2017). In society corporations are important actors, since they create resources which can enable social development and promote welfare in the community (Svenskt Näringsliv, 2006). Therefore, in line with the increasing societal concerns, corporations are expected to take on both environmental and social responsibility (Hahn, 2013; Klettner *et al.*, 2014; Dawkins, 2005). For example, customers desire to feel satisfied by their purchases and prefer to buy products that are not produced through child labour. In other words, they choose to buy products from corporations who can prove their commitments to environmental and social responsibility for example by refusing to use child labour.

When corporations respond to stakeholders' increased expectations, it is called Corporate Social Responsibility (CSR) (Carroll & Shabana, 2010). The European Commission (EC) defines CSR as: *"the responsibility of enterprises for their impact on society"* (European Commission, 2017), which is also the definition used in this study. Literature typically divides CSR into environmental, social and economic responsibilities, conducted through different CSR-activities (GRI, 2015). An example of responsible environmental acting is to reduce the use of materials such as paper and oil. Providing employees with healthy working conditions and ensuring gender equality are examples of social responsibilities. Economic responsibility may involve sustainable investments (Belz & Peattie, 2012; Fortanier *et al.*, 2011). This study assumes that a corporation's CSR-activities are comparable to sustainability reporting. Sustainability reporting is the process of developing, describing and communicating a sustainability report, which itself can be considered a CSR-activity.

Since society imposes higher requirements on corporations to assume responsibilities beyond their financial goals, the importance of corporate sustainability reporting has increased (Morsing & Schultz, 2006; Manetti & Toccafundi, 2012; Junior, *et al.*, 2014). In return, the number of sustainability reports has grown substantially (Morsing & Schultz, 2006). A sustainability report is a non-financial report, which corporations use as a tool to communicate their different responsibilities within society (Morsing & Schultz, 2006; Cerin, 2002; Fernandez-Feijoo *et al.*, 2014). In the year 2011, 37 000 sustainability reports from about 9 000 different corporations were made available in the Corporate Register, the world's largest online directory of sustainability reports (Belz & Peattie, 2012, pp. 33-34). In February 2017, the number more than doubled to approximately 83 000 sustainability reports from 14 000 different corporations (The Corporate Register, 2017).

Economic pressure, resulting from globally competitive markets, is an important driving force for corporations to constantly develop business practices and thus stay competitive. Therefore the CSR-concept, including sustainability reporting, can be considered an intangible asset to stay competitive and an investment in responding to stakeholders' demands (Fortanier *et al.*, 2011). However, there is a fine line between sustainability reporting being an asset for the corporations or creating suspiciousness towards the corporations (Morsing & Schultz, 2006). For example, Morsing and Schultz (2006) state that corporations who communicate their

responsibilities more frequently draw more critical attention from stakeholders. Therefore, sustainability reporting can cause suspiciousness that corporations try to conceal issues associated with their business practices (*ibid.*). Also, Roberts (2003) discusses whether CSR has social benefits or if it is just something corporations should do because it is considered "the right thing to do" (Roberts, 2003). To reinforce a corporation's competitiveness and to avoid the risk of critical attention, it is essential to involve stakeholders in sustainability reporting (Manetti & Toccafundi, 2012; Morsing & Schultz, 2006). The involvement in sustainability reporting could be a way to establish loyalty and trust between the corporation and its stakeholders, which in turn may enhance the corporation's business performance (Elkington & Wheeler, 2001). Trust is an important aspect to create meaning in sustainability reporting. Trust can be achieved when stakeholders find the message in sustainability report reliable. This is important to achieve legitimacy. Corporations can only continue to exist if they are perceived by their stakeholders to be operating within a value system that commensurate to that of society (Friedman and Miles, 2006).

The European Union (EU) has identified the increased demand for corporations to take on CSR. Hence, to put pressure on corporations to act responsibly, the EU implemented Directive 2014/95/EU of the European Parliament and of the Council Directive of 22 October 2014. This directive strongly recommends corporations exceeding a certain size to present sustainability reports and is a strategy to force corporations to show corporate transparency in dealing with stakeholders (KPMG, 2015; European Commission, 2013). One country that is actively working with sustainability issues is Sweden (Dawkins, 2005). At end of year 2016, a new ordinance regarding sustainability reports was implemented (Justitiedepartementet, 2016). The new ordinance affects all types of corporations exceeding a certain size (see section 4.1) and obliges them to demonstrate how they manage their environmental, social and economic responsibilities (SFS 2016:947). Thus, sustainability reporting has recently transformed from a voluntary to a mandatory process for larger corporations in Sweden.

Traditionally, sustainability reporting has been environmentally oriented, and its focus has been on corporations' direct environmental and social effects (Junior *et al.,* 2014). For instance, the manufacturing industry, defined as corporations operating in the manufacturing of goods made out of materials, seeks to ensure that the goods they produce are manufactured in a sustainable fashion (*ibid*.). According to Grafström *et al.* (2008), this is due to the fact that the manufacturing industry has been heavily pressured to avoid activities potentially harming the environment. This pressure originates from previous environmental scandals, for example accidents that occurred in oil corporations. For this reason, historically, there has been a clear connection between manufacturing corporations and sustainability reporting (*ibid.*). Compared to manufacturing corporations, service corporations (defined in section 2.1.1) do not exhibit the same clear link between their services and its environmental impacts. Although the service sector represents about 60 percent of all Swedish corporations and is steadily growing (Nordensky, 2014, p. 13), sustainability reporting has not been performed to the same extent as in the manufacturing sector (Grafström *et al.,* 2008). The new ordinance also requires service corporations to produce sustainability reports, even though they traditionally have not been confronted with the same pressure as manufacturing corporations to conduct such reporting.

1.2 Problem

Initially, sustainability reporting was performed voluntarily for all corporations and was a way for corporations to meet stakeholders' demands regarding CSR (Cerin, 2002; Manetti & Toccafundi, 2012; Morsing & Schultz, 2006; Fernandez-Feijoo *et al.,* 2014). However, because

of society's increasing demands for corporations to take responsibility, Sweden has implemented a new ordinance (SFS 2016:947) making sustainability reporting mandatory for larger corporations, regardless of sector. Traditionally, there has been a clear connection between sustainability reporting and manufacturing corporations. Manufacturing corporations have therefore, compared to the service corporations, traditionally been under more pressure to undertake sustainability reporting (Grafström *et al.*, 2008). Thus, few studies have discussed CSR-activities, such as sustainability reporting in service corporations (Kim, 2017).

Sustainability reporting is diverse and depends highly on the corporation's business and sector. Research shows that stakeholders have an important role in corporations' sustainability reporting (Cerin, 2002; Belz & Peattie, 2012). Different corporations consider different stakeholder groups as more or less relevant (Fortanier *et al.*, 2011; Fernandez-Feijoo *et al.,* 2014). Corporations have different conditions and purposes for sustainability reporting. This in turn contributes to multiple ways that corporations can perform sustainability reporting (Fortanier *et al.,* 2011). The new ordinance is to be applied in all types of corporations (SFS 2016:947). Though, since it allows room for interpretations, it creates uncertainty for corporations regarding how to develop trustworthy sustainability reporting. In this study, the term trustworthy refers to if the stakeholders believe that the message communicated in the sustainability report is reliable.

Sustainability reporting is used to create stakeholder value and increase corporations' legitimacy and trust towards society (Cerin, 2002; Adams & McNicholas, 2007; Manetti & Toccafundi, 2012). Here, legitimacy refer to normative values. Doing good business in a corporation must correspond to values held by its stakeholders and society as a whole. Building trust is vital for corporations to maintain a close relationship with stakeholders and achieve legitimacy (Poolthong & Mandhachitara, 2009). According to Morsing and Schultz (2006) dialogues between corporations and their stakeholders is essential when creating stakeholder support. The communication of corporations' sustainability reporting is often discussed as having positive effects on the corporation because it generates a stronger relationship with stakeholders (Belz & Peattite, 2012). Research shows that corporations struggle how to communicate sustainability reporting to relevant stakeholders. For example, to openly explain what environmental, social and economic impact the corporation causes and what actions they undertake to reduce negative impact (Du *et al.*, 2010; Morsing *et al.,* 2008; Morsing & Schultz, 2006). Therefore, due to the new Swedish ordinance, larger corporations can no longer overlook sustainability reporting. However, this ordinance lacks details of what to include in the sustainability report, which can cause legal uncertainty as well as uncertainty towards stakeholders.

Previously, research has focused on sustainability reporting as a voluntary process to strengthen the relationship with stakeholders. Since sustainability reporting has moved from being voluntary to mandatory, it requires a new application of theories towards this field of subject. These theories have to take the new ordinance into account, which require larger corporations having to adjust to the new situation. Few studies have addressed trustworthy sustainability reporting for service corporations given the ordinance. Therefore, it is necessary to study the development of sustainability reporting in a service corporation, in the context of mandatory sustainability reporting. Ultimately, this study can contribute to bridge this gap in knowledge.

1.3 Aim and delimitations

The aim is to investigate the development of trustworthy sustainability reporting in a corporation situated in the Swedish service sector.

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Here, sustainability reporting refers to a set of activities a corporation undertake to develop the product, a sustainability report. In the context of the new Swedish ordinance, the objective is to understand the initial stage of a service corporation's development of trustworthy sustainability reporting. The study aims to address the following research questions:

- What are the objectives for developing trustworthy sustainability reporting in a corporation in the service sector?
- Which stakeholders are perceived by a service corporation to be relevant in making sustainability reporting trustworthy?
- Which communication strategies can be conducted by a service corporation to involve relevant stakeholders in the development of trustworthy sustainability reporting?

Delimitations

Empirically, this study is delimited to a case study of LRF Konsult, a Swedish corporation in the service sector (see section 4.2). Sustainability reporting is a new challenge for LRF Konsult and they have to consider the new ordinance, which makes them an interesting case to study. Moreover, the lack of research regarding sustainability reporting within service corporations additionally motivates the choice made to study this specific corporation. This study is delimited to study the initial phase of sustainability reporting in LRF Konsult, and will not cover the whole process. The data has been collected through five interviews held with individuals having different positions and knowledge within the corporation. Whereas its focus has been to draw an overall picture of opinions regarding sustainability reporting within LRF Konsult. Hence, no individuals outside the corporation have been interviewed. The theoretical delimitations are restricted by the theoretical framework (see section 2.7). Communication strategies not connected to CSR are disregarded since this study investigates communication strategies for sustainability reporting. This study disregards theories on how corporations react on new ordinances in general. Further, it has to be mentioned that no single theoretical perspective can describe the complexity of the sustainability reporting concept.

1.4 Outline

Figure 1 provides a comprehensive picture of the study's outline and a brief description of the content in each chapter. The aim with Figure 1 is to create an understanding and to make it easier for the reader to follow the study's structure.

INTRODUCTION → LITERATURE REVIEW AND THEORETICAL PERSPECTIVE → METHOD → THE EMPIRICAL DATA → ANALYSIS AND DISCUSSION → CONCLUSIONS
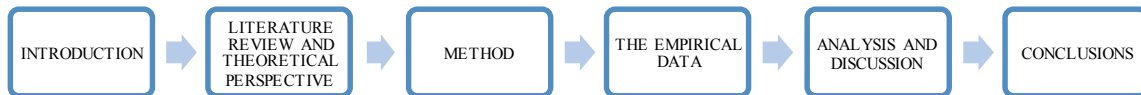
Chapter 1, Introduction: Contains the study's problem, aim and delimitations.
Chapter 2, Literature review and theoretical perspective: Presents a literature review and describes relevant theories and the theoretical framework.
Chapter 3, Method: Explains and discusses the method and the ethical considerations.
Chapter 4, The empirical data: Clarifies the case corporation's background and empirical results.
Chapter 5, Analysis and Discussion: Presents an analysis and discussion of the relation between the theories and empirical results.
Chapter 6, Conclusion: Comprises the conclusions from the case study and proposes future research.

Figure 1. The outline of the study

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2 Literature review and theoretical perspective

The purpose of chapter two is to present a literature review on service corporations and a thorough description of used theories to investigate sustainability reporting in such corporate context. CSR is a complex subject, while one way to describe the concept is by the three main theories used in this study. The main theories essential for the understanding of this study's aim are; sustainability reporting, stakeholder theory and CSR-communication strategies. The chapter also contains a summary of the main theories and concludes with a model of the theoretical framework, applied to the case.

2.1 Service Corporations

Since this study aim is to investigate sustainability reporting in a service corporation, a review of literature concerning service corporation characteristics is presented here. Services can be presented and performed in various ways, which is why a precise definition of a service corporation is problematic to present (Brassington & Pettitt, 2013). For example, as explained in Table 1, services can differ in degrees of service involved (*ibid.*). Differences in services and the fact that services are not a homogenous group of products, make them considered complex (Brassington & Pettitt, 2013; Chase & Heskett, 1995; Fuchs, 1965). According to Heskett (1986), what is consistent for service corporations is that they provide their customers with high customer-contact services. An example of these services are corporations that incorporate trade and transport, education, financial and health services (*ibid.*). Corporations such as banks and hairdressers are typical service corporations. Banks offer services through giving financial advice and lending out money. Hairdressers on the other hand offer services by providing customers with haircuts or colouring their hair.

2.1.1 Characteristics of service corporations

Brassington and Pettitt (2013) declare that there are different characteristics of corporations in the service sector. Corporations characterised by the characteristics described in Table 1, are in this paper defined as corporations active in the service sector.

Table 1. Characteristics of services (based on Brassington & Pettitt, 2013, pp. 554-564)

Service characteristics	Explanation	Own interpretation and empirical examples
Lack of ownership of goods	No goods to handle and transfer the ownership of, only a legal transaction	An advising corporation provides some advantages to a customer if the customer pays the fees and meet terms and conditions of the policy. However, no goods are transferred.
Intangibility	No goods to examine, touch or try. Instead, a service is more diffused and can only be examined after the service	A pen can be touched, tried and examined before buying it. A service such as advices can only be judged after the advice has been received.
Perishability	Processed simultaneously as it is consumed	An advising meeting creates a service experience which is directly consumed during the meeting and cannot be consumed before or after the meeting take place.
Inseparability	No prior production and storage of the service. The delivery of a service cannot be done without the service	An advising meeting cannot be done without someone/something delivering the service. It is inseparable from service deliver and can therefore not be stored.
Heterogeneity	Difficult to standardise, due to the interaction between service deliver and service provider. Because of the human interaction services will differ in quality	A meeting in a room where the air has poor quality, the service deliver has a bad day, and the customer is stressed will likely have another outcome than if the air quality good, the service deliver has a good day, and the customer is relaxed.

Research claim services to be complex (Fuchs, 1965; Heskett, 1986). The complexity of services is mostly related to services' characteristics. For example, according to Brassington and Pettitt (2013), the outcome of a service is highly dependent on the person who delivers the service compared to when purchasing a product, which outcome is already known. A concrete explanation is when customers buy apples in the supermarket. The customer can touch, see and evaluate which apple they want. When purchasing services, customers need to trust the service delivery and cannot touch or see the outcome in forehand. Therefore, as explained in Table 1, the complexity of a service can appear by the interaction between the service deliver and the service responder (Brassington & Pettitt, 2013; Chase & Heskett, 1995; Fuchs, 1965). In service corporations, the service is produced by the participation and interaction with the customers (see Table 1) (Chase & Heskett, 1995; Brassington & Pettitt, 2013). Calabrese and Lancioni, (2008) imply that it is central for service corporations to visualise their customers' needs and expectations. Hence, in a service corporation, the commitment to the customers is essential (Calabrese & Lancioni, 2008).

Fuchs (1965) argues that, in order to achieve a positive outcome, service corporations need to have highly educated employees in due to the fact that services are performed by the employees. Often it is the employee's personal skills and highly personalised services that make the differences in the quality of services (*ibid.*). Therefore, human elements such as behaviour and social skills affect the services' outcome which makes it tough for service corporations to reach and consistently control a high-quality level. In turn, a well-educated employee demands a higher salary which results in an increased cost for the corporation (Heskett, 1986).

2.1.2 Sustainable services

In the previous decade service corporations started to implement sustainable services (Junior *et al.,* 2014). Often, service corporations argue that their services are economic, environmental and socially sustainable (*ibid.*). However, since different service corporations use different definitions of sustainability, it is hard to define sustainable services. Commonly, several service corporations use "quality" in their explanation for sustainable services (Heskett, 1986). According to Zeithaml *et al.* (1988) quality in service appears when the service is delivered and occurs during the interaction between employee and customers. Though, the "quality" of a service is a debated issue because it is hard to measure which makes it problematic to control and understand. Therefore, it is difficult for researchers to accurately explain how to create "quality" in a service corporation (Zeithaml *et al.*, 1988).

Research has shown that motivated employees provide better services, which can create unique service quality advantages difficult for competitors to match (Heskett, 1986). In line with this, Calabrese and Lancioni (2008) discuss that it is important for service corporation to have motivated employees and one's that are educated on the corporation's CSR-activities in order to be able to communicate the CSR-activities to stakeholders. Further, if the corporation can educate individuals in the sustainability reporting process and provide them with a feeling of contributing to change, sustainability reporting can be a motivation factor (Adams & McNicholas, 2007). Additionally, Cerin (2002) discusses the importance to educate employees about a corporation's CSR-standpoint since it enhances the employees' self-imagine. According to Jaakson *et al.* (2009) service corporations' sustainability reporting together with a strong organisational culture can also have positive effects on the employees' organisational commitment and motivation. Further, the culture in service organisations is strengthened by employees who know each other and have a close relationship when making decisions. This make employees more receptive to external stakeholders such as customers, suppliers and

society (Jaakson *et al.,* 2009). In addition, corporations' investments in CSR- activities tend to attract competent employees, which is valuable for service corporations that need qualified employees (Forsmark-Karlsson & Österberg, 2016).

Having described characteristics of service corporations identified in literature, theories that can help to investigate and to make sense of sustainability reporting in such corporate context are reviewed subsequently.

2.2 Corporate Social Responsibility

CSR has become a familiar term and is defined in various ways (Crane *et al*., 2008). Klettner *et al.* (2014, p.146) define CSR: *"as a commitment to operating in an economically, socially and environmentally sustainable manner".* This study uses the EC's definition of CSR: *"the responsibility of enterprises for their impact on society"* (European Commission, 2017). The EC's definition clarifies that it is corporations' duty to work with CSR. Typically, the CSR comprises of three parts, environmental, social and economic responsibilities. An example of how to act with environmental responsibility is to decrease material use such as paper. Social responsibility for example is used to provide employees with healthy working conditions or gender equality. Economic responsibility could be used to have clear sustainability goals and make sustainable investments (Belz & Peattie, 2012; Fortanier *et al.,* 2011). Literature reveals that corporations working with CSR are expected to gain benefits; customers will select to buy services and products from a CSR-corporation, employees will choose to work for a corporation practising CSR and stakeholders will force the corporation to develop innovations (Berry & Junkus, 2013).

Belz and Peattie (2012) discuss that by communicating CSR-activities a corporation earns benefits. For example, via sustainability reports corporations can inform stakeholders about their unique CSR-efforts, which can create competitive advantages (Dawkins, 2005; Colleoni, 2013). Competitive advantages are created when a corporation understands the stakeholders' needs and provide something unique (Belz & Peattie, 2012). Further, it increases the chances to attract new customers and create strong customer relations and in turn, a way for corporations not to be excluded from the market where they operate (Dawkins, 2005; Colleoni, 2013; Kim, 2017).

Though, the concept CSR also has its issues. Questions are raised if CSR improves social conditions or if corporations undertake it because it considered as "the right thing to do". Further, discussions are held if there is reasonable to keep corporations responsible for impacts that would occur regardless of their participation (Roberts, 2003). Fassin and Buelens (2011) discuss that sometimes it seems like CSR is developed during prosperous years. Also, Freeman (1984, p. 40) states: *"CSR is fine, if you can afford it".* This can be explained as corporations need economic success to be able to fulfil environmental and social responsibilities (Fassin & Buelens, 2011). Additionally, Zu (2008) claims that corporations' outcome from CSR, especially financial, can have mixed results. However, there is mostly a positive relation between CSR-activities and financial performance (*ibid.*). Despite debates, corporations are continuing to take CSR into account in their business (Roberts, 2003).

2.2.1 Description of sustainability reporting
Sustainability reporting is about measuring, presenting and communicating corporations' responsibilities towards stakeholders, both within and outside the corporation (Deegan & Unerman, 2011). Properly conducted sustainability reporting could provide information that enables the recipient to assess how sustainable a corporation is (*ibid.*). In line with CSR,

sustainability reporting includes environmental, social and economic aspects (Cerin, 2002; Elkington & Wheeler, 2001). As explained in Table 1, sustainability reporting is a set of activities a corporation does to develop the sustainability report. In other words, sustainability reporting is a way for corporations to manage and communicate their CSR-activities (Maas *et al.*, 2016; Cerin, 2002; Manetti & Toccafundi, 2012; Morsing & Schultz, 2006; Fernandez-Feijoo *et al.,* 2014). Adams and McNicholas (2007) and Manetti and Toccafundi (2012) claim that the most likely reason for corporations' sustainability reporting is to generate stakeholder value and improve corporate legitimacy. Examples of sustainability reporting could be to change working procedures by implementing new policies, to demand suppliers to take ethical considerations, or decrease paper use (See Table 2) (GRI, 2015). The content and interest in sustainability reporting varies from corporation to corporation, depending on the type of company, location and relevant stakeholders (Fortanier *et al.,* 2011). To take different perspectives into account make the sustainability reporting process more complicated and problematic to measure since no reporting is like the other (Adams & McNicholas, 2007; Fortanier *et al.,* 2011). The terms sustainability reporting and sustainability report are defined and explained in Table 2.

Table 2. Explanation of sustainability reporting and sustainability report (based on GRI, 2017)

Sustainability reporting versus sustainability report	
Sustainability reporting	The process when a corporation develops, describes and communicate their sustainability report. Sustainability reporting is an activity and a method for corporations to progress their engagement to a more sustainable worldwide economy. Examples of activities are analysing the corporation's environmental impact and developing strategies to decrease the impacts, for instance, the business travelling.
Sustainability report	An organisational report presenting a corporations' environmental, social and economic impact caused by their daily activities and what activities they do to decrease the impacts. A sustainability report also gives information about a corporation's values and explain the connection between their strategies and their engagement with a sustainable worldwide economy. The sustainability report is an outcome from the sustainability reporting.

Table 2 explains a sustainability report as an organisational non-financial report and the outcome of sustainability reporting (GRI, 2017). The sustainability report aims to present a corporation's sustainability efforts. According to Cerin (2002), a well-tailored sustainability report can also help the corporation to clarify their responsibilities. Over the last decade, stakeholder demands for corporations to take responsibility for sustainable issues have increased, and sustainability reporting is a way for corporations to meet stakeholders increased demands (Fortanier *et al.*, 2011; Cerin, 2002; Manetti & Toccafundi, 2012). In line with this, the number of produced sustainability reports have increased significantly (Cerin, 2002; Junior *et al.,* 2014; Manetti & Toccafundi, 2012). Initially, there were mostly larger corporations listed on stock exchanges that voluntarily produced sustainability reports, independently from financial reports, to create stakeholder value (Cerin, 2002; Manetti & Toccafundi, 2012). Nowadays, in some countries sustainability reports are becoming mandatory, which contribute to the increased number of sustainability reports (Junior, *et al*., 2014). For example, at the end of 2016, Sweden implemented an ordinance, forcing larger corporations to present a sustainability report (SFS 2016:947) (see section 4.1).

2.2.2 Criticism against sustainability reporting
Scepticism has arisen against sustainability reporting, and it has been considered as a passing trend (Cerin, 2002). Sustainability reporting has been criticised to be something corporations use to create a beautified picture of themselves that do not reflect the reality of corporations'

activities. An example of this would be when corporations in hazardous environmental sectors try to market themselves as environmentally friendly. This is also explained as green-washing (Banerjee, 2008). In line with this, sustainability reporting is often perceived as tactics to win public acceptance (Fassin & Buelens, 2011). However, Banerjee (2008) criticises sustainability reporting as an activity that corporations do only to reach a higher level of legitimacy. In other words, corporations use sustainability reporting for their business interests, to be more legitimate, and not because of their societal interest. At the same time it is found that corporations' sustainability reporting can create suspiciousness. For example, Morsing & Schultz (2006) state that the more corporations communicate their responsibilities, the more they become in the spotlight for critical attention from stakeholders. Therefore, sustainability reporting can create suspiciousness about whether the corporations try to conceal something (Morsing & Schultz, 2006). On the other hand, research also identified that corporations, as refrained to practice sustainability reporting, are affected by negative attention (Cerin, 2002). Therefore, research has found, it is important to involve stakeholders in sustainability reporting, when to undermine a corporation's competitiveness and to avoid the risk of critical attention from stakeholders (Manetti & Toccafundi, 2012; Adams & McNicholas, 2007; Morsing & Schultz, 2006).

2.3 Trustworthy sustainability reporting

Adams and McNicholas (2007) and Fortanier *et al.* (2011) discuss the importance to consider stakeholders' interests in sustainability reporting, since they influence and are affected by the corporation's business. Thus, stakeholder relationship is vital for corporations to consider (Morsing & Schultz, 2006). When developing stakeholder relationships and creating meaning towards sustainability reporting, to be perceived as trustworthy is essential (Poolthong & Mandhachitara, 2009). Barney and Hansen (1994) define trustworthy as: *"an exchange partner is trustworthy when it is worthy of trust of others. An exchange partner of trust is one that will not exploit other's exchange vulnerabilities"* (Barney & Hansen, 1994, p. 176). According to Barney and Hansen (1994) trustworthiness is a characteristic of individual parties of exchange. In this study, the term trustworthy refers to if the stakeholders believe that the message communicated in the sustainability report is reliable. Research shows that stakeholders have an important role in corporations' sustainability reporting (Cerin, 2002; Belz & Peattie, 2012). However, according to Fassin and Buelens (2011), there is a challenge for corporations to establish a trustworthy impression of their CSR-activities.

A part of establishing trustworthy impressions is to be perceived as legitimate by conducting genuine CSR-activities (Suchman, 1995). Sustainability reporting is used to create stakeholder value and increase corporations' legitimacy towards society (Cerin, 2002; Adams & McNicholas, 2007; Manetti & Toccafundi, 2012). The legitimacy in a corporation is a likeness of the relationship between a corporation and their surrounded social system (Dowling & Pfeffer, 1975; Colleoni, 2013). Corporation legitimacy can be described as: *"a congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behaviour in the larger social system"* (Dowling & Pfeffer, 1975, p. 122). However, Suchman (1995) assumes that legitimacy is a social contract between the corporation and the society. A social contract which includes the expectations the society has on how corporations runs their businesses (Deegan, 2002). Both Dawkins (2005) and Colleoni (2013) discuss that, for a corporation's survival, it is vital to obtain legitimacy by aligning corporate conduct with stakeholders' expectations. In this study, legitimacy refer to normative values. Doing good business in a corporation must correspond to values held by its stakeholders and society as a whole. Building trust is vital for corporations to maintain relationships with

stakeholders and achieve legitimacy (Poolthong & Mandhachitara, 2009).

Though, Cerin (2002) and Belz and Peattie (2012) discuss that sustainability reporting is only used as a marketing tool to earn a trustworthy reputation. The corporations are accused of using sustainability reporting as a cosmetic image to show how responsible they are, which does not increase the legitimacy (Cerin, 2002; Belz & Peattie, 2012). Calabrese and Lancioni (2008) and Calabrese *et al.* (2015) discuss another perspective and state that by communicating what CSR-activities a corporation does, they can earn trustworthiness and make their market position stronger.

To certify their trustworthiness corporations are letting external independent assurances review their sustainability reports (Junior *et al.,* 2014). These types of assurances are relatively new practices and hence not structured in most countries. However, in some countries sustainability reports are becoming mandatory, which contributes to increased sustainability reporting and structured assurances (*ibid.*). Though, it does not have to lead to improved quality of the sustainability reporting automatically. Practice quality in sustainability reporting is by setting conscious sustainability goals, engaging stakeholders and creating routines when reporting goals and completions (Adams & McNicholas, 2007). Corporations also need to reach transparency by showing openness of what CSR- activities they do to enhance quality (*ibid.*). Transparency here means to reveal both good and bad information of what impact businesses do and how they decrease their negative impact (Kim & Ferguson, 2016; Junior *et al.*, 2014). This information has to be customised with a stakeholder-centric perspective (Kim, 2017).

2.4 Stakeholder theory

There is a clear connection between CSR and stakeholders (Roberts, 2003; Fernandez-Feijoo, 2014; Freeman, 1984). For example, it is necessary for a corporation to be committed in CSR-issues and to fulfil the stakeholders' demands regarding CSR (Roberts, 2003). In order to establish environmental, social and economic sustainability, a corporation has to consider the stakeholders' interest in a broad range. Additionally, to combine the stakeholders' interest with an understanding of their needs, behaviour and to fulfil ordinances (Belz & Peattie, 2012). Freeman (1984, p. 45) argues: *"if we can integrate the concerns with multiple groups, from government to owners to customers, we will be in a better position to answer the important policy questions which the stakeholders' notion raises"*. In other words, in developing sustainability reporting, it is necessary for corporations to involve stakeholders (Belz & Peattie, 2012).

2.4.1 The definition of stakeholders
A definition of a stakeholder is: *"any group or individual who can affect or is affected by the achievements of the organisation objectives"* (Freeman, 1984, p. 46). A stakeholder influences a corporation's actions, at the same time, corporations affect the stakeholders' actions. This can be described as the base in the CSR-concept (Roberts, 2003). The relation between stakeholders' interests in a corporation and the corporation's relation to their environment can be referred to as stakeholder theory (Donaldsson & Preston, 1995). Furthermore, Donaldsson and Preston (1995) argue that the stakeholder theory primarily focuses on analysing corporations' roles and functions in a broad perspective. This point of view can be a tool for corporations to understand how they could be controlled to satisfy the stakeholders. Donaldsson and Preston (1995) and Belz and Peattie (2012) point out that the stakeholders have different

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impacts on the corporation. This requires the corporation to find a balance between current and future stakeholders interest (Belz & Peattie, 2012).

The stakeholder concept has been used in many contexts such as in business, community or national economy context (Orts & Strudler, 2009). Those different contexts have led to several definitions of what a stakeholder could be. The different definitions have been confusing and is one reason for why the stakeholder theory is criticised (Friedman & Miles, 2006). For example, Weyer (1996, p. 35) argues that stakeholder theory is: *"used by different people to mean widely different things which happen to suit their arguments"*. Also, Donaldsson and Preston (1995, p. 73) discuss the stakeholder concept as: *"muddling of theoretical bases and objectives"*. A consequence of the variety of definitions is that research has been hampered (Friedman & Miles, 2006). Therefore, researchers have to explicitly define what they mean by their definition and explain related concepts (*ibid.*). For example, when using the term stakeholder, but mainly focusing on legitimate stakeholders, the researcher also has to define what legitimacy is (*ibid.*).

2.4.2 Categorising stakeholders

Stakeholder theory is useful when categorising stakeholders into different groups, based on their interest in a corporation, to help corporations to distinguish the relationship (Freeman, 1984). Friedman and Miles (2006) argue both for the possibility to divide stakeholders into groups at the same time as they highlight a risk for imbalance between the stakeholder groups. Since all stakeholders are necessary, a division in groups increases the risk of more attention to some groups (*ibid.*). On the other hand, a division into groups helps the organisation to understand how to deal with the stakeholders efficiently, since it clarifies the corporation's relationship with their stakeholders (*ibid.*). A division of the groups can be internal and external stakeholders (Belz & Peattie, 2012; Freeman, 1984; Mark-Herbert & Von Schantz, 2007). External stakeholders are described as individuals/groups/actors that influence the threats and opportunities of a corporation (Mark-Herbert & Von Schantz, 2007). Examples of external stakeholders are customers, banks and investors, media, suppliers, governments, society and distributors (*ibid.*).

According to Freeman (1984), it is difficult to find a clear explanation of an internal stakeholder. Freeman (1984) presents internal stakeholders as individuals or groups that appear around managers. Similarly, Mark-Herbert and Von Schantz (2007), describe internal stakeholders as individuals depending on, as well as being a part of the daily operation of a corporation that influence its weaknesses and strengths on the market. Mark-Herbert and Von Schantz (2007) give the board of directors, employees, shareholders and managers as examples of internal stakeholders. Freeman (1984) also highlights that internal stakeholders are essential, because they are a channel to reach the external stakeholders. The statement show coherence with Mark-Herbert and Von Schantz (2007) who also point out that the internal stakeholders are important to reach external stakeholders.

2.4.3 The four stakeholder groups

Several researchers classify stakeholders with interest in corporations' CSR-activities into groups (Belz & Peattie, 2012; Donaldsson & Preston, 1995). Also Roberts (2003), divides the stakeholders into groups; authorisers, business partners, external influencers and customer groups (see Figure 2). The group of authorisers comprises stakeholders who have an opportunity to monitor the business's results and to maintain the business, for example, the board of directors. The authorisers have to be aware of their decisions since it impacts the corporation's relevant stakeholders (Freeman, 1984). According to Roberts (2003), this group has an increasing interest in a corporation's CSR-activities since they monitor the business.

Business partners comprise the stakeholders that have a connection to the operational activities of the corporation, for example, employees (see Figure 2). This group is directly affected by a corporation's CSR-activities and commonly experience the outcome of the CSR as positive (Roberts, 2003). In line with this, Freeman (1984) argues that one of the most important parts of a corporation is to manage the culture and shared values of business partners. It can increase the commitment in CSR-activities and further increases the loyalty and productivity towards the corporation. Also, corporations' CSR-activities can attract new and skilled employees (Du *et al.,* 2010). The business partners, are considered as a useful source to spread a message to other stakeholders (Freeman, 1984; Dawkins & Lewis, 2003). Therefore, Dawkins and Lewis (2003) highlight the communication of the CSR-activities to the business partners as an important method to spread information.

External influencers (see Figure 2) include stakeholders who have an interest in a corporation's impact on, for example, humans and environments outside the corporation (Roberts, 2003). Stakeholders from this group can include media or Non-Governmental Organisations (NGO:s). According to Freeman (1984), this group has the ability to affect a corporations' reputation and image in the society.
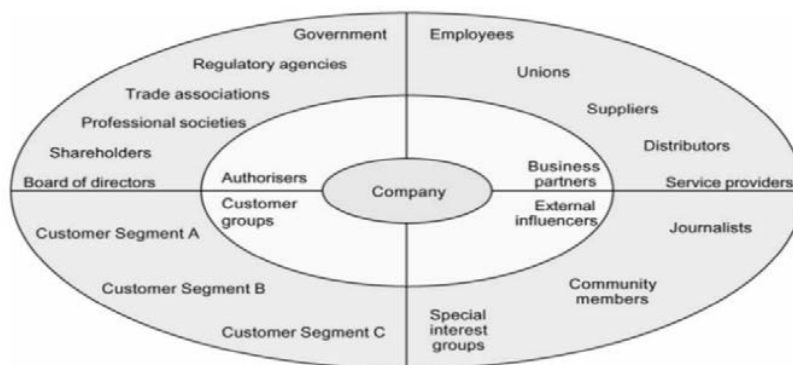
Figure 2. Roberts' four stakeholder groups, explaining stakeholders' relation toward the corporation (from Roberts, 2003, p. 162, adopted from Dowling, 2001).

For the customer groups (see Figure 2), it is valuable to feel satisfied and good about their purchases, in other words, that the purchases do not have an adverse environmental or social affect (Roberts, 2003). Therefore, corporations working with environmental and social responsibilities can provide customers with satisfaction (Belz & Peattie, 2012; Roberts, 2003). Additionally, it increases the long-term relationship and the customer loyalty (Belz & Peattie, 2012). Luo and Bhattacharya (2006) and Belz and Peattie (2012) have identified that commitment in CSR-activities increases corporations' market value and financial results. According to Luo and Bhattacharya (2006), this is a reason why it is important to satisfy customers' expectations in regards to CSR-activities.

2.4.4 Stakeholder analysis in practice

In practice, the analysis of stakeholders can be divided into three approaches which are descriptive, normative and instrumental (Friedman & Miles, 2006). The descriptive approach describes the relationship between stakeholders and a special phenomenon, and can be performed by stakeholder mapping (Reed *et al.*, 2009). The normative approach has the purpose of finding how decision makers act morally and take responsibilities towards the organisation and legal surroundings. In other words, that decision makers see consequences for the decisions regarding right and wrong actions. According to Donaldsson and Preston (1995) through the

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involvement of relevant stakeholders in decision-making processes, the legitimacy of the decisions can be strengthened.

Habermas (1987) discusses that a normative stakeholder approach is when people seek to understand each other and solve problems together through dialogues and agreements. The normative approach is performed by differentiating and categorising already identified stakeholders. For example, defining relevant and non-relevant stakeholders and why they are relevant or non-relevant stakeholders. The purpose of the instrumental approach is to understand how corporations and policy makers can identify, explain, manage their stakeholder relationships, to reach a corporation's goals (Reed *et al.,* 2009). This can be performed by identifying strategies to engage and communicate with relevant stakeholders.

2.5 CSR-communication strategies

Communication is about human understanding and interaction, sharing information, meaning and knowledge (Belz & Peattie, 2012). Today, there is a growing interest for corporations to communicate their CSR-activities to their internal and external stakeholders (KPMG, 2015). Kim (2017) highlights that there has been less attention paid to how the CSR-activities could be communicated. The corporations are challenged to understand how they could provide the stakeholders with relevant information, therefore more research about the topic is needed (*ibid.*). Today, stakeholders are well educated and demanding which puts increased pressure on the organisation (Mohamad *et al.*, 2014). The challenge is to balance the stakeholders that, on one hand, desire to take part of the information, but on the contrary are sceptical and questioning if the presented information is true (Du *et al.,* 2010; Belz & Peattie, 2012; Morsing *et al.,* 2008).

2.5.1 One-way and two-way communication process
Communication can be done in either a one-way direction or in a two-way direction process (Nitsch, 1998). Weaver (1953) presented a model of one-way communication where the sender formulates and communicates a message. First, the message is sent by a suitable channel. Second, the message is received, decoded and interpreted by the receiver of the message. Afterwards, the receiver may give feedback on the received message. The feedback is not mandatory, which increases the risk for misunderstandings (Weaver, 1953).

A two-way communication process can be described as a dialogue where the purpose is to create a shared understanding and clarify messages (Fiske, 1990; Nitsch, 1998). This dialogue creates opportunities to learn from each other (Belz & Peattie, 2012; Manetti & Toccafundi, 2012; Adams & McNicholas, 2007). According to Fiske (1990), the two-way communication process where the receiver has an opportunity to answer is more frequently used in today's society. When communicating CSR-activities, it is important to involve the stakeholders in a dialogue with the corporation (Belz & Peattie, 2012; Morsing *et al.*, 2008). The dialogue increases the stakeholders' knowledge about the corporation's identity. Likewise, it increases the corporations' knowledge about the stakeholders' interest (Belz & Peattie, 2012).

2.5.2 Create trust by communication
Adams and McNicholas (2007) argue that lack of communication between corporations and their stakeholders, regarding the information in the sustainability report, can lead to a failure. Possibly, failure appears when sustainability reports are presented by a one-way communication strategy. Therefore, efficient communication strategies to stakeholders are vital in order to succeed with sustainability reporting (Adams & McNicholas, 2007). For example, to

communicate by dialogue with stakeholders could be a helpful tool to establish trust, respect and loyalty, which are necessary for the corporation's business performance (Elkington & Wheeler, 2001; Morsing & Schultz, 2006; Belz & Peattie, 2012). According to Morsing and Schultz (2006), the two-way communication process is preferred because it involves stakeholders and creates a common understanding. Furthermore, a common understanding of sustainability reporting increases the trustworthiness while it reveals information, gives stakeholders a better insight in the corporation and a chance to examine if sensitive information has been hidden (Fernandez-Feijoo *et al.,* 2014).

The corporations face a challenge to establish a trustworthy image of themselves across stakeholders (Fassin & Buelens, 2011). It is challenged because media mix the concepts and meanings of business ethic and CSR-activities, thus the ambiguity of business's CSR-communication increases (*ibid.*). Additionally, corporations struggle to know how to make the information regarding their taken responsibilities acknowledged by the stakeholders, and to what level the corporation should communicate (Morsing *et al.*, 2008; Kim, 2017). According to Cerin (2002) the sustainability report has become a key channel for corporations when having to communicate social and environmental responsibilities.

When corporations have an open communication of the information in the sustainability report, their transparency enhances towards stakeholders because it increases the insight regarding what actions have been done (Gold & Heikkurinen, 2017; Fernandez-Feijoo *et al.,* 2014). Also, managers can use the created transparency from the sustainability report to improve the relationship with internal stakeholders (Fernandez-Feijoo *et al.,* 2014). To increase transparency is complex and Gruning (2006) discusses the difficulties in identifying varying perspectives and demands from stakeholders. Transparency is perceived different among various stakeholders, therefore there is no single template to use when creating transparency. According to Du *et al.* (2010), the receiver experiences the communicated message as more trustworthy if the corporations cannot control the communication channels. Further, Kim (2017) argues, when a corporation uses a promotional tone in their communication, it increases the sceptics from stakeholders. Therefore, Kim (2017) suggests a factual tone in combination with a high level of transparency within the corporation, as ideal with this type of communication.

2.5.3 Communication channels
Some stakeholders expect more than others on a corporation's CSR-activities and sustainability reporting (Dawkins, 2005). Different stakeholders have diverse expectations on how to receive information, which motivates the importance to use different communication channels. Dawkins (2005) argues that it is common with ineffective communication channels and corporations struggle not to reach all relevant stakeholders. Therefore, more creative communication channels are needed, to make corporate sustainability messages understandable and interesting (*ibid.*). A useful channel to communicate is through the internet. However, there are argumentations whether the internet is not enough (Dawkins, 2005; Fassin & Buelens, 2011). The communication channels, depend on the involved stakeholders' preferences. Further, the messages and the channels have to be accepted by each involved stakeholder group (Dawkins, 2005). However, one-way communication tools to reach both internal and external stakeholders, are for example a web page, social media, brochures or a sustainability report (Kim, 2017). For the internal stakeholders, a communication tool could be unpublished documents, such as codes of conduct. Additionally, messages to employees are often communicated during meetings. This forum is used to accommodate an open dialogue (Kim, 2017).

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2.5.4 Three CSR-communication strategies

Morsing and Schulz (2006) present three communications strategies for different types of stakeholder relationships, useful for corporations when to practicing CSR-communication (see Appendix 3). The CSR-communication strategies should first be implemented among internal stakeholders to in extension reach the external stakeholders (Morsing & Schultz, 2006). The strategies to communicate CSR with stakeholders are described subsequently.

The stakeholder information strategy

The stakeholder information strategy is a one-way communicating strategy, and the communication always goes from the corporation to its stakeholders (Morsing & Schulz, 2006; Gruning & Hunt, 1984). It can be explained as "telling, but not listening" and a tool to distribute objective information. Useful communication channels are through media, magazines or brochures (Morsing & Schultz, 2006). The stakeholders can respond to the one-way communication by being loyal and praising or by boycotting the corporation (Henriques & Sadorsky, 1999). To effectively communicate, the corporation has to explain and show how the CSR-activities relate to its business's core (Morsing & Schultz, 2006).

The stakeholder response strategy

The stakeholder response strategy is a two-way asymmetric communication strategy, where the communication flows both to, and from stakeholders. The purpose is to change the stakeholders' attitude or behaviour. Therefore, the corporation has to take decisions that attract external stakeholders (Morsing & Schultz, 2006). To be able to take attractive decisions they need to engage relevant stakeholders (Kim, 2017; Adams & McNicholas, 2007). A way to figure out what the stakeholders find interesting is by a market survey that further helps corporations to improve their CSR-activities (Morsing & Schultz, 2006). The communication is received as feedback and the survey shows what the stakeholders prefer and tolerate. However, there is a risk that a corporation only hears "one suitable voice", a voice that reflects what the corporation wants to hear. For example, the corporation asks its stakeholders questions that give answers supporting the corporation's opinions (Morsing & Schultz, 2006).

The stakeholder involvement strategy

The stakeholder involvement strategy is a two-way symmetric communication strategy, which can be explained as a dialogue between the stakeholders and the corporation. In the dialogue, both the stakeholders and the corporation have the opportunity to influence and change each other (Morsing & Schultz, 2006). This dialogue makes it possible for corporations to show that they listen to the stakeholders and that the stakeholders have an opportunity to influence the corporation and *vice-versa* (Nitsch, 1998; Belz & Peattie, 2012). Useful methods to exchange information, in addition to the dialogue, are by surveys or opinion polls. These methods help corporations to both adapt to stakeholders' concerns as well as involve them to develop a positive support and improve the CSR-activities. To establish a mutual understanding, a dialogue between both internal and external stakeholders regarding the CSR- concerns is essential (Morsing & Schultz, 2006).

2.6 Summary of theoretical perspectives

To understand the development of trustworthy sustainability reporting in this study's context, theories and conceptual ideas has been reviewed. Theories in sustainability reporting, stakeholder theory and CSR-communication strategies, help the researchers of this study to understand and illustrate the subject. Sustainability reporting is what corporations do to meet stakeholders' demand and prove how they act socially responsible. It is a set of activities which

explains what a corporation does to be corporately socially responsible (see Table 3). As shown in Table 3, the stakeholder theory identifies the relationship between stakeholders and the corporation. Today, corporations need to consider several stakeholder groups beyond stakeholders with financial interest to remain competitive on the market they act. Corporations need to communicate what responsibilities they take, to create meaning of sustainability reporting (see Table 3). Trust is a vital component in sustainability reporting and can be created through stakeholder involvement, as dialogues. Therefore, CSR- communication strategies are relevant when understanding sustainability reporting. A summary of the theories is presented in Table 3.

Table 3. Summary of the theory chapter's theoretical perspective

Theory	Description	Key references
CSR and trustworthy sustainability reporting	Describing characteristics and criticism against CSR, sustainability reporting and reports. Describes the connection between sustainability reporting and trustworthiness and explains the meaning of trustworthy.	Adams & McNicholas, 2007 Cerin, 2002 Manetti & Toccafundi, 2012 Fortanier *et al.,* 2011
Stakeholder theory	Stakeholders' characteristics and relation to corporations. Describes the connection between sustainability reporting and stakeholders.	Roberts, 2003 Freeman, 1984 Mark-Herbert & Von Schantz, 2007
CSR communication strategies	Communicating CSR is a way to spread a corporation's taken responsibilities and can be done in different ways. The sustainability report can be a communication tool for corporations.	Morsing & Schultz, 2006 Morsing *et al., 2008* Kim, 2017 Dawkins, 2005

2.7 Theoretical framework

With support from explained theories in chapter 2, the researchers have designed a theoretical framework (see Figure 3). The framework's role is to assist the data collection and analysis, *inter alia* interpreting data, to identify insights from the case study research. The theoretical framework is adapted and designed based on this case study's unit of analysis, LRF Konsult. Key components of this analytical framework include sustainability reporting, stakeholder theory and CSR-communication strategies.

The challenge, LRF Konsult's sustainability reporting, is in focus in this study and has therefore been placed in the middle of Figure 3. Here, sustainability reporting is defined as a set of activities which will contribute to a sustainability report. Research suggests dividing stakeholders into groups when identifying the relationship between a corporation and its stakeholders (Freeman, 1984). This theoretical framework applies Roberts' (2003) four stakeholder groups; business partners, authorisers, customer group and external influencers. Further, to understand stakeholders' relationship and interest in a corporation's sustainability reporting, these stakeholder groups are divided into internal and external stakeholders based on Mark-Herbert and Von Schantz (2007) definition (see section 2.4.2). Internal stakeholders depend on, and are a part of a corporation's daily operations that affect the corporation's weaknesses and strengths on the market. In Figure 3, internal stakeholders are represented by a board of directors and employees. External stakeholders form a corporation's framework that might affect the corporation's threats and opportunities. External stakeholders are for example customers and media.

In this theoretical framework, trustworthiness is illustrated by the outer and dotted circle in Figure 3. Trustworthiness demonstrates the stakeholders' belief in the corporation producing

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sustainability reporting; whether the message communicated in a sustainability report is perceived as reliable or not. Because of stakeholders' demand for sustainability reporting, a corporation needs to communicate the sustainability reporting's set of activities. In order to create trust for a corporation's sustainability reporting, stakeholders need to be involved. This study applies Morsing and Schultz's (2006) three CSR-communication strategies; stakeholder information strategy, stakeholder response strategy and stakeholder involvement strategy. The purpose is to understand how to involve stakeholders in a corporation's sustainability reporting by communication. The three CSR-communication strategies are illustrated by the arrows in Figure 3.
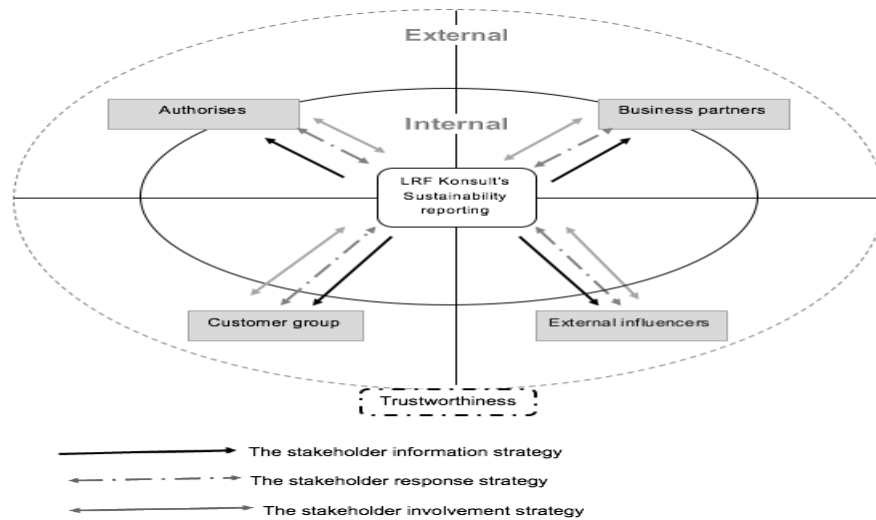
Figure 3. Illustration of the theoretical framework adapted to this case (Based on Morsing & Schultz, 2006; Roberts, 2003; Mark-Herbert & Von Schantz, 2007)

To practically apply Figure 3 in the analysis and to understand how the corporation can develop trustworthy sustainability reporting, the analysis is made by three approaches; descriptive, normative and instrumental approach. The descriptive approach's purpose is to understand, map and identify the objectives with sustainability reporting, related to the corporation's stakeholders. To understand how to perform trustworthy sustainability reporting, it is necessary to clarify the objectives of sustainability reporting. It helps both LRF Konsult and their stakeholders to identify what LRF Konsult aims to achieve with their sustainability reporting. The normative approach's purpose is to identify who LRF Konsult's relevant stakeholders could be and why they are relevant. For a corporation, it is vital to understand who the relevant stakeholders are, their relationship to the corporation and stakeholders' preferences. It is important since it helps the corporation to focus on the relevant stakeholders and to know what stakeholders consider as trustworthy sustainability reporting. The instrumental approach aims to understand how the corporations could communicate and involve their stakeholders. By the instrumental approach, it is possible to identify how LRF Konsult can involve their stakeholders in the sustainability reporting which further enhance the sustainability reporting's trustworthiness.

3 Method

This chapter presents and motivates the chosen method as will contribute to reaching the study's aim. Further, it explains how data has been collected, presented and analysed in this study. At last, the chapter comprises a method discussion regarding critical factors that might have impact on the study and ethical considerations.

3.1 Research design

A research project can have different designs depending on the topic for investigation, which affects the researcher's structure for how to collect data (Bryman & Bell, 2013). The research design can have a quantitative or qualitative approach, also explained as fixed and flexible design (Robson, 2011; Bryman & Bell, 2013). For a fixed design, comparisons and casual relationships between variables is a vital part. However, in a fixed design, the method for the data-collection assumes to be planned before the data-collection begins. Therefore, a fixed design is not suitable when investigating individuals and their complex behaviour (Robson, 2011). A flexible design is preferable when analysing phenomena in a complex context (Kvale & Brinkmann, 2014; Bryman & Bell, 2013; Maxwell, 2012). According to Bryman and Bell (2013), the aim of a flexible design is to create a greater understanding of phenomena by analysing, interpreting and describing the collected data by words instead of numbers.

In this study, a flexible design was chosen, since the researchers wanted to understand the phenomenon sustainability reporting in the context of LRF Konsult. The sustainability reporting is shaped by, as well as shape the corporation. This can be explained as the corporation itself performs activities in sustainability reporting, for example analysing the corporation's environmental impact. Thus, sustainability reporting needs to be studied in its context and cannot be removed from the corporation, unless the corporation stops performing these activities. According to Bryman and Bell (2013), a flexible design is suitable for in- depth investigation and to explore details. It was advantageous to the researchers who tried to understand the opinions of sustainability reporting in LRF Konsult, and not to identify how frequently phenomena occurred in a population. The idea of sustainability reporting was new for LRF Konsult and the knowledge about sustainability reporting was limited. When the experience is limited, a flexible design is more adaptive than a fixed design, which gave the researchers the opportunity to catch different aspects about a sustainability reporting in LRF Konsult.

Research mainly has an inductive, deductive or abductive approach as perceptions about the relation between theory and empirics (Bryman & Bell, 2013). The researcher can move from a theoretical base to the observation (deduction) or from empirical observations to the theory (induction) or combine these two (abduction) (Robson & McCartan, 2016). This study was performed with an inductive approach since it gave the opportunity to collect data and modify theories during the research process, which is in line with flexible design. An inductive approach is beneficial when the knowledge in the studied area is limited, because it allows space for interpretation of the empirical data (Bryman & Bell, 2013). How the data collection was carried out will be explained in the data collection chapter (see section 3.3).

3.2 Case study

A case study has a flexible research approach as it aims to explore a unique phenomenon in depth (Merriam, 2002; Bryman & Bell, 2013; Flyvbjerg, 2006). Eisenhardt (1989) explains a case study as: *"the case study is a research strategy which focuses on understanding the dynamics present within single setting"* (Eisenhardt, 1989, p. 534). Eisenhardt's (1989) statement is in line with Merriam (1994), Yin (2013) and Bryman and Bell's (2013) who claim that a case study is an opportunity to increase the knowledge about social or organisational phenomena and to identify an overall picture of the phenomena in its context. Examples of ones that can be studied as a "case" is a situation, a group or an individual (Robson & McCartan, 2016). Case studies can involve just one single case or multiple cases. Multiple cases can create numerous levels of analysis and a possibility to compare the results. In contrast, a single case can bring more depth and a keen understanding of the phenomena in the context, compared to multiple cases (Yin, 2013).

Sustainability reporting is an organisational phenomenon that cannot be removed from its context which is why a case study approach was suitable for this study. Eisenhardt (1989) claims when research fields are unexplored, a case study is appropriate because it reveals how different aspects relate to each other. The researchers in this study have identified a gap in the recent literature and tried to investigate the development of sustainability reporting in the context of LRF Konsult, which motivate the choice of a case study approach. In this study, one specific case is studied, which is based on Yin's (2013) argument that a one-case study can bring a deeper understanding of the studied phenomena, compared to multiple cases. Also, May (2011) claims that time and extent make it reasonable to assume that the analysis of multiple cases is less profound. Since time and extent were limiting factors in this study, analysing multiple cases was not suitable.

Unit of analysis and choice of case corporation
Yin (2013) points out the importance of unit of analysis in a case study and states that it characterises a case. Both, Tellis (1997) and Yin (2013) argues the unit of analysis is a critical factor since a well-defined unit of analysis is used to help the researchers answer the research questions. This study's unit of analysis is sustainability reporting in LRF Konsult. The choice of LRF Konsult is because they are a service corporation which, together with the corporation group, The Federation of Swedish Farmers (LRF), is affected by the new ordinance on sustainability reporting. LRF Konsult can be a well-defined unit of analysis since they are representing a large corporation in the service sector, affected by the stakeholders' increased demand for CSR-activities. LRF Konsult, together with LRF, is in the process of developing trustworthy sustainability reporting to satisfy the stakeholders and create competitive advantages, as credible reputation and legitimacy. Although they are not performing sustainability reporting today, it is interesting to follow their development of trustworthy sustainability reporting.

3.3 Data collection

The purpose of data collection process in flexible research using a case study approach is to create conditions for an in-depth analysis. To collect data in a flexible design may be time-consuming since it creates a vast amount of data, but on the other hand, there is an opportunity to establish a deeper understanding (Saunders *et al.*, 2007). In case studies, the primary data can be collected through interviews, observations or questionnaires (Eisenhardt, 1989; Elo & Kyngäs, 2008). The secondary data can be collected through articles, e-mail correspondence and

documents (Yin, 2013).

3.3.1 Semi-structured interviews

Yin (2013) and Bryman and Bell (2013) agree that interviews are important sources of information for a case study. By using interviews, there are possibilities to understand non-verbal signals, get an interesting response and unique answers (Bryman & Bell, 2013). According to Robson (2011), a typical interview style for researchers using a flexible design is semi-structured interviews. Semi-structured interviews allow flexibility, for example, the questions are predetermined in topics but can be changed during the interview process (Bryman & Bell, 2013). Further, semi-structured interviews allow open-end questions which are an advantage when the ambition is to reach depth in phenomena and to avoid misunderstanding (Robson & McCartan, 2016).

For this study, the researchers found the semi-structured interviews as the most suitable to collect relevant data, because the ambition is to catch a depth in the studied phenomena. Since the respondents' position and knowledge about sustainability reporting varied, it was essential with flexibility and an interview guide organised in topics. Further, it was significant for the researchers to have the flexibility to adapt into the respondent's situation and ask follow-up questions to clear out misunderstandings in order to confirm the correct interpretation of the answers. Before the data was collected, an interview guide was developed. The interview guide was developed to consider the respondents differing familiarity with the subject and to help the researchers to identify patterns in the respondents' answers. This study's interview guides can be found in Appendix 1 and Appendix 2.

The interviews were held in Swedish and performed face-to-face or by telephone depending on the respondents' desire and opportunities to offer time. In face-to-face interviews, the researchers had the possibility to see details concerning the respondents' body language and the environmental context. On the other hand, telephone interviews can be less time- consuming and easier to ask sensitive questions. When asking sensitive questions by telephone, it reduces the respondents' sense of observation, since the researchers cannot see their reaction (Bryman & Bell, 2013). In this study, there has been a dialogue between the respondents and the researchers considering the settings of the interview. The opportunity for the respondent to be a part of the decision could increase the respondents' commitment and hence make them feel more comfortable in the interview situation. All the interviews were both recorded and transcribed in English, which gave the researchers the opportunity to repeat the information from the interviews (*ibid.*). It reduced the risk to pass on details necessary for the analysis. Furthermore, to decrease misunderstanding, the respondents have confirmed their interpreted answers.

Respondents

In a flexible study, it is important to have a valid sample of respondents, since the respondents are the primary data (Bryman & Bell, 2013). Snowball sampling is a useful approach in flexible design when it is difficult to identify relevant members (Robson & McCartan, 2016). In this case study, a snowball sample was used and can be explained by that the researchers first identified a key respondent in LRF Konsult, who further recommended other respondents. The snowball sampling resulted in ten possible respondents. From the ten possible respondents, four were chosen (see Table 4).

From here, the respondents interviewed in this study will be referred to as "key informants" due to their contribution to relevant data in this study. Primarily, the choice of interviewing four key informants neither more or less, was based on the researchers' desire to reach a deeper

understanding of the key informants' view on sustainability reporting and identify details of LRF Konsult's context (Bryman & Bell, 2013). The choice of key informants was based on their position and their possibility to participate in interviews (see Table 4).

Table 4. The interviewed respondents and the interview settings.

Respondent	Position	Date	Duration	Form	Place	Personal background
Gunilla Forsmark-Karlsson	Board member	2017-02-17	90 min	Face-to-face	LRF Konsult's head courter, Stockholm	Gunilla is 59 years old, consultant and author to a book about sustainable businesses. Gunilla has been a board member for approximately 4 years. She has leader experiences in big corporations and operational worked with sustainability.
Anna Burlage Sjöberg	Communicator	2017-03-10	30 min	Thelephone	Swedish University of Agricultural Sciences, Uppsala	Anna is 39 years old and has been working in LRF Konsult since August 2016. Her duties are internal and external communication and public relations (PR). Her previous experiences are teaching, marketing communications, PR and press.
Anne-Sofie Pettersson	Chief accountant	2017-03-10	30 min	Thelephone	Swedish University of Agricultural Sciences, Uppsala	Anne-Sofie is 45 years old. She has been at LRF Konsult for 2,5 years. She has previous experiences from accounting in several large Swedish corporations.
Maria Hallén	Environmental and quality director	2017-03-13	60 min	Thelephone	Swedish University of Agricultural Sciences, Uppsala	Maria is 47 years old and has been working in LRF Konsult since 2005. She has a long experience of advising, accounting and leadership. Maria has had different director roles as office director, district director, business development director and at last environmental and quality director.
Håkan Gyllensvaan	Office director	2017-03-21	60 min	Face-to-face	LRF Konsult's office, Uppsala	Håkan is 58 years old and has been working in LRF Konsult since 2001. He has had different roles and duties; financial adviser and accountant, team leader and office director. Håkan has been office director in Uppsala since 2011.

Different roles can deliver different perspectives and together can these views create an overall picture of the development of trustworthy sustainability reporting in LRF Konsult. Further, the overall knowledge about sustainability reporting was varying within LRF Konsult, therefore the researchers selected key informants with insights on the topic to get more qualified data. Though, it must be mentioned that when only interviewing key informants within the corporation there is a risk for a less objective representation of opinions regarding sustainability reporting. The key informants might be blinded of their own situation as individuals working within LRF Konsult. Therefore, the researchers have been aware of this fact when they analysed and interpreted the collected data. At last, the researchers had to consider the key informants' opportunity to participate in an interview. When interviewing the communicator, she had made her decision to include the chief accountant because she felt that the chief accountant could provide with relevant answers at some questions. Consequently, the key informants became five (see Table 4). Additionally, on the communicator's desire, the time for this interview was reduced because of her busy situation. Therefore, the researchers had to adjust the interview guide for this interview (see Appendix 2).

3.3.2 Documents
According to Yin (2013), different documentation information is useful in a case study. Diverse sources of information help identify a well-defined construct of a case study (Eisenhardt, 1989). In line with this, the validity and reliability increases when multiple sources as providing evidence are used. In this case study, the primary documents have been made available on the internet and through e-mail correspondents. The role of these documents is to confirm and support evidence from multiple sources. Being conscious concerning the validity of the information in the documents, were of importance for the researchers of this study.

3.4 Data analysis

Both Yin (2013) and Robson (2011) argues that the data analysis is a difficult but a significant part of a study. Clarke and Braun (2006) and Robson (2011) also argues that it is important for the researcher to be familiar with the collected data. Data collection generates a vast amount of data from, in this case, interviews and documents. Therefore, Robson (2011) argues that the data has to be efficiently structured. According to Clarke and Braun (2006), thematic coding is a suitable method when to analyse collected data in a flexible research. Thematic coding is an approach useful in many settings, where the data is first analysed, and then coded and finally labelled in groups or themes. The themes help the researcher to interpret and analyse the data (Robson & McCartan, 2016).

Thematic coding helped the researchers of this study to reach a deeper understanding of identified phenomena and to find a design for the process of selecting appropriate theory to make sense of data and illustrate important insights from the case study research. Thematic coding makes it easier for the researcher to understand the investigated case and thus the result could be communicated in a more understandable way, which can increase the validity (Robson & McCartan, 2016). To be familiar with the data, the researchers recorded and transcribed the interviews instead of taking notes by hand. In this study, the researchers chose to write down in Swedish exactly what had been said and then translate into English. It was approached this way in order to minimise the risk to missing out on relevant information useful in the analysis.

When analysing the data, the researchers first got familiar with the collected data by transcribing and translating the interviews. After that, the researchers independently from each other identified keywords and sentences from the translated interviews. After discussions between the researchers, the keywords related to each other they were categorised into groups and then into themes. The created themes, identified by the researchers, were depending on the researchers' different aspects. The themes were; *mapping objectives of sustainability reporting, relevant stakeholders* and *engaging stakeholders through communication.* From these themes, the researchers compiled and interpreted the results and the link between chosen theories and empirical results. When making sense of the link between theories and empirics the descriptive, normative and instrumental analytical approaches were used, see further explanation in section 2.7. It also created a deeper understanding of the studied phenomena.

3.5 Literature review

A literature review is a way to identify and analyse documents such as academic books or articles, with information related to the research problem (Robson & McCartan, 2016). When creating a theoretical understanding in case studies, it is essential to establish a theoretical base for a literature review (Yin, 2013; Robson, 2011). According to Bryman and Bell (2013), a literature review presents a deep description of the knowledge of the studied area without being influenced by the researchers. Further, Robson (2011) discusses the importance of multiple sources, thus multiple evidence in research also explained as triangulation.

In this study, the researchers have studied previous research in similar areas, which according to Yin (2013) creates a broader understanding of the phenomena in focus. The literature review in this study identified a gap in the recent literature. The gap is how service corporations can

develop a trustworthy sustainability report. In this case, it was essential to create an understanding of relevant theories and literature concerning sustainability reporting stakeholders, CSR-communication strategies and service corporations. Databases such as SLU Primo, Google Scholar and Web of Sciences were used to gather literature to the theoretical base. The literature consisted of academic peer-reviewed articles, laws and books. Mostly, peer-reviewed articles have been used. This increases the validity of the source and the study since, peer-reviewed means that they are controlled by experts in the research areas. The keywords used to find relevant articles were *sustainability report, sustainability reporting, stakeholders, CSR-communication*, *trust* and *service.*

3.6 Method discussion

Robson (2011) claims that it is vital for researchers to reflect of how to ensure quality in a flexible study. The following section discusses the choice of methods and how it impacts the quality of this study.

3.6.1 Case study and interviews

Case studies are commonly criticised for the difficulty to generalise the result because it is based on a particular case and context. Hence, the results may be hard to transfer into other cases (Bryman & Bell, 2013; Yin, 2012). However, Flyvbjerg (2006) argues that it is a misunderstanding that a case study cannot be used in a broader perspective and be generalised. In line with this, Yin (2012) claims that the researchers' purpose is not to identify conclusions as it can be directly applied to similar contexts and situations. Instead, the aim of a case study is to use the study's theoretical ground to find logical conclusions in other cases. According to Yin (2012), this is one kind of generalisation.

Interviews are also associated with weaknesses. Bryman and Bell (2013) discuss the difficulties from generalising the results based on few interviews. Though this study does not aim to generalise the results, instead it is intended to get an understanding of sustainability reporting in the context of LRF Konsult. Therefore, according to Kvale and Brinkmann (2009), rather the respondents' characteristics than the number of respondents that is important. The interviews in this study have been performed in a semi-structured manner and held face-to-face or by telephone. For telephone interviews, risks are derived from potential technical problems and the researcher misses out on details like body language and environmental context (Bryman & Bell, 2013). Face-to-face interviews can be time- consuming and have geographical limitations. Though, both interview types have advantages and disadvantages, where advantages for telephone interviews are the disadvantages in a face- to-face interview and *vice versa*. In this study, the researchers let the key informants chose the interview settings, to make them feel comfortable and committed.

The researchers' skills in interview techniques are essential for an objective interpretation of the answers (Kvale & Brinkmann, 2009). Also, Tellis (1997) highlights that a lack of researchers' skills can lead to unclear research questions which could create biases from the respondents' answers. Therefore, the interview questions were open-ended to minimise misunderstandings and the researchers' influence of the answers. The researchers in this study tried to avoid leading questions and frequently reflected over their capacity and influence during the research process.

Further, all the interviews were recorded and transcribed, to retell the key informants' answers

correctly. According to Bryman and Bell (2013) transcribing recorded interviews requires effort, is time-consuming and creates a lot of data that the researchers have to analyse. Nevertheless, an advantage with transcribing is that it keeps the respondents used terms, provide the researchers with details of what has been said and make the researchers familiar with the collected data (Bryman & Bell, 2013). Thus, transcribing protects against biases. To ensure the quality of the transcription, the transcriber needs to understand the interview's topic (*ibid.*). In this study, the interviews were transcribed by the researchers who have knowledge of the subject. Due to the fact that one key informant made an own decision including another participant during one interview, the researchers had to be aware of the risk that the key informants influenced each other's answers. Even though, the perception is that the key informants had no attempt to interact while answering, this is acknowledged as a weakness of this case study. If possible the key informants should have been interviewed separately to reduce the risk that they have affected each other's answers. Accordingly, this was taken into account when analysing and interpreting the interview.

3.6.2 Quality assurance

By using a flexible design, there is a risk that the research questions can influence the empirics and the aim of the research, in due to the opportunity to collect data during the research process (Bryman & Bell, 2013). To ensure the quality and trustworthiness, the researchers have to continually reflect on their impact on the study and how the surrounding affects it (Robson, 2011). In flexible designs, there are several ways to measure and demonstrate quality. Bryman and Bell (2013) discuss validity and reliability as two acceptable terms in flexible research. Guba and Lincoln (1994) argues for another accepted concept, trustworthiness and authenticity, which have similarities with validity and reliability. Research debate the validity and reliability's usefulness and the implication of the words meanings in flexible research (Golafshani, 2003). However, Robson (2011) claims it is more important to explain and motivate how to ensure quality rather than which terms are used.

Internal and external validity

The researchers have a significant role when a flexible design is used since they interpret the results by words. Thus, the validity can be debated (Robson, 2011). Validity is an assessment of the conclusion if the generated result from the study is logically related. Empirical data that are relevant and measure the objectives must also be planned to be measured, to reach validity (Bryman & Bell, 2013).

Internal validity considers the project and if the study's empirical results match the study's theoretical framework. Triangulation is one way to ensure internal validity. Triangulation can be explained as the use of multiple sources of evidence such as several different observers, theoretical perspectives, data sources and methodologies (Bryman & Bell, 2013). In this study, the result is based on two observers' perspectives. Moreover, several different theories are used, for example, sustainability reporting, stakeholder theory and CSR-communication strategies. The primary data source were semi-structured interviews, which were transcribed and sent to the key informants to be confirmed. Except for interviews, data were also collected through email correspondence, documents and articles.

External validity considers to what extent results can be generalised to other social contexts and situations. External validity can be achieved by explaining and logically structuring the social context, it helps an uninformed person to understand and judge how transferable the results can be to another context (Bryman & Bell, 2013). A logical structure increases the

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opportunity to create a better understanding, which can lead to an increased credibility (*ibid.*). Further, it is important for researchers using a flexible design to choose a representative sample to improve the generalisation to other contexts (*ibid.*). This study used a single case study which Bryman and Bell (2013) claim could be hard to generalise because the case is unique and appears in special contexts. Though the aim of this study is not to generalise, instead it is intended to achieve a deeper understanding of a phenomenon in its context. Furthermore, according to Flyvbjerg (2006), it is possible to apply the theoretical background on other cases and can therefore, reach a certain level of generalisation. Thus, this study's theoretical framework can be reprocessed on other corporations and can therefore, achieve a certain degree of generalisation and external validity.

Reliability
Reliability is a widely discussed concept in quality design and aims to minimise errors and potential biases (Yin, 2013). Drost (2011) explains that reliability is achieved if it is possible to repeat the measurements with the same outcome, regardless of who conducts the new measurement or in which environment it is done. To achieve reliability, the researchers in this study have carefully described the steps in the study's process and explained why certain choices have been made, to avoid and minimise biases. The researchers have an actuating role because it is the researchers' analytical skills and words that will be part of the result (Yin, 2013; Bryman & Bell, 2013). The awareness of the researchers' role and a detailed description of the process increases this study's level of transparency and reliability. For example, to increase the reliability the researchers coded the transcriptions from the interviews independently, and then discussed similarities and differences in identified key words.

3.7 Ethical considerations

Ethical considerations are commonly discussed in research and includes the role of the researcher, informed consent and confidentiality (Kvale & Brinkmann, 2009). Bryman and Bell (2013) point out the importance to respect and accommodate the respondents. In this study, the ethical consideration was especially important because of the interviews with key informants. The researchers need to consider ethical issues regarding the participation and the design of the interview questions (Bryman & Bell, 2013). Also, possible consequents for the respondents need to be considered (Kvale & Brinkmann, 2009).

In this study, the researchers started the interviews with an explanation of the purpose of the study, second, the structure of the interview and at last, how the data will be used and handled. The explanation minimises the risk for false beliefs and is a way for the researchers to act honestly towards the respondents (Bryman & Bell, 2013). The researchers also have to listen to the key informants' desires and demands carefully, for example, to be anonymous, be recorded, decline their participation or choose to not answer a question (*ibid.*). Therefore, all key informants were asked whether they desired to be anonymous and if they accepted to be recorded. A comfortable respondent is more likely to give a relaxed and trustworthy answer (*ibid.*). Therefore, the key informants in this study had an opportunity to impact the choice of interview location and settings. Further, to respect the key informants and for confirmation, regarding if their answers were correctly interpreted the researchers sent the transcription back to the key informants.

4 The empirical data

The fourth chapter is divided into two parts. The first begins with a presentation of the new ordinance *on sustainability reporting and the case corporation LRF Konsult. The second part presents the data from the interviews and conveys the key informants' view of sustainability reporting, stakeholders, relevant stakeholders and CSR-communication.*

4.1 New ordinance on sustainability reporting

According to the EU, sustainability issues are increasingly necessary to consider (European Commission, 2013). Therefore, they implemented a new directive. The directive forces corporations of a certain size to create sustainability reports. The aim of the new directive is to increase corporations' transparency and put pressure on corporations to show how they work with strategies, risks and results in environmental and social responsibility (European Commission, 2013). According to Directive 2014/95/EU of the European Parliament and of the Council Directive of 22 October 2014, a sustainability report has to contain four different enlightenments; *environmental information*, *social conditions and employees' information*, *human rights* and *information about counteracting of corruption*. Furthermore, the reports should include *the corporation's business model, policies, risks, result indications* and *follow a special structure*. Because of the directive, sustainability reports have becoming mandatory for several large corporations (KPMG, 2015; European Commission, 2013).

Sweden is a country where the sustainability development is an important issue (Dawkins, 2005). In December 2016, a new Swedish ordinance regarding sustainability reports was founded, based and developed from the EU-directive (Justitiedepartementet, 2016). The new ordinance in Sweden means that corporations, or a corporation group with more than 250 employees over the two last years or/and has a reported turnover larger than 175 million Swedish crowns (SEK) or/and reported net revenues are more than 350 million SEK. Corporations which fulfil two of these three requirements, have to present a sustainability report. If there is a corporation group and the parent corporation create a sustainability report including all subsidiaries, the subsidiaries do not need to create a sustainability report on their own (SFS 2016:947). According to the Swedish Annual Accounts Act (SFS 2016:947), the mandatory sustainability report has to include non-financial information and the following six points; *the business model, the business policy, the policy's outcome, analyse of important risks regarding the business, how the business deal with the risks* and *relevant performance indicators.*

4.2 Overview of LRF Konsult

LRF Konsult is an accounting and advising business owned by LRF. They are LRF's largest subsidiary and has 100 years of branch experience in the accounting and advising business (LRF, 2017). The customers are mainly small to medium size corporations operating in the business, forestry and agriculture sector. LRF Konsult provides their customers with services in accounting and business advice, tax and law matters and real estate agency (*ibid.*). With roughly 75 000 customers, 1400 employees and 130 offices located all over Sweden, they are one of Sweden's largest accounting and advising corporation (LRF Konsult, 2015). The year 2015, their turnover was approximately 1 billion SEK (*ibid.*). LRF Konsult strives to offer high competence, strong commitment, pride and professionality through their employees. Consistently, LRF Konsult tries to provide their customers with equal quality regardless which

office they belong to. To be able to fulfil their ambition they need to keep high standards in education and carefully employ competent employees (LRF Konsult, 2017).

4.3 LRF Konsult and sustainability considerations

The environmental and quality director of LRF Konsult presented that LRF Konsult has for several years identified and developed environmental policies and goals. For example, LRF Konsult works today with sorting paper and car policies. During the last years, they have mentioned four points in their annual report, where they shortly explain what sustainability is for them, their environmental actions, how to satisfy their employees and identified risks with their business (LRF Konsult, 2015). In line with this, their ambition is to protect the environment through using renewable resources and avoid environmental harmful substances (LRF Konsult, 2015). For example, the last years they increased their digital services and tried to use more public transport during business travels. Further, they demand their business partners be environmentally sustainable. LRF Konsult is continuously operating to avoid discrimination of their employees through actively working with ethics issues, for example, by employee-satisfaction surveys and health control for all their employees. Earlier, according to the environmental and quality director, LRF Konsult had an environmental certification by the International organisation for standardisation (ISO), but they do not work with the certification nowadays.

The new ordinance's affections
Presented by the environmental and quality director, both the parent corporation, LRF and the subsidiary LRF Konsult are subjected to the ordinance since they both fulfil two of the three ordinance conditions. The LRF Group can include all their subsidiaries and present one sustainability report for the whole corporation group. Or LRF Konsult, as a subsidiary, can create one on their own. Regardless, the ordinance affects LRF Konsult, because it requires them to create sustainability reporting and communicate relevant information about their sustainability work and responsibilities. As a part of the sustainability reporting, LRF Konsult is thinking about to create their own communication plan for internal and external communication about LRF Konsult's sustainability effort and responsibilities. How this communication plan will be created is not exactly decided today, explains the environmental and quality director.

Two different alternatives to fulfil the ordinance
Today, there are ongoing discussions whether LRF Konsult will do their own sustainability report or to be included in the LRF Group's sustainability report. The office director states that the decision for LRF Konsult to produce their own sustainability report, or not, can have a significant impact on their future business. Further, is relevant for LRF Konsult to produce a sustainability report to continue to be an attractive actor on the market and decrease the risk to be excluded. The opinion is supported by the board member and the environmental and quality director who both consider an own sustainability report in LRF Konsult as a way to follow the on-going trend. Further, according to the office director, in a big organisation as LRF Konsult, an own sustainability report can help to ensure that the business is proceeding in the same direction. It can ensure that the large number of employees take decisions from same standpoint.

Moreover, the LRF Group and LRF Konsult have different business purposes and goals, which lead to various conditions and can motivate LRF Konsult to present their own sustainability report. Both the environmental and quality director and the chief accountant state that LRF Konsult's level of ambition the first year is to fulfil the ordinance together with LRF Group.

Further, both the chief accountant and the board member discuss the importance to remember that LRF is a stakeholder that need to be considered even though they develop their own sustainability report in LRF Konsult.

According to the office director, if LRF Konsult considers the sustainability report to be less important, they can take a shortcut to take part in LRF Group's sustainability report. They feel insecure regarding the development of the sustainability reporting and how to fulfil the ordinance. It could be a reason for why they chose to be a part of LRF's sustainability report the first year. Then they have a chance to learn how to perform a sustainability report. However, if LRF Konsult considers the sustainability report to be important, it can be a reason to present their own. Further, the office director states if LRF Konsult develops their own report, they do not need to compromise with the LRF Group and can include what they consider is important for their own business. During the time of this study LRF Konsult is discussing what decision they will make.

4.4 Sustainability reporting in LRF Konsult

The board member's view on sustainability reporting
The sustainability report can be considered as a product of the sustainability activities. The board member's image of sustainability reports is that they occur in different designs and forms and which can be separated or integrated into the annual and/or quarterly report. The sustainability reporting can be described as a common phenomenon in the society that society is moving towards. Sustainability reporting overall is good, although in order to create trustworthiness the reports need to be open and transparent for the recipient. Corporations need to clarify what sustainability reporting is about and what customers and employees can expect from the corporation, to reach trustworthiness. Though, it can take time to get sustainability reporting accepted and effectively implemented. Further, the sustainability reporting's information has to be communicated and marketed with a realistic approach. For example, green-washing, where corporations do intensive marketing about how responsible and environmentally-friendly they are, is not trustworthy. *"Corporations that develop sustainability reporting and state that they are the best at everything, do everything correct and are flawless, do not show trustworthiness"* (Board member, 2017). Further, sustainability reporting comprises challenges, for example, it has to be "for real" and corporations need to present reports of activities that they actually do.

Corporations need to openly present their goals and challenges with sustainability reporting. A sustainability report presented with key figures in an annual report, gives signals that the corporation take sustainability reporting seriously. Sustainability reporting consists of hard and soft values, where the key figures and goal measurements can be explained as the hard values. The soft values consist of the corporation's sustainable ambitions and visions. *"A challenge for corporations is to identify and map their own environmental, social and economic impacts and go through all the business's areas and divisions"* (Board member, 2017). LRF Konsult seems to be open-minded towards sustainability reporting and how they can contribute to society at large. This is a requirement for a successful implementation and communication of sustainability reporting. Further, LRF Konsult has an opportunity to contribute to the society and to inform the public about their sustainability activities. It can attract customers and employees. Further, it can be an advantage to communicate the corporation's responsible efforts since stakeholders valuate sustainability more nowadays.

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The chief accountant's view on sustainability reporting
The chief accountant discusses the relevance for corporations to work with sustainability reporting, because it is a trend and is demanded by their stakeholders. Many larger corporations during the last years have voluntarily been sustainability reporting, because it increases their competitive advantages. Sustainability reporting consists of both hard and soft values. The formalities and the measurements of the sustainability reporting is the hard value. Though, the soft values in sustainability reporting are the most important. They can be explained as the sustainability reporting's contribution to a better environment, social goals, responsible suppliers and a strong relationship with the employees. Further, it is important that both the hard and soft values are easy to understand and possible to measure. *"I try to find relevant key figures to be able to evaluate and follow up the outcome"* (Chief accountant, 2017).

When working with sustainability reporting, it is necessary to understand how to fulfil the new ordinance. Depending on a corporation's experience regarding sustainability reporting, the level of ambition is probably varying. LRF Konsult has previously included limited information about environmental and sustainability issues in their administration report. Regarding to the ordinance, LRF Konsult understands the benefits of developing and adding more details to the already existing information in the administration report. Further, the new ordinance is the primary reason for why LRF Konsult, together with LRF, has increased their role in sustainability reporting. *"LRF Konsult's level of ambition the first year, is to give LRF relevant information to make it possible for LRF to fulfil the ordinance"* (Chief accountant, 2017).

The environmental and quality director's view on sustainability reporting
The environmental and quality director states that sustainability reporting is necessary. The sustainability reporting is modern and an up-to-date topic. *"It is at the last minute to start with sustainability reporting. I wished the process had begun earlier. It is definitely time now"* (Environmental and quality director, 2017). Working seriously with sustainability issues is interesting and central for LRF Konsult because it increases both the corporation's profitability and attractiveness for customers and employees.

When developing a sustainability report, it is necessary to start from broad areas where the corporation impacts. It is preferred to analyse several areas broadly, rather than analyse one specific area in depth. It is also important to reflect on what kind of business LRF Konsult is running, their impact and how they can work to reduce it. Two areas where LRF Konsult has large environmental impact are in business travels and electricity. Key figures and instruments are needed to measure and evaluate social, environmental and economic effects. Together with other managers the environmental and quality director has analysed and discussed the business plan's goals, categorised them (environmental, social and economic) and identified relevant key figures under each category. Examples of relevant key figures in LRF Konsult are: number of digital customers (economic), employee index (social) and amount of printed papers (environmental). However, LRF Konsult prefers to start in a fairly low level and develop few qualified key figures in all three categories. Collected and developed material, such as key figures will be reported to the owner LRF, to provide them with material for the LRF Group's sustainability report.

The environmental and quality director states that the new ordinance aims to get corporations to start working in a sustainable way. However, the ordinance has a fairly low level and it would be possible to work in a more ambitious way. *"The challenge is to not only think about how the ordinance can be fulfilled, instead to find a level that means something"* (Environmental and quality director, 2017). From this, a corporation could earn advantages by communicating their

responsibilities to society. The sustainability report can be used to show customers, employees, owners and business partners that LRF Konsult is a *"sustainable corporation with healthy values"* (Environmental and quality director, 2017). Sustainability reporting is beneficial because it reminds corporations to work more sustainably on a daily basis. At the same time, corporations are challenged to know how to work in a sustainable way. Therefore, the greatest endeavour is to make the sustainability reporting to be a natural part of their daily operations. *"I believe we can be a better corporation if we daily include the sustainability perspective in all our decisions"* (Environmental and quality director, 2017). An example could be to include a sustainability perspective in stakeholder analysis.

The office director's view on sustainability reporting
The office director associates sustainability reporting with corporations' usage of resources in a healthy way. This type of sustainability reporting is associated with a great number of documents. Sustainability can be defined as *"Sustainability is to handle the resources you have in a good and gentle way"* (Office director, 2017). In general, sustainability is becoming vital for corporations to consider. Sustainability reporting is considered as a positive trend in society. The society is in a digitalisation-process and is moving towards sustainability thinking automatically. LRF Konsult has not, compared with other corporations, a big environmental impact. Though, through sorting materials and choosing environmental friendly transports, they believe in the saying *"out of little acorns grow huge oaks"* (Office director, 2017). From an economic perspective, LRF Konsult is a stable corporation with decent financial results which is why they are considered economically sustainable. LRF Konsult's biggest concern is the social perspective, because they are a service corporation providing a large number of people with employment. The employees are the most valuable resource for LRF Konsult, since they provide LRF Konsult's customers with services.

The purpose of sustainability reporting for LRF Konsult is to provide employees with a guideline and support, for example, in the decision making-process. The implementation of sustainability reporting in LRF Konsult conveys both challenges and opportunities. On the one hand, from the office director's experiences there is a challenge to motivate employees to have a positive mind-set towards changes such as sustainability reporting. Sustainability reporting might lead to new procedures which can create worries and uncertainty among employees. On the other hand, sustainability reporting can facilitate the work and be a helpful tool for employees since it clarifies LRF Konsult's sustainability values and goals. It can trigger a new dimension and help employees to think about sustainability in their daily work activities. However, according to the office director, sustainability reporting gives LRF Konsult the opportunity to communicate their taken responsibilities and values to stakeholders.

4.4.1 The effect of the new ordinance
The board members view on the new ordinance
The new ordinance can be a push for corporations to present a sustainability report. Today, several corporations have been reporting voluntarily. Corporations will probably continue or start to present a sustainability report even though they are not subjected to the ordinance. Sustainability reporting is a trend and will in the future be a matter of course inspiring corporations to follow the trend. It does not matter whether a corporation presents sustainability reports voluntarily or not, it still gives legitimacy. Often corporations cannot wait for an ordinance to be founded because of increased demand and interest from society. Instead, of reporting voluntarily the corporation shows that they are a pioneer and listen to the society. This is a reason why LRF Konsult follow the trend and not falling behind their competitors. *"It is*

better to get ahead than cure" (Board member, 2017).

The communicator's and the chief accountant's view on the new ordinance
The chief accountant believes that the society's view has changed because of the new ordinance. Sustainability reporting has become more important for businesses, when deciding who to do interact with. According to the communicator a corporation's sustainability report is a signal to the society that the corporation is a serious actor, following the ordinances and rules on the market. Further, they have to show how they are law-abiding. The communicator states that this is a matter of course for LRF Konsult. The communicator explains that sustainability reporting is statutory for large corporations, but how it is performed is distinguishing between corporations. Further, according to the chief accountant corporations' level of ambition varies when to develop the sustainability report.

LRF Konsult would not have the ambition to develop a sustainability report without the ordinance. Many corporations have not been responding positively about the new phenomena by creating sustainability reports earlier because of lack of information. Therefore, according to the chief accountant, LRF Konsult has their own interpretation and the level of ambition is related to their capacity during the first year. The level of ambition the first year, is to fulfil the ordinance and provide relevant information.

The environmental and quality director's view on the new ordinance
The new ordinance gives important signals to corporations that they have to think seriously about sustainability issues and to take responsibilities. However, the ordinance indicates the lowest level of accepted sustainability reporting. Anyway, a sustainability report can provide legitimacy, but it depends on its performance. "*A well performed and ambitious sustainability report can generate legitimacy and thus competitive advantages, by show that a corporation is unique and a step ahead of their competitors"* (Environmental and quality director, 2017). During the first year of the new ordinance many corporations will probably do a simple sustainability report, to fulfil the ordinance. During the following years, there will be opportunities to increase the level by including more details.

The office director's view on the new ordinance
The ordinance guides corporations towards what is relevant and helps to understand the demands of society. It demonstrates the increased stakeholder demands for soft values such as the corporation's sustainability standpoint and values, rather than hard values such as financial measurements and financial key figures. The ordinance can also give corporations not subjected to the ordinance incentives to start sustainably reporting. *"An ordinance has a certain significance, it can speed up the process and forces corporations to act"* (The office director, 2017). Worldwide, an ordinance like this is relevant, since corporations have a massive effect on society and need to consider their action's impact and responsibilities. By sustainability reporting, LRF Konsult can show that they consider it serious. Therefore, it could give LRF Konsult legitimacy and contribute to make LRF's brand more legitimate. Further, sustainability reporting for LRF Konsult could improve the corporation's business. It would help employees in their decision makings and clarify which position LRF Konsult has taken in the topic. Also, it can explain for employees how they should do their work properly, help them to answer customers' questions and give them the right information which in turn will result in competent service.

4.4.2 LRF Konsult's stakeholders
Stakeholders have an added interest in sustainability reporting because of their concerns

regarding LRF Konsult's taken responsibilities and actions (Chief accountant; Communicator, Office director, 2017). LRF Konsult's stakeholders discussed by the key informants are summarised in Table 5.

Table 5. A summary of LRF Konsult's stakeholders of sustainability reporting mentioned by the key informants.

Stakeholders of sustainability reporting in LRF Konsult				
Board member	Communicator	Chief accountant	Environmental and quality director	Office director
▪ Owner ▪ Employees ▪ Potential employees ▪ Customers ▪ Investors ▪ Business partners	▪ Owner ▪ Employees ▪ Customers ▪ Society	▪ Owner ▪ Employees ▪ Customers ▪ Banks ▪ Suppliers	▪ Owner ▪ Employees ▪ Potential employees ▪ Customers ▪ Business partners ▪ Branch partners ▪ Board of directors ▪ Competitors	▪ Owner ▪ Employees ▪ Potential employees ▪ Customers ▪ Business partners ▪ Competitors ▪ Labour unions

The office director discusses, that to include stakeholders in a sustainability report could be beneficial. *"It is always good to hear from stakeholders, for example, customers' opinions to improve the business"* (Office director, 2017). The office director means that there are multiple ways to include stakeholders in this process. This could include interviews, dialogues or by customer surveys. By using information from the sustainability report, stakeholders can realise if they are sharing LRF Konsult's values or not (Board member, 2017). However, it is not necessary to include all stakeholders (Environmental and quality director, 2017).

4.5 Relevant stakeholders to LRF Konsult's sustainability reporting

Relevant stakeholders according to the board member
The board member states that LRF Konsult needs to consider the stakeholders' interest. As a subsidiary LRF Konsult needs to consider the parent corporation LRF's environmental policies. "*Even though, LRF Konsult is a large corporation, LRF is the brand and it makes it complex considering the sustainability report*" (Board member, 2017). Since LRF Konsult has a large number of employees the employees are one of the relevant stakeholder groups. The employees have to be aware and understand the sustainability reporting. The understanding of the reports helps them to make right decisions and give correct answers to customers. *"If LRF Konsult's sustainable responsibilities are clear towards the employees, they can rely on this and do right decisions towards customers. It brings a sense of security to the employees"* (Board member, 2017).

For LRF Konsult, it is necessary to attract competent and educated employees because the employees satisfy the customers by delivering service. Further, employees' competence and customers' knowledge about the brand determines which corporation a customer chooses. Therefore, to employ people with the right competences are considered as important. Though, the higher competence a potential employee has, the more attractive they become on the labour market and the more opportunities they have to choose employer. Potential employees valuate and search for corporations with values as are in coherence with their own values. It implies that more tools than classic economic key figures are needed to attract employees who are choosing between employers. LRF Konsult has to communicate their benefits compared to competitors and it is relevant to frequently announce why employees should choose LRF Konsult instead of other employers. Further, a service corporation like LRF Konsult, needs to analyse their

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customers' demand to know what they are expecting and how to satisfy them. In a similar way as with employees, there is a priority to understand what is important for customers when choosing LRF Konsult to make LRF Konsult a strong competitor. The target customer group is small to medium size businesses. Therefore, it is vital to adjust the sustainability responsibilities and communication to these customers.

Relevant stakeholders according to the communicator and the chief accountant
Both the chief accountant and communicator agree that most of LRF Konsult's stakeholders have an interest in a sustainability report, especially the employees. According to the chief accountant, the owner, the customers or the employees could be the most interested stakeholders. From the chief accountant's perspective, a relevant stakeholder to sustainability reporting for LRF Konsult, is the owner LRF. The reason is that LRF Konsult has to follow LRF's policies and direction regarding sustainability. However, the communicator discusses the difficulties to point out one single stakeholder group as the most interested because all stakeholder groups have an interest viewed from different perspectives.

Relevant stakeholders according to the environmental and quality director
LRF Konsult's relevant stakeholder groups are employees, potential employees, customers and the board of directors. An employer that invests in sustainable responsibilities are a motivating factor for employees, therefore a corporation not working with sustainability issues will be less appealing for employees. *"I think a corporation that works with sustainability will be a more attractive employer"* (Environmental and quality director, 2017). Further, it is vital for the employees, as advisers and accountants, to include sustainability as a pillar when they advise customers. Otherwise, LRF Konsult will in a short time disappear from the market. Therefore, LRF Konsult is forced to include sustainability aspects in the business.

It is beneficial to have a dialogue with employees and potential employees, to understand which responsibilities are significant in order to satisfy them. A similar dialogue with customers would help to understand their view of sustainability and what actions they would like LRF Konsult to do. However, while the LRF Group is about to develop a sustainability report and will need material from LRF Konsult, a dialogue between LRF and LRF Konsult is necessary. With this dialogue, LRF and LRF Konsult can share knowledge regarding sustainability reporting.

The environmental and quality director states that for the board of directors, sustainability reporting is interesting from a profitability perspective, both to be able to measure and increase the profitability. LRF Konsult has to be modern and follow the trend to work in a sustainable way. Otherwise, there is a risk to lose market shares and profitability. Related to this the environmental and quality director states: *"The corporation has been existing for 100 years and will be existing for another 100 years. Therefore, it is important to include the sustainability work in the business"* (Environmental and quality director, 2017). There is no distinction for which stakeholder group would be the most interested to read the sustainability report. Though, the sustainability report would probably be read by business partners, interested to deal with LRF Konsult, since sustainability responsibilities are significant when doing procurements with other business partners.

Relevant stakeholders according to the office director
LRF Konsult's relevant stakeholders are LRF, employees, potential employees and customers. Customers are important because they keep the business running due to their consumption. Therefore, they should be involved in sustainability reporting. Further, the most important resource, the employees, should be involved because they act as a link between LRF Konsult and the customers. The employees have to have a positive mind-set towards the business

activities since they run the business forward by delivering service to customers. Therefore, it is necessary for LRF Konsult to attract competent and flexible employees. In line with this, skilled potential employees, are another relevant stakeholder that is important to involve by communication. The owner, LRF, wants to achieve both legitimacy and trustworthiness and therefore has high interest regarding how LRF Konsult meets stakeholders' interest. Further, LRF is dependent of LRF Konsult's reputation and can earn benefits from LRF Konsult's result and business progress. According to the office director, there is an interest to determine that their subsidiary is accepted by society and keep a positive reputation, because LRF Konsult's brand, impacts LRF's brand and *vice versa*.

4.6 Communication of sustainability reporting in LRF Konsult

The board member's view on CSR-communication and channels
Today, the board member is involved and feels an opportunity to influence the decisions regarding sustainability reporting. According to the board member, the communication comprises documents and reports from the Chief Executive Officer (CEO). The most efficient way to communicate a sustainability report is to use different forums and already existing channels. Preferably, the sustainability report should be integrated in the annual report to earn trustworthiness, since it implies that a corporation considers sustainability reporting important. However, a sustainability report separated from the annual report is better than not producing a report. Further, clear goals and frequently discussing sustainability reporting, is relevant to get a well-rounded perception within the whole organisation. Otherwise, the risk for less understanding and less knowledge sharing increases.

It is the CEO's responsibility to press ahead the process of sustainability reporting and the communicator's responsibility to communicate the information. It is preferred to work in small steps and do it well. When the process is well-grounded among the management, other stakeholders with relevant knowledge can be included. *"It is vital to harmonize the communication with stakeholders as customers and employees. However, the primary goal of a corporation is to earn money"* (Board member, 2017). When including stakeholders in sustainability reporting and CSR-communication, the decision needs to be thought through. Otherwise, it can be costly if the included stakeholder cannot contribute any knowledge.

Corporations need to market their sustainable activities, given that it is for real. If they communicate beautified information take a risk of destroying their brand. Further, when communicating the receiver has to understand the message. Therefore, messages need to be open, transparent, relevant and easy to comprehend. It is preferred to communicate less, but to express quality information. By using a frequent internal dialogue with employees about sustainability reporting internal trustworthiness can be increased.

A functioning internal communication is essential when trying to communicate externally. Therefore, it is central to help employees deliver the right answers when advising and responding to questions from external stakeholders such as customers. A sustainability report can provide those benefits to employees by increasing their knowledge of the corporation's standpoints and values. Further, it can work as a guideline, to help the employees and managers handle tasks in similar ways. *"This increases the employees' self-esteem and feelings of pride to be a part of a healthy corporation"* (Board member, 2017). Sustainability reporting can be a signal to potential employees, that the corporation is a serious actor valuating their employees. It is impossible to succeed with implementing a sustainable communication if the employees do

not consider CSR important or are lacking information. In addition the employees' communication with customers has to be backed up and work in harmony with digital communication channels. The increased use of digital techniques, put pressure on LRF Konsult to provide customers with trustworthy communication via digital channels.

The communicator's and chief accountant's view on CSR-communication and channels
Both the chief accountant and communicator would like to have the opportunity to influence the sustainability reporting. The chief accountant discusses that it would be interesting to influence the relevant key figures for LRF Konsult. The communicator would like to be provided with information about why there is a sustainability report, why it is required by ordinance and how LRF Konsult deals with sustainability issues and reporting. Further, both the chief accountant and the communicator want to have the sustainability reporting communicated through the internal web page. Preferably, the information should be communicated from the CEO and in extension by the internal web page. *"In the initial stage, it is important to communicate internal and explain the meaning of the sustainability reporting. Thereafter, other stakeholders can be informed. Today, there is no plan for how to communicate internal"* (Communicator, 2017).

LRF Konsult already has existing internal communication channels that can be used. They always start to communicate internally with employees. By providing employees with clear and relevant information, they feel comfortable answering questions from customers in a proper way. Further, the communicator states that LRF Konsult is open-minded towards customers' views and questions regarding sustainability reporting and communication. The desire is to respond to customers' views and questions to make them feel satisfied.

The environmental and quality director's view on CSR-communication and channels
It is the environmental and quality director's task to deal with sustainability issues and she has to be a part of the sustainability reporting to deliver relevant material. Suitable communication channels depend on the sustainability report's level of ambition. If the sustainability report is ambitious and something to be proud of, it is preferred to communicate it via a webpage. However, if it is less ambitious and not that processed then it could be communicated by the annual report only. From the environmental and quality director's perspective, the information from the LRF Group's sustainability report would be used to assess if it satisfies and fulfils LRF Konsult's interest. *"Communication is an important part of sustainability reporting and has to be in line with, and cooperate with the LRF Group's"* (Environmental and quality director, 2017). It is important for LRF Konsult to be able to give feedback for improvements on information in the LRF Group's sustainability report.

The responsibility for the communication of sustainability reporting lies on the communication department and the communication director. Even though the environmental and quality director would like to be a part of the communication and has the opportunity to discuss the information. In an external perspective, the LRF Group's sustainability report combined with LRF Konsult's key figures would be used as a communication tool towards stakeholders. By communicating how LRF Konsult takes sustainable responsibilities, competitive advantages can be created. The external communication towards customers and new employees could for example be by newsletters and during recruitment processes. A challenge when communicating sustainability reporting is to understand what is sustainable and how can it could be explained to customers or employees. It is complex to understand what sustainability is and from which perspective sustainability should be considered. For example, on the one hand, if digital storage increases, the paper use will be reduced. On the other hand, the need for electricity to run many servers and computers will increase.

The office director's view on CSR-communication and channels
The office director is willing to be a part of the sustainability reporting by delivering feedback, for example, by giving suggestions for improvement. The sustainability reporting should naturally be included and communicated in activities. Employees' opinions are important and relevant for LRF Konsult to consider. When communicating with stakeholders, it needs to be frequent and contain less, but higher qualify information rather than rarely communicated massive information. Further, customers are getting more digital and this is essential to meet their demands in forums. Therefore, LRF Konsult needs to reach their customers digitally, for example via a web page. Though, there is a challenge for LRF Konsult to educate the employees on how to advise and communicate by digital forums.

To make it easy for employees to know what is relevant from the sustainability reporting, the information has to be downscaled and clearly clarified. Furthermore, internal communication has to be easy to access and efficiently is to use already established communication channels. This makes it easy for employees to access the necessary information. These channels are forums on the web page, internal forums and existing documents. Further, it could be advantageous to include sustainability reporting naturally in the business and discuss it at monthly meetings. The office director states that in all the big mass of information it is important to make it stand out.

The office director discusses the communicator director as responsible to communicate a sustainability report. The challenge when communicating, is to reach the receiver and to make the information interesting. Thus, a well-communicated sustainability report gives LRF Konsult the opportunity to show the society how they take responsibility. Further, a successful communication can create competitive advantages which makes LRF Konsult to a more attractive employer than competitors. This generate skilled employees, necessary to run a profitable business. However, there is a bigger challenge to communicate internal than external, because an internal communication demands a more comprehensive dialogue in order for employees to succeed, rather than with external stakeholders such as customers.

5 Analysis and discussion

In this chapter, the empirical data is analysed and discussed based on the theoretical framework. Every section starts with an analysis, directly followed by a discussion. The study aims to investigate the development of trustworthy sustainability reporting in a corporation situated in the Swedish service sector. Since this study focuses on service corporation, an analysis of the service characteristics is introduced.

This study aims to investigate the development of trustworthy sustainability reporting in a corporation situated in the Swedish service sector. To be able to reach the aim, the following research questions have to be answered:

- What are the objectives for developing trustworthy sustainability reporting in a corporation in the service sector?
- Which stakeholders are perceived by a service corporation to be relevant in making sustainability reporting trustworthy?
- Which CSR-communication strategies can be conducted by a service corporation to involve relevant stakeholders in the development of trustworthy sustainability reporting?

Key insights from the empirical data
Key insights from the analysis of empirical data are presented and summarised in Table 6. The theoretical framework was used to identify the empirical key insights. Further, the empirical data was categorised in empirical themes to illustrate the important insights (see Table 6). The analytical approaches were used to understand and identify the key insights from the empirical data related to the empirical themes (see Table 6).

Table 6. A summary of key insights from the empirical data

Stakeholder analytical approaches	Empirical themes	Key insights from the empirical data
Descriptive approach	Objectives for sustainability reporting in LRF Konsult	- To meet and satisfy stakeholders' demand - To be perceived as an attractive employer - To educate and motivate employees - To maintain legitimacy
Normative approach	Relevant stakeholders to LRF Konsult's sustainability	- The owner (LRF) - Employees - Customers
Instrumental approach	Communication strategies to involve stakeholders in LRF Konsult's sustainability reporting	- Communicate through already existent channels - Communicate through different channels (web sites, documents, discussions and meetings) - Involve stakeholders in a dialogue

The researchers used the descriptive approach to identify and map the objectives from the key informants' answers regarding motives and purposes for sustainability reporting in LRF Konsult. The identified objectives are; to meet and satisfy stakeholders' demand, to be perceived as an attractive employer, to educate and motivate employees and to maintain legitimacy (see Table 6). The relevant stakeholders are identified through a normative approach. They are identified as relevant stakeholders because they directly influence and are affected by LRF Konsult's sustainability reporting. The relevant stakeholders are; the owner, the employees and the customers (see Table 6). For a detailed explanation of why they are relevant

stakeholders see section 5.2. An instrumental approach was used to identify communication strategies for how to involve stakeholders. The empirical data shows that it is important to involve stakeholders by a type of dialogue and to communicate through existent and different channels to reach trustworthiness (see Table 6). Different stakeholders prefer different communication strategies, but for the key informants it is important to feel comfortable with the communication channels to perceive it as trustworthy.

Service characteristics of LRF Konsult

LRF Konsult offer services in advising and accounting and does not deliver any goods to their customers, which accord with the characteristic *lack of ownership*. In line with this characteristic the *intangibility* characteristic is also fulfilled. This means that the customer can not touch or try the goods before buying it. Instead, the quality of the advises made by LRF Konsult's can only be judged when the service is delivered. To continue, the characteristic of *perishability* is applicable at LRF Konsult. Advising meetings from LRF Konsult is directly consumed and cannot be consumed either before or after the meeting take place. LRF Konsult is dependent on their employees to deliver the advises, thus the advises cannot be stored. This characteristic is explained as *inseparability* and means that the service cannot be separated from the service deliver. Further, LRF Konsult's service quality are dependent on the employee delivering the services and the persons receiving the services and their human interaction. Thus LRF Konsult's services are difficult to standardise. This can be explained by the characteristic of *heterogeneity.* Accordingly, LRF Konsult accord with the characteristics of service corporations described in section 2.1.1 and Table 1 and is therefore a suitable corporation to study.

5.1 Mapping objectives in sustainability reporting

5.1.1 Objective 1: Meet and satisfy stakeholders' demand

The research identifies sustainability reporting as a way for a corporation to respond to stakeholders' increased demand for the corporation to take sustainability responsibility (Fortanier *et al.*, 2011; Cerin, 2002; Manetti & Toccafundi, 2012). Due to the increased stakeholder demand, Sweden has implemented an ordinance forcing larger corporations to practice sustainability reporting. Further, it has the purpose of meeting stakeholders' demands for increased insights into corporations' business (SFS 2016:947). Moreover, Adams and McNicholas (2007) and Fortanier *et al.* (2011) discuss the importance of considering relevant stakeholders' interests in sustainability reporting, because they have an important role and affect the corporation's business. All the key informants state that the stakeholders' demand for sustainability reporting increases and that the new ordinance speeds up the process for corporations to consider their business action's positive and negative impacts. Furthermore, by using sustainability reporting, the key informants see an opportunity for LRF Konsult to more openly show stakeholders how they take social responsibility. To continue, the case study research shows the importance for LRF Konsult to meet and satisfy stakeholders demand. Examples of how LRF Konsult satisfies stakeholders are by following their owner LRF's, environmental policies or satisfies the employees' by being a responsible employer following ordinances and offering fair working conditions.

In line with literature (Fortanier *et al.*, 2011; Cerin, 2002; Manetti & Toccafundi, 2012), this study implies that sustainability reporting is a way for a service corporation to respond to the stakeholders' increased demand for corporations to take sustainable responsibility. Moreover, this study shows coherence with Fortanier *et al.* (2011) and indicates that a service corporation
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wants to meet and satisfy stakeholders' demand for sustainability reporting. Hence, this study identifies that to meet and satisfy stakeholders' demand is an objective of sustainability reporting. Nevertheless, it can be discussed that regardless of whether LRF Konsult aims to meet their stakeholders' demand for sustainability reporting or not, they will be forced to meet the new ordinance. The ordinance further has the purpose of increasing the pressure of corporations to meet stakeholders' demands such as increased insights into the corporation's business (SFS 2016:947). Therefore, the ordinance on sustainability reporting will to some degree help LRF Konsult to meet their stakeholders' demand, for example, the owner's demand. However, fulfilling the ordinance does not necessarily secure that all stakeholders will be satisfied, since some stakeholder may demand more. Though, this study still indicates that corporations have to meet and satisfy stakeholders' demands since they influence the corporation's business, which they will do regardless of the new ordinance.

5.1.2 Objective 2: Be perceived as an attractive employer

According to Kim (2017), by communicating sustainability reporting in an accepted and credible way, corporations become more trustworthy. Also, when corporations communicate their sustainability reporting, they can attract new and skilled employees (Du *et al.,* 2010). On the other hand, Cerin (2002) highlights the risk of market sustainability reporting because it can cause suspiciousness in regards to whether the corporation reflects the truth or shows a beautified picture. The key informants describe sustainability reporting as a way for corporations to provide stakeholders with proof of them taking responsible actions. Further, the case study research shows that a corporation working with CSR is attracting employees. By sustainability reporting, LRF Konsult desires to send signals to be a serious player in the market which contribute to a reputation to be an attractive employer. Though, the board member discusses the importance of not communicating beautified information, because it can destroy the corporation's brand.

This study implies that being perceived as an attractive employer is an objective of sustainability reporting in a service corporation. This objective's presence corresponds to results from both literature (Kim, 2017; Du *et al.,* 2010) and the empirical data of this study, which shows that sustainability reporting can contribute to a positive reputation. However, the board member shows coherence to Cerin (2002), who discusses the risk to market sustainability reporting because it can cause suspiciousness regarding if a corporation reflect the truth or shows a beautified picture. Therefore, this objective can be discussed as an objective which needs to be handled with caution. If a promotable tone is used when to inform about sustainability responsibilities, the reputation as an attractive employer can be hurt rather than strengthen. Though, the sustainability reporting can contribute to a service corporation's reputation to be an attractive employer. To be perceived as an attractive employer is a reasonable objective since a service corporation is depended on skilled employees and employees are attracted by sustainability reporting. It is vital for a service corporation to attract skilled employees, because the employees represent the corporation through delivering services to customers.

5.1.3 Objective 3: Educate and motivate employees

By participating in sustainability reporting, employees may experience increased motivation and be prouder of their work in general (Adams & McNicholas, 2007). Also, sustainability reporting can be a tool to inform and educate employees on how to act with customers (Cerin, 2002). The case study research identifies sustainability reporting as a motivation factor for employees. Employees can be motivated to work for LRF Konsult by understanding how LRF Konsult contributes to the society and is a serious actor with a reputation to be trustworthy.

Additionally, according to the office director, LRF Konsult's sustainability reporting can be a helping guideline for employees during customer meetings or when making decisions. It will increase the employees' self- esteem as long as it is evident for the employees on how to integrate it into their daily activities. Otherwise, it can create a sense of uncertainty among the employees.

In line with previous studies (Cerin, 2002; Adams & McNicholas, 2007), this case study research shows the importance of educating employees in sustainability reporting because it motivates them and help them to do a better work. Therefore, this study implies, that educating and motivating employees is an objective of sustainability reporting in a service corporation. Though, the result demonstrates that there is a challenge for employees to integrate sustainability reporting in their daily activities. According to the empirics, there is a risk that employees will not be motivated by sustainability reporting if they do not understand what sustainability reporting contributes to, or how it would help them. The literature review in this study has not discussed how new procedures and working conditions affect employees. Nevertheless, this study indicates that when employees are educated and understand sustainability reporting, the chance that they become motivated to work thus do a better job increases. Therefore, to educate and motivate employees is a relevant objective of sustainability reporting in service corporations.

5.1.4 Objective 4: Maintain legitimacy

Cerin (2002), Adams and McNicholas (2007) and Manetti and Toccafundi (2012) claim that the likely reason for corporations' sustainability reporting is to generate stakeholder value and improve corporate legitimacy. Though, sustainability reporting has also been criticised for being an activity that corporations do only to reach a higher level of legitimacy (Banerjee, 2008). In other words, corporations use sustainability reporting for their own business interest, to be more legitimate, and not just for their societal interest. However, Dawkins (2005) and Colleoni (2013) both state that, for a corporation's survival, it is vital to obtain legitimacy by aligning corporate conduct with stakeholders' expectations. Further, meeting society's expectations is, according to Suchman (1995), a way to reach legitimacy. Overall, the key informants consider sustainability reporting as a positive effort and describe it as a way for corporations to be pioneers and act responsibly. The case study research identifies a risk for LRF Konsult to choose not to create their own sustainability report since the consequences for not fulfilling society's expectations can be to not reach legitimacy. If a corporation is not perceived as legitimate, it may harm the business and affect its survival. The other alternative to be a part of the LRF Group's sustainability reporting may be a more safe approach since the main responsibility to conduct the final sustainability report will rely on the LRF Group. Though, the empirical findings reveal the importance for LRF Konsult to adhere to ordinances by themselves to be perceived as legitimate. Because of society's increased expectations, a well-tailored and ambitious sustainability reporting can contribute to LRF Konsult's legitimacy. Though, the case study research reveals whether sustainability reporting will provide legitimacy depends on sustainability reporting's level of ambition.

The empirical findings indicate the importance for LRF Konsult to be legitimate and it can be reached by sustainability reporting. It implies that an objective for sustainability reporting in a service corporation, is to maintain legitimacy. It corresponds with Cerin (2002) Adams and McNicholas (2007) and Manetti and Toccafundi (2012) claiming that the most likely reason for corporations' sustainability reporting is to improve corporate legitimacy. Even though both literature (Cerin, 2002; Adams & McNicholas, 2007; Manetti & Toccafundi, 2012) and this case

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study research shows legitimacy as an objective for a corporation's sustainability reporting this study also identifies other objectives for sustainability reporting. Therefore, this study cannot confirm Banerjee's (2008) critics that the only reason for a corporation to perform sustainability reporting is to reach a higher level of legitimacy. Instead, this study shows that there are more reasons besides reaching a higher level of legitimacy for a service corporation's sustainability reporting. For example, to educate and motivate employees.

5.2 Relevant stakeholders

5.2.1 Categorise stakeholders in sustainability reporting

It is vital for corporations to understand the relationship with their stakeholders to establish relevant CSR-activities (Roberts, 2003). Research suggests that stakeholders can be divided into groups to facilitate the understanding of the relationship between corporations and their stakeholders (Freeman, 1984). In line with Roberts' (2003) and Freeman's (1984) statements, the case study research shows the importance of considering stakeholders' interest. As seen in Table 5, this study present multiple stakeholders to LRF Konsult's sustainability reporting. The stakeholders mentioned by the key informants are mapped by a descriptive approach and divided into groups, which is based on the theoretical framework of this thesis (see Figure 4).

Mark-Herbert and Von Schantz (2007) describe internal stakeholders as individuals depending on, as well as being a part of, a corporation's daily operation. They are also individuals that influence the corporation's weaknesses and strengths on the market. Accordingly, the board of directors and the employees could be described as internal stakeholders. In contrast, external stakeholders are described as individuals that influence the threats and opportunities of a corporation. For example, customers and media could be described as external stakeholders (Mark-Herbert & Von Schantz, 2007).
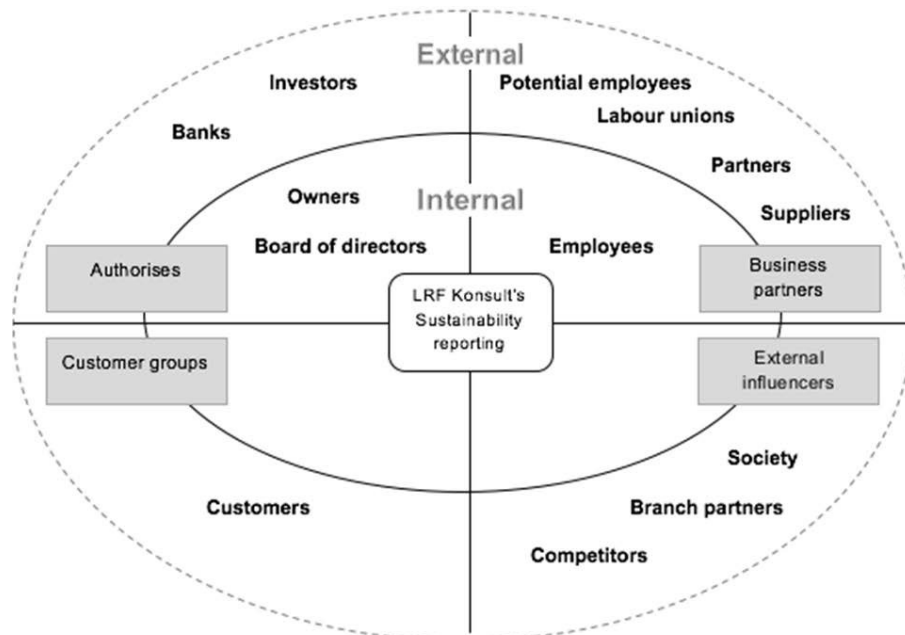

Figure 4. LRF Konsult's stakeholders divided into groups (own modification of Roberts, 2003 and Mark- Herbert & Von Schantz, 2007)

According to the empirical findings, the owner (LRF) influences as well as is affected by the reputation of LRF Konsult. Further, they have a close connection regarding sustainability

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reporting since LRF Konsult can be included in the sustainability report of the LRF Group. Moreover, according to this case both the board of directors and the employees will be affected directly by sustainability reporting carried out by LRF Konsult. Therefore, they can be categorised as internal stakeholders (see Figure 4). In contrast, the mentioned stakeholders who not participate daily or are directly affected by sustainability reporting in LRF Konsult is categorised as external stakeholders (see Figure 4).

Both Roberts (2003) and Freeman (1984), discuss the benefits from dividing stakeholders into groups. Further, Reed *et al.* (2009) and Habermas (1987) discuss the importance for corporations to define who their relevant stakeholders are and why. It helps the corporation to understand the relationship between the corporation and its stakeholders. Though, according to Friedman and Miles (2006), a stakeholder division increases the risk for one group to be more prioritised than another. Similarly, the communicator discusses that no single stakeholder is more important than another. However, this does not show coherence with the other four key informants who argues that some stakeholders are more significant to consider than others. Therefore, it could be suitable to divide LRF Konsult's stakeholders into groups to easily understand the relationships between stakeholders and the corporation. Stakeholders mentioned by the four key informants and highlighted as relevant are the owner (LRF), the employees and the customers. A reflection from the researchers is that the government has not been mentioned by the key informants as a relevant stakeholder even though the government implemented the ordinance. The government can be discussed as a relevant stakeholder since they implemented the ordinance and therefore demands a sustainability report.

The key informants did not classify stakeholders into Roberts' (2003) groups, instead they talked about internal and external stakeholders. The discussion about internal and external stakeholders show coherence with Mark-Herbert and Von Schantz (2007) definitions. This study implies the importance to analyse and identify relevant stakeholders and a stakeholder division is helpful to understand a service corporation's stakeholder relationships. According to this case study it seems like a division between internal and external stakeholders is more relevant in an initial stage of developing sustainability reporting than classifying into multiply groups such as Roberts' (2003) groups. A perception from the researchers is that it depends if the terms internally and externally are already known within the corporation, whereby LRF Konsult might feel comfortable with, and understand the meaning of the terms. Therefore, in an initial stage of developing a sustainability reporting, a division of internal and external stakeholders seems sufficient to understand the relationship between stakeholders and the corporation.

5.2.2 The owner as a relevant stakeholder

Belz and Peattite (2012) discuss that stakeholders, such as owners, have a legitimate interest in a corporation and their decisions. According to Roberts' (2003) stakeholder division owners is considered as authorisers, since they have the opportunity to monitor the business. The owners can also be classified as an internal stakeholder (Mark-Herbert and Von Schantz, 2007). The key informants consider the owner LRF to be a relevant stakeholder to LRF Konsult. The case study research indicates LRF's role and interest in LRF Konsult's business and decisions are important. According to this case study's empirical findings, the owner (LRF) affects and is affected by the reputation of LRF Konsult. Further, they have a close connection regarding sustainability reporting since LRF Konsult can be included in LRF Group's sustainability report. However, as a subsidiary, LRF Konsult has to follow LRF's policies. Hence this is an important relationship. Moreover, LRF has a legitimate interest in LRF Konsult because they

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are affected by LRF Konsult's reputation and expects LRF Konsult to maintain a good reputation in the society.

This study identifies the owner as a relevant stakeholder to sustainability reporting in a service corporation. The owner in this study can be categorised into the stakeholder group authorisers (Roberts, 2003). Further, this study merges with Belz and Peattite (2012) who discuss that stakeholders have a legitimate interest in a corporation. This study shows that the relationship between a subsidiary and its owner regarding sustainability reporting is complex, because the Swedish ordinance allows a subsidiary to be included in the corporation group's sustainability report (Justitiedepartementet, 2016). The empirical findings present two choices where LRF Konsult can create their own sustainability report or be a part of the LRF Group's sustainability report. LRF Konsult is a part of the LRF Group, which means that they have to collaborate and follow the same policies. Even if LRF Konsult decides to create their own sustainability report and not be a part of LRF Group's, it can be discussed whether LRF still can be considered as a relevant stakeholder. Since, LRF Konsult and LRF have a strong relationship where they affect each other's brands, decisions need to follow the same policies. It might further strengthen this study's finding that by partly monitor the business the owner is a relevant stakeholder to sustainability reporting in a service corporation.

5.2.3 The employees as relevant stakeholders

Roberts (2003) classifies employees into the group of business partners. Stakeholders classified as business partners have an operational relationship with the corporation (*ibid.*). For example, in services employees are significant because they influence a corporation's business by their service delivering (Fuchs, 1965; Heskett, 1986). Thus, according to Mark-Herbert and Von Schantz (2007) employees are classified as internal stakeholders. Both Freeman (1984) and Mark-Herbert and Von Schantz (2007) discuss employees as vital when reaching external stakeholders, such as customers. The key informants present the employees as a relevant stakeholder. LRF Konsult has many employees, and are dependent on employees delivering the right services and communicating with customers or potential employees. Furthermore, the employees are directly affected by a corporation's taken CSR-activities and often experience sustainability reporting as positive (Roberts, 2003). The office director states the importance of clarifying what the employees can expect from sustainability reporting and help them use it as a guideline in their daily activities. It may help employees to increase their self-esteem, make correct decisions and answer customers in line with LRF Konsult's standpoints. Further, it is important for LRF Konsult's business that employees make the right decisions since they impact the business performance.

Du *et al.* (2010) further discuss that a corporation's sustainability reporting can attract new and competent employees. Moreover, employees are an efficient source to spread information about a corporation's taken sustainability responsibilities to other potential employees (Freeman, 1984; Dawkins & Lewis, 2003). This case study research shows the importance for LRF Konsult to employ competent and flexible employees since their customers choose a brand depending on the employees' skills. Though, employees with high competence are more attractive on the labour market and may have the opportunity to choose their employer. The key informants state that employees seek sustainable corporations, therefore it is important for LRF Konsult to announce their values, which make them an attractive employer with a reputation to be responsible. According to the board member, it is vital to help the employees to understand the benefits of sustainability reporting. If the benefits are clear to them, they can communicate trustworthy information to other stakeholders.

This study implies that employees in a service corporation are relevant stakeholders to sustainability reporting. Roberts (2003) discusses that employees are directly affected by sustainability reporting. The office director confirms this, but also point out the importance of making it clear to employees what sustainability reporting means for them and how they can use it. Otherwise, the sustainability reporting has a lower effect. Both literature (Fuchs, 1965; Heskett, 1986) and the empirical result indicate that employees are vital for a service corporation, due to their influence on the corporation's business. The empirics of this study also confirm Freeman (1984) and Mark-Herbert and Von Schantz's (2007) suggestion, that employees are essential to maintain external relationships, for example with customers. Further, both Freeman (1984) and Dawkins and Lewis (2003) claim employees to be an effective source for spreading information to potential employees. In line with this, the empirics show that sustainability reporting is important to attract potential employees and that employees are a vital source to reach external stakeholders. Therefore, it is possible to claim that this study indicates that employees in a service corporation are a major source to reach potential employees. Due to this reasoning above, it is possible to claim that employees are relevant stakeholders to sustainability reporting in a service corporation. Though, it must be considered that this study's source of data is mostly gathered from individuals working within the case corporation thus they can be considered as employees and thus business partners. As employees, the key informants might have been affected by the insights from their perspective and may have an embellished image of their role within the service corporation.

5.2.4 The customers as relevant stakeholders

Customers can be classified as external stakeholders to an organisation (Mark-Herbert & Von Schantz, 2007). Roberts (2003) explains the customer group as important to satisfy since the customers purchase the corporation's products and/or services. Further, Dawkins (2005), Kim (2017) and Colleoni (2013) discuss that strong customer relationship can result in competitive advantages. Competitive advantages are vital to enhance a corporation's market position (Calabrese *et al.,* 2015; Calabrese & Lancioni, 2008). Dawkins (2005) and Colleoni (2013) state that sustainability reporting is a way to inform customers about corporations unique CSR-activities. Overall, satisfied customers tend to be more loyal which can strengthen the relationship between customers and corporations (Belz & Peattite, 2012). The key informants state customers as relevant stakeholders to sustainability reporting since they keep the business running due to their purchases. The case study research indicates that LRF Konsult has to understand their relationship with their customers, to recognise their needs, how to satisfy them and deliver the services they request. For example, a sustainability report can demonstrate LRF Konsult's unique sustainability responsibilities. This case study implies that if LRF Konsult succeeds to predict customers' demands they can gain competitive advantages. Therefore, there is a priority to understand why customers choose LRF Konsult and not another competitor. By meeting customers' demand and working in a sustainable way, they decrease the risk of losing market shares and profitability.

This study implies that customers are relevant stakeholders to a service corporation's sustainability reporting since they run the business by their purchases. Hence the customers' opinions are vital to consider. The empirical result identifies the importance of developing a relationship with customers, to identify their needs, how they can be satisfied and what services they request. If LRF Konsult succeeds to predict customers' demands they can gain competitive advantages. This shows coherence with Dawkins (2005), Kim (2017) and Colleoni (2013), who claim that strong customer relationships can result in competitive advantages. Calabrese *et al.* (2015) and Calabrese and Lancioni (2008) further discuss that competitive advantages are vital

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to enhance market positions. Similarly, the empirics show that sustainability reporting is critical for LRF Konsult to not lose market position or be out-competed. Though, since sustainability reporting now is becoming mandatory, it can be discussed whether the level of ambition, the content or the methods used to do sustainability reporting will be crucial when trying to reach competitive advantages. Now that sustainability reporting is becoming mandatory, more corporations will begin the process of sustainability reporting. Therefore, this case study's findings imply that it will be the content or performance of the report that create competitive advantages, rather than just producing a sustainability report. It is shown in this study that to earn competitive advantages from sustainability reporting, customers' perception and demands are important. Thus, this study indicates that customers are relevant stakeholders of sustainability reporting in a service corporation.

5.3 Engaging stakeholders through communication

According to Morsing and Schultz (2006), implementation of CSR-communication strategies starts within the corporation, to reach external stakeholders. Further, Dawkins (2005) highlights that the communication channels need to suit stakeholders' preferences. This case study research shows the importance of understanding different stakeholder groups' preferences to know what communication strategy is the most suitable. This study also implies the importance of establishing high levels of communication and being accepted within the corporation before communicating externally. In LRF Konsult, suitable communication channels to reach relevant stakeholders are through already existing communication channels. The key informants identify the web page, documents (the annual report), discussion forums, events, meetings and newsletters as already existing communication channels.

Corresponding to Morsing and Schultz (2006), this case study shows that CSR- communication needs to be implemented internally within the corporation to be able to reach external stakeholders. This might be explained by those individuals within the corporations that are sources to reach external stakeholders. For example, employees who spread information to customers. In other words, individuals within the corporation need to understand CSR-communication before they can communicate it to external stakeholders. In line with Dawkins (2005), this study implies that communication channels need to suit stakeholders' preferences. If the communication channels suit stakeholders' preferences, it might be easier for stakeholders to receive messages. Since, stakeholders may be more receptive to accept the communicated information. Moreover, this study shows that suitable communication channels are those that already exist. Possibly this can indicate that the key informants, who are individuals within the corporation consider the existing communication channels as well-working. However, it might not reflect what are suitable for external stakeholders. Since, the key informants can be blinded of their own preferences.

5.3.1 Stakeholder information strategy
The stakeholder information strategy is a one-way communication strategy, explained as "telling, but not listening" and a tool to distribute objective information (Morsing & Schultz, 2006). Media and brochures are useful one-way communication channels (*ibid.*). Though, a one-way communication strategy is discussed as not efficient enough to reach stakeholder satisfaction (Morsing & Schultz, 2006; Dawkins, 2005; Fassin & Buelens, 2011). Today, LRF Konsult's uses one-way communication through documents and reports. This case study research shows that the efficiency of the communication channels depends on the sustainability reporting's level of ambition. If a sustainability report is ambitious, something to be proud of, it

would be suitable to communicate it both by the internet or meetings. If not, it is enough to include it as a document in the annual report to rather fulfil the ordinance than satisfying stakeholders. Further, all the key informants agree that they, in their role as stakeholders of the business partner group and the authoriser group, desire to influence the sustainability reporting by giving feedback or discussing the content. At the same time, the key informants consider one-way communication, for example through a web page or as a document, as an important tool to communicate the content of the report to the broad mass of stakeholders when the report is completed.

One-way communication is not considered to be efficient enough to satisfy stakeholders (Morsing & Schultz, 2006; Dawkins, 2005; Fassin & Buelens, 2011). Though, the empirical result from this study does not completely merge with Morsing and Schultz (2006), Dawkins (2005) and Fassin and Buelens (2011). Instead, this study implies that depending on the sustainability report's level of ambition and who the stakeholder is, either one-way or two-way communication strategies are preferred. A reflection from the authors is that some stakeholders in the authorisers group, such as banks, can be satisfied by receiving the information from corporations' sustainability reports without taking part in a discussion about it. Banks may have an interest to know that corporations follow the ordinance, but does not leave any restrictions in how the corporations perform their sustainability report. For authorisers such as banks, a trustworthy communication means that a corporation can show how their sustainability report meet the formal requirements and that it is presented in a clear way. Therefore, the one-way stakeholder information strategy could be suitable when communicating with some of the stakeholders in the authorisers group. However, the empirical findings reveal that individuals within LRF Konsult, representatives of the business partners and the authorisers group, desire to be involved in LRF Konsult's sustainability reporting by giving feedback and dialogues. Instead this supports Morsing and Schultz's (2006) argument, that a one-way communication is not enough to reach all stakeholders. Since, the key informants, the employees and the board member, within LRF Konsult desire to be involved in sustainability reporting this might indicate that they want the corporation to listen to them and not only tell them information. Therefore, the findings of this study suggest that for a service corporation, both a one-way and a two-way communication strategy can be suitable to satisfy stakeholders.

5.3.2 Stakeholder response strategy

In the stakeholder response strategy, communication flows from stakeholders to the corporation and *vice versa* (Morsing & Schultz, 2006). The purpose is to change a stakeholder's behaviour or attitude. For example, by surveys, the corporation can receive feedback and identify what stakeholders tolerate or prefer. However, there is a risk that a corporation only hears "one suitable voice", a voice that reflects what the corporation wants to hear (Morsing & Schultz, 2006). Today, LRF Konsult interacts with stakeholders via internet, meetings or events, where they ask questions and collect feedback to know stakeholders' opinions regarding LRF Konsult's activities. By this, the key informants believe that LRF Konsult can create competitive advantages, while they learn how to communicate efficiently and learn how to demonstrate LRF Konsult's responsibilities related to stakeholders' interest. However, as discussed previously, this case research study implies that an important part of the stakeholders' desire to be involved by some form of dialogue. During the dialogues feedback can be received at the same time as a common understanding can be created.

The key informants of this study would like to be a part of sustainability reporting in LRF Konsult by giving feedback. Going forward they would like to, by dialogue, discuss and

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influence the sustainability reporting. Since the key informants' desire to influence the sustainability reporting, it is not completely merging with the stakeholder response strategy, where the purpose is to change stakeholders' behaviour and attitude (Morsing & Schultz, 2006). According to the key informants, to receive feedback by asking questions (the stakeholder response strategy) is a suitable strategy to gather knowledge regarding the general opinion from stakeholders such as the customer group. A reflection from the authors of this study is that the stakeholder response strategy could be useful when to communicate with the stakeholder group business partners such as suppliers or the customer group. By using this strategy, a corporation could by surveys understand what the broad mass of customers and suppliers desire and thus coordinate the corporation with these stakeholders. Though, the key informants did not discuss risks with this strategy, for example to hear "one suitable voice", whereby this study's findings may be somewhat limited. Thereby, this case study cannot demonstrate whether the key informants are aware of the risks with surveys or not.

5.3.3 Stakeholder involvement strategy

The stakeholder involvement strategy is a two-way communication and is explained as a dialogue where stakeholders and a corporation can influence and learn from each other (Morsing & Schultz, 2006). According to Belz and Peattie, (2012) and Morsing *et al*. (2008), communicating through dialogues to involve and create a common understanding with stakeholders in sustainability reporting is significant. In turn, involvement and a common understanding increases the trustworthiness because the stakeholders' insight enhances (Fernandez-Feijoo *et al.,* 2014). This case study research demonstrates the importance of transparent and open communication, easy to assimilate when involving stakeholders in sustainability reporting. Particularly this is important when it comes to the employees representing the stakeholder group business partners, since they have an important role in communicating the information about sustainability to other stakeholders such as the customer group. Continuously, trustworthiness can be enhanced by open and transparent communication of the set sustainability goals. All the key informants discuss that they want to be a part of a discussion regarding sustainability reporting, because it could help them understand the purpose of sustainability reporting.

When involving stakeholders, a dialogue is beneficial (Morsing & Schultz, 2006). By a constant dialogue, stakeholders feel involved simultaneously as the corporation understands stakeholders' interest and preferences. Thus, the corporation can adjust their CSR-activities depending on stakeholders' interest at the same time as they can educate their stakeholders of their CSR-activities (Morsing & Schultz, 2006). Kim (2017) points out business meetings as a concrete example of when employees are involved in a dialogue. This case study research presents that within the corporation and with the owner representing the authorisers group, sustainability reporting would preferably be discussed during regular business meetings and thus be a natural part of the daily operations. According to the case study research, the stakeholder group customers can be involved during customer meetings or events. Though, the empirical findings indicate that not all relevant stakeholders can be included in a dialogue. When involving stakeholders in for example decisions towards sustainability reporting, it needs to be well-thought out. Otherwise, there is a risk for wrong decisions since all relevant stakeholders do not have enough competence about the topic.

The literature in this study (Belz & Peattie, 2012; Morsing *et al*., 2008; Morsing & Schultz, 2006) are fairly united. To involve stakeholders in sustainability reporting, two-way communication is preferable. In line with this, this study indicates that the stakeholder groups,

the business partners such as employees and the customer group, preferably should be involved in a dialogue. Further, this study also reveals that the owners representing the stakeholders group authorisers are important stakeholders to involve in sustainability reporting. Corresponding to Fernandez- Feijoo *et al.* (2014), this study also implies, that by involving stakeholders in a dialogue the communication will be perceived as more trustworthy. The dialogue helps the owner, employees and the customers to understand and influence the sustainability reporting, which in turn increases the trustworthiness. Further, a dialogue helps the corporation to understand what their stakeholders demand. The employees are working within the corporation and are thereby directly affected by the sustainability reporting process. Therefore, it is vital that the employees feel that they can contribute to, and be a part of the sustainability reporting process. It increases their insights and understanding of the outcome of sustainability reporting.

The stakeholders in the customer group want to feel satisfied about their purchases and if they do, the customer loyalty and long- term relationship increases. Therefore, it is vital for a corporation to be perceived as reliable and trustworthy among the customers to continue to exist. An understanding of how to communicate a reliable message in the sustainability report can be achieved by a dialogue where customers are involved. On this basis, this study suggests stakeholder involvement strategy to be conducted by service corporations to involve stakeholders as customers in sustainability reporting. Though, this study also implies that all relevant stakeholders cannot be involved in sustainability reporting. The reason is that all relevant stakeholders do not have the same competence or interest for the development of sustainability reporting.

It can further be discussed to what degree stakeholders should be involved in sustainability reporting via dialogues. A dialogue between two parties can be performed in many ways and thereby consume a different amount of resources. Therefore, to involve the broad mass of stakeholders may for example be too time-costly and thereby not beneficial. Thus, this study's results need to be interpreted with caution, since it cannot demonstrate to what extent a corporation should have a dialogue with stakeholders. Nevertheless, most of the key informants, who are individuals within LRF Konsult, highlight that they would like to be a part of the sustainability reporting. Therefore, this study's findings indicate that it important for service corporations to involve the employees. This merges with Jaakson *et al.* (2009) and Calabrese and Lancioni (2008) who discuss employees to be an important part of a service corporation's sustainability reporting.

6 Conclusions

Chapter six addresses the aim of the study, which is to investigate the development of trustworthy sustainability reporting in a corporation situated in the Swedish service sector. The chapter presents the major findings of the study and ends with reflections for future research in the subject area.

This study is a case study of LRF Konsult, a corporation that accord with the characteristics of a service corporation. Thus, this is a study of a Swedish service corporation conducted in a context where sustainability reporting has become mandatory. The results from this study suggest that there are four primary objectives when developing trustworthy sustainability reporting. The four objectives are; to meet and satisfy stakeholders' demand, to be perceived as an attractive employer, to educate and motivate employees and to maintain legitimacy. Since all of these objectives emphasize the importance of the stakeholders' perceptions, the development of trustworthy sustainability reporting in service corporations inevitably requires a strong connection to stakeholders.

This study shows coherence with previous studies indicating the importance to involve and map stakeholders while sustainability reporting. The results from this study reveal the importance of analysing stakeholders' relation to service corporations, to understand how to create trustworthy sustainability reporting. In an initial stage when developing sustainability reporting, stakeholders could preferably be divided into groups to clarify their relationship to the corporation. The case study shows that owners, employees and customers are relevant stakeholders for service corporations to be involved in the development of trustworthy sustainability reporting. These stakeholders are relevant since they directly influence and are affected by a corporation's sustainability reporting. For example, in this case study, the owner LRF's policies directly affect LRF Konsult's sustainability reporting, at the same time as LRF Konsult's sustainability reporting directly affects LRF's brand.

Both literature and this study's empirical findings suggest that when involving stakeholders in the development of sustainability reporting, a two-way communication strategy (stakeholder involvement strategy) is required to build trust. Trustworthiness is enhanced through a dialogue between corporations and their stakeholders because it helps stakeholders such as owners, employees and customers to understand and influence sustainability reporting. In the initial stage of the sustainability reporting-process, dialogues are needed to discuss the content and methods for how to develop trustworthy sustainability reporting. A dialogue creates opportunities for feedback and includes different perspectives, which increases the chance to tailor sustainability reporting towards relevant stakeholders. Though, the analysis reveals that all stakeholders cannot be involved in a dialogue. In addition, some of the stakeholders in the group authorisers, for example banks, might be interested in the sustainability report per say but have less interest in the development process of the report. Therefore, a one-way communication strategy (stakeholder information strategy) can be an efficient and a complementary way to spread the information of sustainability reporting. For example, after the discussions, the sustainability report itself, can be communicated through a web page or as a document. Therefore, this study identifies, that both one-way and two-way communication strategies are useful when developing trustworthy sustainability reporting.

The empirical contribution derived from this study is that sustainability reporting can be difficult to start up for a service corporation like LRF Konsult. Though there is strong willingness, there are also difficulties to understand what is important and how to create

trustworthy sustainability reporting. The approach towards sustainability reporting suggested by the researchers, is to identify a corporation's own environmental, social and economic impacts and to clarify objectives accordingly. Further, to map the corporation's relationship with stakeholders and to analyse stakeholders' demands, are vital for service corporations to create trustworthy sustainability reporting. Sustainability reporting must be frequently discussed internally, accepted and implemented within the service corporation. When the benefits from sustainability reporting are clear for employees, sustainability reporting can trustworthily be communicated externally. This study concludes attributes for making sustainability reporting trustworthy, which can be useful for service corporations to consider when embarking on a sustainability reporting journey.

Future research
This study focuses on key informants within the corporation. Interviews with other stakeholders such as customers could be an interesting extension to this study to provide a broader perspective and a larger amount of empirical data. Moreover, it would be interesting to compare similarities and difficulties between manufacturing corporations and service corporations. A multiple case study could give a more generic picture of how service corporations can develop trustworthy sustainability reporting. To include several service corporations and to do multiple case studies would contribute to the generalisability of the study.

Sustainability reporting is a continuously on-going process. Therefore it would be interesting to observe the sustainability reporting over a longer period of time. A more prolonged observation could help to clarify what makes the activities of the sustainability reporting trustworthy and increase the understanding of the topic itself. Furthermore, this study is performed in the context of a new ordinance. An interesting field for further research could focus on how the new ordinances affect the role of sustainability reporting as a competitive advantage. Additionally, derived from this study's analysis is that future research is needed regarding the implementation of new working procedures for sustainability reporting in service corporations.

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Personal messages

Gunilla Forsmark-Karlsson
Board Member, *LRF Konsult*
Personal meeting, 2017-02-22

Anna Burlage Sjöberg
Communicator, *LRF Konsult*
Telephone, 2017-03-10

Anne-Sofie Pettersson
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Håkan Gyllensvaan
Office director, *LRF Konsult*
Personal meeting, 2017-03-21

Appendix 1: Interview guide

Interview guide for LRF Konsult's key informants
Presentation of the researchers, the purpose of the study, the interview conditions and request regarding the respondent's participation in the study.

1 Personal information
1. Give a short presentation of yourself. Who are you?
2. What are your role and duties in LRF Konsult?
3. For how long have you been employed in LRF Konsult?

2 Sustainability reporting
1. With own words define a sustainability report.
2. What is your experiences of sustainability reporting?
3. What is your attitude towards sustainability reporting?
4. What are the opinions regarding sustainability reporting at LRF Konsult? Do you share these opinions?
5. From your point of view, what is the most important angle (environmental, social or economic) of sustainability reporting in LRF Konsult?
6. Would you like to have the opportunity to influence the sustainability reporting?
7. Do you see any opportunities or challenges for sustainability reporting in LRF Konsult? Explain.
8. What is the purpose of sustainability reporting in LRF Konsult?

3 Stakeholder
1. Who are LRF Konsult's stakeholders? Can you point out relevant stakeholders?
2. What knowledge and experiences do you think other stakeholders to LRF Konsult have about sustainability reporting?
3. Do you think LRF Konsult's stakeholders are interested in sustainability reporting from LRF Konsult? Why or why not?
4. If stakeholders are interested, who do you think is the most interested stakeholder in sustainability reporting?
5. From your perspective, could it be any reasons to include stakeholders in sustainability reporting?

4 The new ordinance
1. How does the new ordinance affect the society's attitude towards sustainability reporting?
2. According to you, how would sustainability reporting affect the society's attitude towards LRF Konsult?
3. Can sustainability reporting provide trustworthiness for LRF Konsult? Why or why not?
4. According to you, what affect would a mandatory sustainability report has on LRF Konsult's CSR-activities?

5 Service corporation
1. According to you, is it relevant for all type of corporations to do sustainability reporting? Why or why not?
2. Why or why not should a service corporation work with sustainability reporting?

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3. What advantages and/or challenges do you see for a service corporation regarding sustainability reporting?
4. How could a service corporation communicate their sustainability reporting to different types of stakeholders?
5. Do you think a service corporation have the same group of relevant stakeholders as other sectors? (Industry, agricultural sector etc.)

6 Communication
1. Would you like to take part of sustainability reporting from LRF Konsult? Why or why not?
2. If yes, how would you prefer the sustainability reporting to be communicated? (By which channels?)
3. If no, how do you think others prefer the sustainability reporting to be communicated?
4. How would you use the information from sustainability reporting?
5. Would you like to be a part of the communication? Further, have a chance to discuss the information you get? How?
6. According to you, do you think you can impact LRF Konsult's CSR-communication?
7. Do you experience that LRF Konsult has any communication concerning the topic today? Explain.
8. Who has the responsibility to communicate the sustainability reporting and its information?
9. Can you describe some opportunities and/or challenges when communicating sustainability reporting?

Appendix 2: Interview guide

Interview guide for LRF Konsult's key informants
Presentation of the researchers, the purpose of the study, the interview conditions and request regarding the respondent's participation in the study.

1. **Personal information**
   1. Give a short presentation of yourself. Who are you?
   2. What are your role and duties in LRF Konsult?
   3. For how long have you been employed in LRF Konsult?

2. **Sustainability report**
   1. What is your attitude towards sustainability reporting?
   2. What are the opinions regarding sustainability reporting at LRF Konsult? Do you share these opinions?
   3. Would like to have the opportunity to influence the sustainability reporting?
   4. According to you, what could the purpose be for sustainability reporting in LRF Konsult?

3. **Stakeholder**
   1. Who are LRF Konsult's stakeholders? Can you point out the relevant stakeholders?
   2. Do you think LRF Konsult's stakeholders are interested in sustainability reporting from LRF Konsult? Why or why not?
   3. If stakeholders are interested, who do you think are the most interested stakeholder in sustainability reporting?
   4. From your perspective, could it be any reasons to include stakeholders in sustainability reporting?

4. **The new ordinance**
   1. According to you, how would sustainability reporting affect the society's attitude towards LRF Konsult?
   2. Can sustainability reporting provide trustworthiness for LRF Konsult? Why/why not?

5. **Service corporation**
   1. Why or why not should a service corporation work with sustainability reporting?
   2. How could a service corporation communicate their sustainability reporting to different types of stakeholders?

6. **Communication**
   1. Would you like to take part of the sustainability reporting from LRF Konsult? Why/ why not?
   2. If yes, how would you prefer the sustainability reporting to be communicated? If no, how do you think others prefer the sustainability reporting to be communicated? Explain.
   3. How would you use the information from the sustainability reporting?
   4. According to you, do you think you can impact LRF Konsult's CSR-communication?
   5. Who has the responsibility to communicate the sustainability reporting and its information?
   6. Can you describe some opportunities and/or challenges when communicating

sustainability reporting?

Appendix 3: Morsing and Schultz's (2006) p. 326 three communication strategies

	The stakeholder information strategy	The stakeholder response strategy	The stakeholder involvement strategy
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sense-making and sensegiving:	Sensegiving	Sensemaking ⇩ Sensegiving	Sensemaking ⇧ Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management. Investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated concurrently in interaction with stakeholders
Strategic communication task:	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Corporate communication department's task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third-party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages