



Sveriges lantbruksuniversitet  
Swedish University of Agricultural Sciences

Department of Economics

# Communicating ethical sourcing

## - The case of palm oil in the Swedish food industry

*Ingrid Anderson*

*Johanna Bæcklund*

**Communicating ethical sourcing**

- The case of palm oil in the Swedish food industry

*Ingrid Anderson*

*Johanna Bæcklund*

**Supervisor:** Cecilia Mark-Herbert, Swedish University of Agricultural Sciences,  
Department of Economics

**Examiner:** Karin Hakelius, Swedish University of Agricultural Sciences,  
Department of Economics

**Credits:** 30 hec

**Level:** A2E

**Course title:** Degree Project in Business Administration

**Course code:** EX0782

**Programme/Education:** Agricultural Programme – Economics and Management

**Faculty:** Faculty of Natural Resources and Agricultural Sciences

**Place of publication:** Uppsala

**Year of publication:** 2015

**Name of Series:** Degree project/SLU, Department of Economics

**No:** 940

**ISSN** 1401-4084

**Online publication:** <http://stud.epsilon.slu.se>

**Key words:** certification, codes of conduct, communication, ethical sourcing, food producer, palm oil, sustainable development, Sweden, transparency



Sveriges lantbruksuniversitet  
Swedish University of Agricultural Sciences

Department of Economics

# Acknowledgements

We would like to thank all the people that supported us throughout this master thesis.

First, we express our gratitude to the interviewees: Thomas Wiesgickl from Cloetta, Maria Edmundsson and Lars Högström from Mobergarna, Boel Lagerwall from Pågen and Johan Andersson Anell from SFF, for taking their time to participate in this study and for sharing their thoughts on ethical sourcing of palm oil.

We thank our supervisor Cilla Mark-Herbert for supporting us throughout the thesis process with constructive critique, motivation and loads of fika. Cilla Mark-Herbert has been a source of inspiration during the five years that we have studied at the Swedish University of Agriculture Sciences and we thank for her passionate teaching, her everlasting positivism and for always pushing us to do our very best.

Finally, we thank family and friends for their support and encouragement. Thanks to Gary Parker and Vera Angelov for providing us with valuable feedback. A special thank goes to John Christofferson, who gave us support from the very beginning to the very end. We thank John Christofferson for valuable insights, long nights of brainstorming, thorough reviews, never-ending proofreading and for his unconditional caring.

Uppsala, 2015

Ingrid Anderson & Johanna Bäcklund

# Summary

Palm oil has been used in processed food commodities since the 19<sup>th</sup> century. An increasing demand for regulating and ensuring a more sustainable palm oil production has resulted in various initiatives. However, these initiatives have received critique due to lack of compliance and insufficient revisions of palm oil plantations. The initiatives for creating an ethical, social and environmentally sustainable production are not sufficient for the Swedish industrial users of palm oil. As a result, stakeholders such as Swedish food processing companies, commit to ethical sourcing codes of conduct that go beyond the international palm oil initiatives. Since this industrial initiative does not have a third party audit procedure, transparency is a key objective to create grounds for legitimacy, which is also in part determined by how the initiative is communicated.

The aim of this thesis is to explain communication strategies where corporations account for ethical sourcing efforts. The thesis investigates how companies operating in the Swedish food processing industry communicate their use of palm oil. Communicational strategies were analysed through the company's communication of corporate social responsibility, where the understanding of risk-management, needs for legitimacy and use of codes of conduct serve as a contextual framework. In this study, a qualitative research with a case study approach was used. The case study involved three case companies and one trade association. Case company representatives were interviewed by using semi-structured interviews. The results of the interviews were further discussed by interviewing a representative from the Swedish Food Federation who initiated a sustainable palm oil initiative in the Swedish palm oil industry 2015.

Findings in this study show the importance for the case companies to communicate their account for ethical sourcing efforts. The case companies that implemented a proactive corporate social responsibility strategy, which focuses on transparency, creating grounds for legitimacy and communicating ethical sourcing efforts. Additional findings of this study indicate that the case companies' accountings for ethical sourcing efforts were affected by views of the external stakeholders. A critical review of a company may still result in positive attitudes towards a company, if the company manages to carry out communication in a transparent and trustworthy manor. In other words, negative publicity may be converted to positive action in a proactive communication strategy. Through communication, for instance with codes of conduct, a company show how corporate responsibility is enacted. Furthermore, the findings in this study show that through pressure from authorities and other external stakeholders, the case companies became motivated to communicate their ethical sourcing. The palm oil initiative is seen as an industrial networking initiative, where legitimacy and values are created through corporate codes of conduct.

# Sammanfattning

Palmolja har använts i livsmedelsindustrin sedan 1800-talet. Det ökade behovet för regleringarna och kvalitetssäkringar för en mer hållbar produktion av palmolja har resulterat i flera olika initiativ. Flera av initiativen har dock mottagit kritik för bland annat otillräcklig tillförlitlighet och bristfälliga revisioner på palmoljeplantager. Dessa initiativ ses därför som bristfälliga av företag i den svenska livsmedelsindustrin, som eftersträvar etiskt, socialt och miljömässigt hållbar produktion av palmolja. Således har många företag startat egna initiativ som reser sig över branschstandarden. Eftersom det inte finns en tredje part som granskar dessa initiativ är det viktigt att företagen hittar tillförlitliga kommunikationsverktyg som bidrar till organisationens legitimitet.

Syftet med den här studien är att undersöka hur kommunikativa strategier i företag relaterar till försök av etiska inköp. Denna studie fokuserar på hur företag som verkar inom den svenska livsmedelsindustrin kommunicerar gällande palmolja. Kommunikationsstrategier analyserades genom företagets förhållningssätt till socialt ansvarstagande och miljörisker, samt deras kontextuella ramverk för etiska värdegrunder i syfte att skapa grunder för legitimitet. Den här uppsatsen är en kvalitativ fallstudie som involverar tre fallföretag och en branschorganisation. Representanter från fallföretagen blev intervjuade genom semi-strukturerade intervjumetod. Det empiriska resultatet av intervjuerna diskuterades sedan i en intervju med representant från organisationen Livsmedelsföretagen. Livsmedelsföretagen har infört ett initiativ bland deras medlemsföretag som bemöter användandet av hållbar palmolja innan 2015.

Studien visar att fallföretagen med en proaktiv strategi för socialt ansvarstagande arbetade medvetet och systematiskt med transparens, värdeskapande grunder för legitimitet och kommunikation av grunder för etiska inköp. Studien visar även att kommunikation påverkas av hur omgivningen upplever deras effekt på företaget. En kritisk granskning kan resultera i positiva värden, om företaget besvarar kritiken med att kommunicera transparent. Då kan företaget använda negativ uppmärksamhet för att skapa grunder för positiv uppmärksamhet. Genom kommunikation av exempelvis etiska värdegrunder kan ett företag visa sin omgivning att de tar ansvar för sina inköp. Studien visar även att påtryckningar från auktoriteter ökade fallföretagens motivation att kommunicera deras etiska inköp. Initiativet för hållbar palmolja kan ses som ett industriellt samarbete. Det skapar en sammanhållning och gemensamma värdegrunder mellan fallföretagen, vilket etablerade en värdegrund för etiska inköp av palmolja.

# Abbreviations

CoC	Codes of Conduct
CSR	Corporate Social Responsibility
NGO	Non-Governmental Organisation
RSAES	The Royal Swedish Academy of Engineering Sciences
RSPO	Roundtable on Sustainable Palm Oil
SBA	The Swedish Board of Agriculture
SFF	The Swedish Food Federation
TBL	Triple Bottom Line
WBCSD	World Business Council for Sustainable Development

# Table of Contents

<b>1 INTRODUCTION.....</b>	<b>1</b>
1.1 PROBLEM BACKGROUND .....	2
1.2 PROBLEM .....	3
1.3 AIM.....	4
1.4 DELIMITATIONS .....	4
1.5 OUTLINE .....	5
<b>2 LITERATURE REVIEW AND A THEORETICAL FRAMEWORK.....</b>	<b>6</b>
2.1 CORPORATE SOCIAL RESPONSIBILITY .....	6
2.2 CORPORATE SOCIAL RESPONSIBILITY AND RISK MANAGEMENT.....	8
2.3 LEGITIMACY THEORY .....	9
2.3.1 <i>Defining legitimacy</i> .....	9
2.3.2 <i>Establishing legitimacy</i> .....	9
2.4 CODES OF CONDUCT FOR ETHICAL SOURCING.....	13
2.4.1 <i>Defining ethical sourcing codes of conduct</i> .....	13
2.4.2 <i>Establishing codes of conduct</i> .....	14
2.4.3 <i>Communicating ethical sourcing</i> .....	16
2.5 IN SHORT TERMS - A CONCEPTUAL FRAMEWORK .....	18
<b>3 METHOD.....</b>	<b>20</b>
3.1 CHOICE OF RESEARCH DESIGN .....	20
3.2 UNIT OF ANALYSIS .....	20
3.3 CHOICE OF THEORETICAL FRAMEWORK.....	21
3.4 EMPIRICAL APPROACH.....	23
3.4.1 <i>Collection and analysis of empirical data</i> .....	23
3.4.2 <i>Semi-structured interviews</i> .....	24
3.4.3 <i>Choice of interviewees</i> .....	25
3.5 QUALITY ASSURANCE AND ETHICAL CONSIDERATION .....	26
<b>4 EMPIRICS - COMMUNICATION OF ETHICAL SOURCING .....</b>	<b>28</b>
4.1 INTRODUCTION TO EMPIRICAL STUDY .....	28
4.2 CLOETTA.....	29
4.3 MOBERGARNA.....	31
4.4 PÅGEN.....	33
4.5 SYNTHESIS OF EMPIRICAL STUDY .....	35
<b>5 ANALYSIS.....</b>	<b>37</b>
5.1 CORPORATE SOCIAL RESPONSIBILITY IN PALM OIL PROCESSING COMPANIES .....	37
5.2 LEGITIMACY IN PALM OIL PROCESSING COMPANIES.....	39
5.3 COMMUNICATING ETHICAL SOURCING CODES OF CONDUCT IN PALM OIL PROCESSING COMPANIES .....	40
5.4 SYNTHESIS OF ANALYSIS .....	42
<b>6 DISCUSSION .....</b>	<b>44</b>
6.1 WHAT ARE THE ENABLING FACTORS COMMUNICATED IN PRINCIPLES FOR CORPORATE CODES OF CONDUCT? .....	44

6.2 HOW IS THE ETHICAL SOURCING STANDARD USED IN THE PRINCIPLES FOR CORPORATE CODES OF CONDUCT? .....	45
6.3 TRANSFERABILITY OF RESULTS .....	46
<b>7 CONCLUSIONS.....</b>	<b>48</b>
7.1 COMMUNICATIONAL STRATEGIES WHEN ACCOUNTING FOR ETHICAL SOURCING EFFORTS	48
7.2 SUGGESTIONS FOR FUTURE RESEARCH .....	49
<b>BIBLIOGRAPHY .....</b>	<b>50</b>
 <b>APPENDIX 1: PALM OIL PRODUCTION AND RSPO CERTIFICATIONS .....</b>	 <b>60</b>
<b>APPENDIX 2: INTERVIEW GUIDE CASE COMPANIES.....</b>	<b>65</b>
<b>APPENDIX 3: INTERVJUGUIDE CASE-FÖRETAG.....</b>	<b>66</b>
<b>APPENDIX 4: INTERVIEW GUIDE TRADE ASSOCIATION.....</b>	<b>67</b>
 <b>FIGURES</b>	
Figure 1. The growth among vegetable oils production of the world .....	1
Figure 2. Illustration of the thesis outline. ....	5
Figure 3. Company actions in CSR Landscape .....	7
Figure 4. An overview of different types of legitimacy .....	10
Figure 5. All four elements have a need of external and internal dialogue when implementing CoC .....	15
Figure 6. A framework of CSR communication .....	17
Figure 7. CSR Landscape in the case of certified palm oil sourcing.....	38
Figure 8. Values that could contribute to legitimacy in the case of certified palm oil sourcing .....	39
 <b>TABLES</b>	
Table 1. An overview of keywords for establishing legitimacy values.....	13
Table 2. The theoretical framework .....	18
Table 3. Search keywords when searching for articles. ....	22
Table 4. Table of interviews.....	25
Table 5. Synthesis of empirical study. ....	36



# 1 Introduction

This chapter starts with an introduction to the problem background. First, empirical and theoretical gaps identified are presented. This is followed by a presentation of the aim and research questions of the study. The chapter is ended with delimitations and outline of the research.

Palm oil has been used in processed food commodities since the 19<sup>th</sup> century (Henderson & Osborne, 2000). The first food product containing palm oil was margarine, introduced on the British market in 1887. At this time, butter was an expensive food commodity in Europe and the cheap production of palm oil made margarine into an available substitution for a wider range of consumers (*ibid.*). To this day, oils are mainly used in the production of margarine, but various oils are used in the food industry (Jonsson *et al.*, 2007). The compound fatty acids strengthen other flavours and add a softer texture to the product (*ibid.*). From 1990 to 2010 the palm oil plantations increased with over 300% in Indonesia and Malaysia (Fry & Fitton, 2010, 246S; Lind, 2014). The use of palm oil in food commodities is continuously increasing as shown in figure 1 (Fry & Fitton, 2010, 246S).

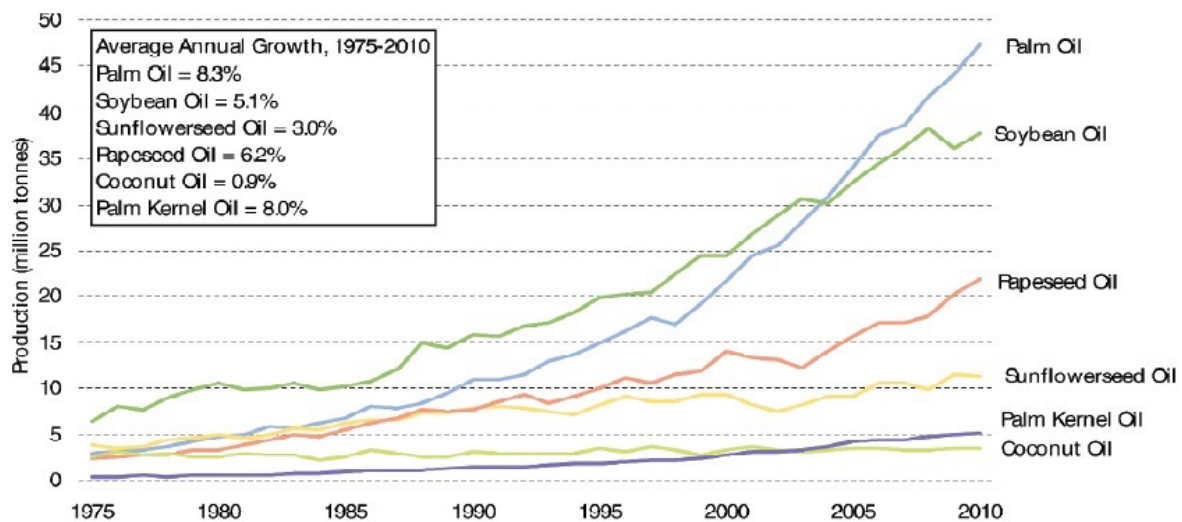


Figure 1. The growth among vegetable oils production of the world (Fry & Fitton, 2010, 246S).

As illustrated in figure 1, palm oil production is increasing (Fry & Fitton, 2010, 246S). Unlike many other vegetable oils, palm oil has relatively high yields per hectare (Henderson & Osborne, 2000; Basiron, 2007). Palm oil trees yield approximately 3.68 tons per hectare for 25-30 years (Basiron, 2007, 293-294; Fry & Fitton, 2010, 246S). Rapeseeds yield 0.59 tons per hectare (Basiron, 2007). Furthermore, palm oil seeds contain 40-50% fat and the fruits grow very tightly on the fruit standings (Jonsson *et al.*, 2007, 167). The efficiency of palm oil production has increased the demand for palm oil (Basiron, 2007; McClanahan, 2013.).

The increase in palm oil production has resulted in deforestations of rainforest (Lind, 2014). A large volume of rainforest deforestations is done illegally, which leads to losses in biodiversity and a shift in income distribution (*ibid.*). However, plantations are also providing many job opportunities and important export opportunities in Indonesia and Malaysia. The ethical use of palm oil as a food commodity is therefore complex for most stakeholders in the supply chain (*ibid.*).

The global food industry has become a driving force for more accountable and legitimate corporate environmental governance structures (Bierman & Gupta, 2011). Companies have incorporated the expectations to interact awareness of the environmental and social impacts with their economic activities (Belz & Peattie, 2012). To communicate environmental, social and economic activities within the company, many companies use a framework of corporate social responsibility (**CSR**) (Welford & Frost, 2006; *ibid.*).

## 1.1 Problem background

Long-term success for a company is based on strategic processes of business (Rainey, 2006). Risk management is a strategic process to address responsibilities (Welford & Frost, 2006; Weber, 2008). In fact, the reduction of risk is one of the main drivers for a company to implement CSR in its supply chain (Welford & Frost, 2006; Oehmen *et al.*, 2010). A strategy for companies to address risks is to communicate supply chain sustainability objectives in terms of codes of conduct (**CoC**) for ethical sourcing (Roberts, 2003). This CoC view could help a company to understand its competitive position (de Bakker *et al.*, 2002). Some of the global food companies have been working with a sourcing approach for decades (Schouten & Glasbergen, 2012). In early 21<sup>st</sup> century, engaged actors from all levels of the commodity chain came together to address sustainability concerns of palm oil production (*ibid.*). They realized the importance of creating a sustainable and reliable network for ethically produced palm oil. This was the origin of the idea to round table palm oil initiative (*ibid.*).

In 2001, the World Wide Fund for Nature opened a roundtable initiative for sustainable palm oil (www, RSPO, 2015, A). The Roundtable on Sustainable Palm Oil (**RSPO**) was officially established in 2004, demanding organisations to sign a statement of intent declaring their participation (*ibid.*). The RSPO initiative aims at obtaining sustainable sourcing in palm oil production (Söderqvist & Anell, 2015; www, RSPO, 2015, A). RSPO open a dialogue between enterprises and promotes the use of ethically, socially and environmentally sustainable palm oil products (RSPO, 2014). This collaboration is perceived as successful, which is confirmed with the support by a large number of stakeholders in Europe (Schouten & Glasbergen, 2012). RSPO is widely recognised in the Swedish food industry (Lindahl & Widén, 2015). In fact, the Swedish Food Federation (**SFF**<sup>1</sup>), which is a trade association, advise their member companies to use certified palm oil aligned with the RSPO (www, SFF, 2014, B; www, SFF, 2015).

---

<sup>1</sup> SFF (LI – Livsmedelsföretagen) is not an established abbreviation.

Nevertheless, RSPO has also received critique, especially the certification process (Schouten & Glasbergen, 2012). Critical voices point to shortcomings in the certification process such as a lack of compliance and defective revisions of plantations (Kihlberg, 2015). Furthermore, the roundtable approach shows a variety of legitimacy problems (Schouten & Glasbergen, 2012). Legitimacy is one of the major challenges when committing to environmental governance (Najam & Halle, 2010). The RSPO GreenPalm certification is divided into four different categories as described further in Appendix 1 (RSPO, 2013).

Moreover, some consumer organisations and other stakeholders criticize the use of palm oil entirely (Kihlberg, 2015). However, companies that choose to buy substitutes may face even more harmful alternatives than those offered by the palm oil industry (www, SFF, 2014, B; www, WWF, 2014). A boycott could risk the work-opportunities involved in palm oil supply chain. In fact, a boycott could increase the production of non-certified palm oil (*ibid.*).

## 1.2 Problem

Current CSR research lacks an organized and company-specific method to evaluate CSR activities (Weber, 2008). In order to manage CSR issues effectively, the company need systems that engage their key stakeholders (Roberts, 2003). CoC usually involve issues related to CSR. However the company's perception of social responsibility has a major impact on the identification process of the ambit (Zakaria *et al.*, 2012). Establishing grounds for perceived accountability in environmental governance can be achieved in independent third party audits, institutionalized systems and information transparency (Najam & Halle, 2010). Accountability is the outcome of perceived transparency in processes and in communication of outcomes (Bierman & Gupta, 2011). A food processing company can communicate transparency objectives in various ways to its stakeholders (Wognum *et al.*, 2010). Transparency in a food supply chain requires information that is highly qualified, easy-accessed and properly arranged. Hence, communicational transparency requirements for an enterprise towards its stakeholders are associated with a number of challenges (*ibid.*).

RSPO links local conflicts to global concerns. It assembles interrelations between environmental and social affairs for Swedish food processing companies (Köhne, 2014). However, RSPO as a tool for creating ethical, social and environmental sustainable production is not enough for the palm oil industry (Schouten & Glasbergen, 2012; Kihlberg, 2015). This also applies to the Swedish food industry (Lind, 2014). A demand for processes that move faster than RSPO certifications has been recognized (Balch, 2013). Consequently, stakeholders such as Swedish food processing companies commit to ethical sourcing CoC that go beyond the RSPO-certification (Lind, 2014; Söderqvist & Anell, 2015). Through company guidelines they commit to responsibility one step further than the RSPO-certificate (Pater & van Gils, 2003; *ibid.*). These transparency commitments show how food-processing companies commit to accountable ethical sourcing (Najam & Halle, 2010). This also applies to the Swedish food industry (Söderqvist & Anell, 2015).

Communicational transparency in the food industry does neither have legitimate independent third party audits, nor any strong institutionalized systems regarding sourcing of palm oil (Bierman & Gupta, 2011; Schouten & Glasbergen, 2012; Kihlberg, 2015). This was also acknowledged in the Swedish food industry by Lindahl & Widén (2015). Lack of awareness is one of the main issues in the case of palm oil and business must take the lead for a more sustainable industry (Moulds & Howard, 2014). Hence, it is important to analyse how information transparency can achieve environmental accountability in Swedish palm oil processing companies. There has been little research on communicational CSR strategies for ethical sourcing of CoC (Ford & Richardson, 1994; Roberts, 2003; Preuss, 2008, 743). A study of the communicational strategies regarding ethical sourcing transparency in Swedish palm oil companies could therefore provide an increased understanding of how to communicate efforts made in ethical sourcing.

### 1.3 Aim

The aim of this project is to explain communication strategies where corporations account for ethical sourcing efforts. The study addresses the following research questions:

- What are the enabling factors communicated in principles for a corporate code of conduct?
- How is the ethical sourcing standard used in the principles for a corporate code of conduct?

### 1.4 Delimitations

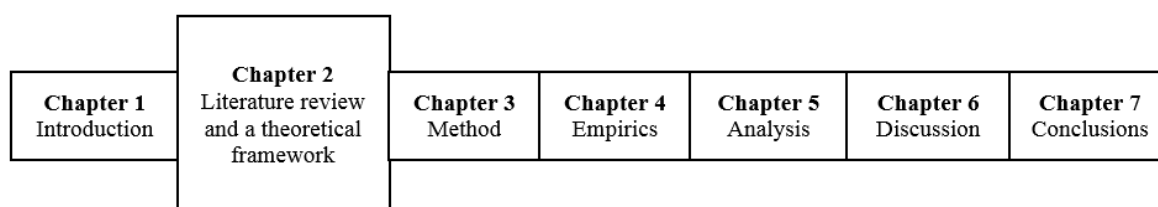
The palm oil field of research is complex. Therefore, the delimitations are analysed from an empirical, a theoretical framework and a methodology perspective. Since this research is a case study, the research is limited to 3 Swedish food-processing companies. The study does not consider the various stakeholders that supply palm oil commodities in the Swedish food industry. Health issues, the influence of culture and religious aspects are not considered. Palm oil is a commodity that is used in many different ways. Therefore, the study does not consider palm oil as a component in biofuel, soap and make-up.

The theoretical framework is based on legitimacy theory and communication tools, which do not consider long-term perspective of ethical sourcing. This study does not use the legitimacy theory to measure the case companies' level of legitimacy, since it is a complex matter to measure. Stakeholder theory was delimited from the study since the research focus on case companies' view on the phenomenon, rather than multi-stakeholder collaboration. The methodology for this case study observes what companies are communicating; this research does not consider the strategic actions and financial results of the chosen case companies. It does not consider any company objectives beyond ethical sourcing. Furthermore, the research does not consider what the case companies are communicating through social media. The study delimits from internal communication in the companies regarding their use of palm oil. This information would require several interviewees from the same company, which is why it

was delimited from the study. The various types of CoC have a major impact on this type of study, such as industrial and professional CoC. Professional CoC were therefore not taken into consideration since they are irrelevant for this study that has a company focus.

## 1.5 Outline

The outline of the thesis is illustrated in figure 2. *Chapter 1 Introduction*, describes both the history and the current situation regarding palm oil production. Thereafter, the problem area embraces the importance to communicate ethical sourcing of palm oil. The problem area ends in the aim and the research questions. Last section in the introduction chapter is delimitation of the thesis. *Chapter 2 Literature review and a theoretical framework*, describes relevant literature regarding CSR issues and communicational strategies in CSR risk management by using ethical sourcing CoC. Furthermore, the theoretical framework defines legitimacy and describes how to create values for establishing legitimacy.



*Figure 2. Illustration of the thesis outline.*

Moreover in figure 2, *Chapter 3 Method* describes how the study is conducted and discusses quality assurance and ethical considerations. *Chapter 4 Empirics*, presents empirical findings from the semi-structured interviews. *Chapter 5 Analysis*, provides an analysis between the empirical findings and the theoretical framework. *Chapter 6 Discussion*, deliberates the empirical findings with other studies. *Chapter 7 Conclusions*, present the conclusions of the study and give suggestions for further research.

## 2 Literature review and a theoretical framework

---

This chapter describes the concept of CSR in supply chains, CSR risk management and legitimacy theory, along with communicational strategies. It provides a deeper understanding of ethical sourcing codes of conduct. The chapter ends with a summary of the conceptual framework.

---

### 2.1 Corporate social responsibility

CSR is a business concept that has evolved during several decades (Carroll, 1999; Murray & Dainty, 2009). In the 1980's, the concept focused on performance of responsibility among stakeholders (*ibid.*). This later evolved to third party certifications that recognized the social and environmental standards of a company (Murray & Dainty, 2009). Today, CSR involves not only the actions of the company, but includes choices regarding stakeholders and the supply of resources (McWilliams & Siegel, 2001; Maloni & Brown, 2006). Various definitions of CSR are used. The following definition by World Business Council for Sustainable Development (**WBCSD**) is frequently used:

*“Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”* (WBCSD, 1999, 3).

As the WBCSD (1999) definition of CSR explains, the concept is based upon corporate value and Elkington's (1998) triple bottom line (**TBL**) approach. TBL describes three grounds for creating value: social, environmental and financial assessments. Belz & Peattie (2012) describe CSR as both the internal and external actions of a company. Internal actions cover human rights, security, and natural resource management and production environmental impacts. Belz & Peattie (*ibid*) describe external CSR actions that cover suppliers, consumers and global environmental impacts. Hence, a company's CSR in food supply chains covers both internal and external dimensions of CSR (*ibid.*).

The main motive for incorporating CSR in management is that it benefits companies financially (McWilliams & Siegel, 2001; Murray & Dainty, 2009). It incorporates issues involved in the relationship between a company and its stakeholders (*ibid.*). Hence, the company should treat CSR decisions equally important as any other investment decision (McWilliams & Siegel, 2001). As described in figure 3, working with CSR in a business can have local impacts as well as global level impacts (McElhaney, 2008).

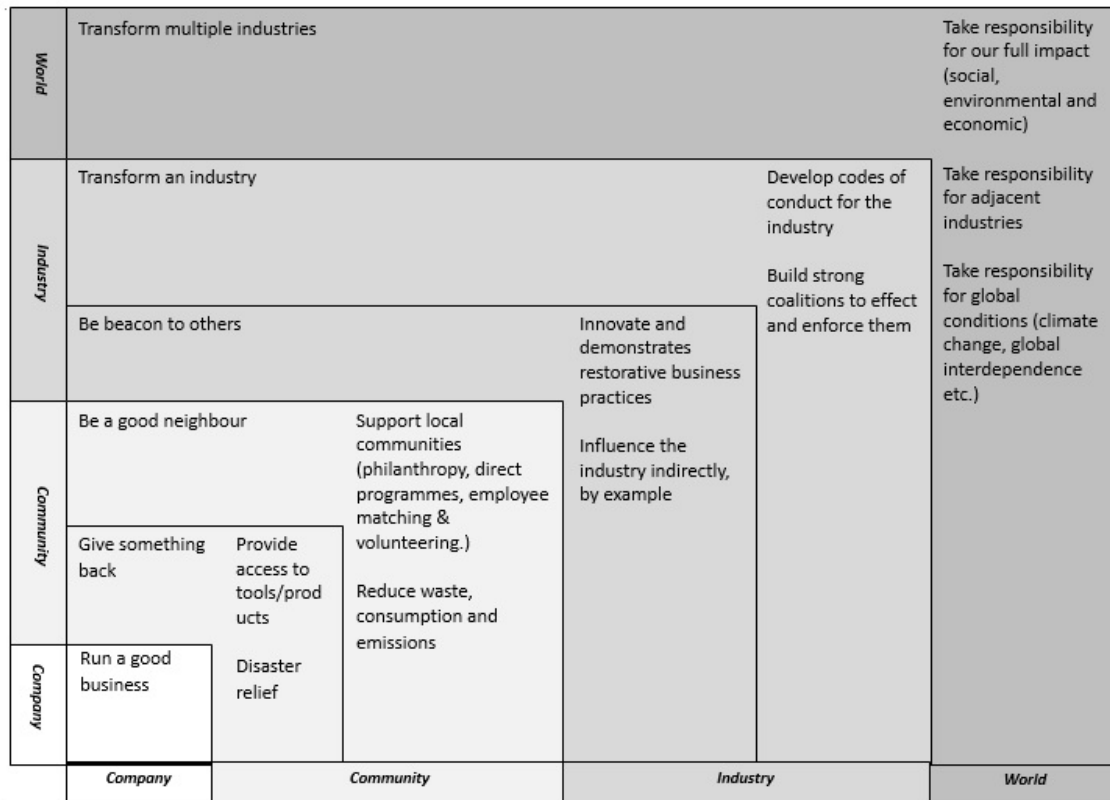


Figure 3. Company actions in CSR Landscape (McElhaney, 2008, 230).

A company that pursues both a CSR policy and a running a good business help the communities in which they are operating (McElhaney, 2008). By supporting the local community, companies indirectly influence the industry. When the industry is transformed, for example in the development of CoC, the effects are seen on an industrial and world market level, see figure 3 (*ibid.*).

Various factors are important when maintaining CSR in food supply chains (Maloni & Brown, 2006). One of the factors mentioned is the community, which is often used in CSR food supply chains. Including the local community is important when maintaining CSR in a company. The local community can be aided by actions such as financial and educational development support, culture, childcare and job training. Another aspect is the environmental impact of the food supply chain (*ibid.*). Food companies need to incorporate an environmental friendly practice throughout the supply chain. Environmental aspects are mainly expressed in use of agricultural techniques such as fertilizers, disposal soil, water damage and deforestation (*ibid.*).

One of the major implications in a food supply chain is food security (Maloni & Brown, 2006). Food security is often established by traceability (*ibid.*). When communicating quality assurance to a company's stakeholders, traceability throughout the supply chain is important (Svensson, 2009). Showing transparency in supply chain management ethics is important for a company, in order to avoid ethical dilemmas caused by other stakeholders (*ibid.*). Supply chain management transparency in corporate behaviours often requires controlling the lower

levels of a supply chain (*ibid.*). One strategy for managing sustainability issues in a supply chain is by using ethical sourcing CoC (Roberts, 2003). In order for companies to effectively communicate with their stakeholders regarding CSR issues and risk management, they need to address a systematic appliance that interacts with their stakeholders, such as CoC (*ibid.*).

## 2.2 Corporate social responsibility and risk management

Risk management is often divided into three categories: environmental, company and industrial factors (Miller, 1992). Environmental risks include political, social and natural uncertainties (*ibid.*). Company factors involve specific operational, liability and supply risks. Liability risks describe the associated risks of consuming the product, often due to damages in the production process (*ibid.*). Gouthier & Schmied (2003) stress that recourses are unique for every company. Supply risks include raw material quality assurances, issues and restrictions (*ibid.*). Industry risks involve input market and product uncertainties. Industrial input uncertainties are likely to occur when the supply requires inputs. Inputs could be investments in specialized technologies or organisational skills. Investments in specific products may also limit the competition of the market (Miller, 1992).

Risks are often easier to identify than benefits (Welford & Frost, 2006). Risk management is therefore an important strategy to address in CSR issues (*ibid.*; Weber, 2008). In fact, the reduction of risk is one of the main drivers for a company to implement CSR in its supply chain (Welford & Frost, 2006; Oehmen *et al.*, 2010). Many companies use voluntary initiatives and self-regulations to involve CSR in their business. An example of a company's self-regulations and voluntary initiative are CoC (Utting, 2005). In fact, proactive operator's schemes commit often to establish that members adopt agro-environmental practices beyond the required amenability (Venn *et al.*, 2003).

CSR needs to be addressed in organised processes (WBCSD, 1999). These processes should be transparent and include stakeholder dialogue. Hence, accountability is of vital importance for the company's performance (*ibid.*). Globalization of industries has increased the driving force for accountable and legitimate governance (Biermann & Gupta, 2011). Accountability in global environmental governance can be achieved by accomplishing several phases, such as increasing the transparency, institutionalizing systems and independent third party reviews (Najam & Halle, 2010).

A company's perception of its issues impacts their CSR identification process (Zakaria *et al.*, 2012). The company may show a reactive, receptive or constructive strategy in its attitude towards environmental and CSR risks (RSAES<sup>2</sup>, 1995). Attitude depends on whether the company perceive the environmental issues as risks or opportunities. The defensive, acceptance or conscious decision of the company determines its position. Its perception, partners and focus of the issue along with standard solutions will also define the structural actions of the company (*ibid.*).

---

<sup>2</sup> RSAES (IVA – Ingenjörsvetenskapsakademin) is not an established abbreviation.



## 2.3 Legitimacy theory

Legitimacy theory refers to why organisations frequently try to ensure that they operate within requirements of their respective societies (Gray *et al.*, 1996). If the organisation cannot fulfil the requirements from society they might not be allowed to continue its operations. To achieve legitimacy companies want to show their positive values. This is similar to CSR, since it also has a tendency to emphasize positive values of the company's behaviour. Therefore, it is possible to see a connection between the general form of legitimacy and CSR practices (*ibid.*).

Historically, legitimacy is seen as a core element in politics and governments, where legitimacy shows the relationship between the societal acceptance of government and institutions (Zimmerman & Zeitz, 2002). Organisational legitimacy is when organisations search for compliance between the social values of their actions and the norms of good behaviour in social systems (Dowling & Pfeffer, 1975).

### 2.3.1 Defining legitimacy

Organisational legitimacy is a concept that is more often described than defined (Suchman, 1995). It is shown that the way legitimacy characteristics are understood depends on its context. Therefore, it is hard to devise a single definition of the concept (*ibid.*). Nevertheless, Suchman (*ibid.*) has formulated a broad-based definition of legitimacy, which combines the evaluative and the cognitive perspective with the role of social audience.

*“Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”* (Suchman, 1995, 574).

Hence, legitimacy represents an evaluation of a set of specific occurrences, mostly with a negative character (Suchman, 1995). Nonetheless, a company may not always agree with societal norms and yet retain the legitimacy. Since legitimacy is based on perceptions or assumptions from both observers and the organisation itself, some of the actions may go unnoticed. Therefore, the processes have an objective form and the created values have a subjective form. Legitimacy is a socially constructed phenomenon, dependent on the norms from a collective audience as well as from independent observers (*ibid.*).

### 2.3.2 Establishing legitimacy

Organisational legitimacy is a phenomenon that is hard to measure, since it is influenced by individual's personal opinions (Zimmerman & Zeitz, 2002). Therefore it is not certain that the actor is aware of what kind of role legitimacy has in the decision-making process (*ibid.*). Organisational legitimacy has a great value for companies (Ashforth & Gibbs, 1990). It is a social judgement on the company and could help them become attractive to their audience (*ibid.*).

Suchman (1995) discusses three types of legitimacy; pragmatic, moral and cognitive, figure 4. The first type of legitimacy is pragmatic legitimacy, which reflects on how the organisation is operating with its most immediate constituents<sup>3</sup> (*ibid.*). It shows if the organisation operates in an appropriate manner with respect to its audience and its own interests. However, cultural notions of appropriateness may show if the exchanges are in a proper form or not. The exchanges are quite narrow and indicate a sort of conventional power-dependence relationship between the organisation and its audience (*ibid.*). Pragmatic legitimacy also reflects influences between the organisation and its audience. This shows the willingness to support a specific partner and by that appear as a responsible organisation. It is common to integrate the audience within the organisation's policy-making or adopt the audience requirements for standards. This may result in that an organisation has to resign some of the authority to a concerned audience (*ibid.*).

<b>A Typology of Legitimacy</b>		
	<b>Actions</b>	<b>Essences</b>
<b>Episodic</b>	Exchange	Disposition
<b>Continual</b>	Influence	Interest
		Character
<b>Episodic</b>	Consequential	Personal
<b>Continual</b>	Procedural	Structural
<b>Episodic</b>	Comprehensibility	
	Predictability	Plausibility
<b>Continual</b>	Taken-for-Grantedness	
	Inevitability	Permanence

Figure 4. An overview of different types of legitimacy (Suchman, 1995, 584).

As figure 4 shows, moral legitimacy reflects the societal view of the organisation and its activities or doing the right thing concerning a specific activity (Suchman, 1995). These judgements come from socially constructed systems that are created by the audience. This indicates that organisations should be held responsible for what they are doing. Indirectly many organisations already abide by these norms, because they must supply products that customer demands in order to survive on the market. However, in some cases the audience can pay attention to a very specific characteristic of a product, which leads to that the organisation has to deliver what the audience is specifically asking for. By using techniques and procedures that are socially accepted, the organisation is given positive moral values. The

<sup>3</sup> Constituents are individuals or a group of people that an organisation serves and supports that directly benefit from the organisation's work (Minieri *et al.*, 2002).

audience sees the organisation's performance as something worthy to support. This could either arise from the product itself or from the whole organisation (*ibid.*).

Cognitive legitimacy emphasizes the importance of support from all the organisation's stakeholders, particularly in situations where the context is chaotic (Suchman, 1995). In these situations they have to work actively to transform the practices to understandable meanings. Cultural models can be used to describe how organisations' strive to complete goals. In the presence of goals, the organisation's activities are predictable, meaningful and inviting. In absence of this models and lack of engagement, the activity will collapse (*ibid.*). When the cognitive coherence has a more sedate form it makes it possible to transform unmanageable situations to manageable situations. It becomes unthinkable to change the social structure away from the origin structure. This kind of legitimacy is very powerful, yet very hard to manage (*ibid.*).

According to classical theories by Dowling & Pfeffer (1975) a company can do three things to achieve legitimacy. Firstly, they can adapt their company's operations to the current definitions of legitimacy. Secondly, they can, through communication, try to adjust the definition of legitimacy so that it is more suitable for the company's current practices. Finally, they can use communication tools such as symbols and try to create extraordinary values (*ibid.*, 127). Since all methods are dependent upon social norms, changing them is a difficult process. It is likely that companies try to conform their operations to the current definitions of legitimacy or try to identify their present actions with actions that have connections to legitimacy (*ibid.*).

A strategy to overcome the risk of bad legitimacy is to use the four-broad legitimization strategy (Lindblom, 1994, in Gray *et al.*, 1996, 46). The first phase is to inform stakeholders about the intension to improve a specific performance. Second, is to try and change the stakeholders' view of the performance, without changing the physical performance. Third, manipulate the stakeholders' attention away from the issue and focus on positive activities. Fourth, try to change social norms of the performance, that the company cannot be held responsible for that kind of performance (*ibid.*). The underlying factor of this strategy is to emphasize good values, instead of bad performance (Gray *et al.*, 1994). Organisations can also seek to legitimate their actions through a collection of substantive and symbolic actions (Ashforth & Gibbs, 1990). Substantive management involves the actual changes in the actions of the company. Symbolic management implicates the meaning of the actions instead. The mixture of these actions may vary according to what purpose the company seeks in the legitimization process (*ibid.*).

Zimmerman & Zeitz (2002) argue that legitimacy plays a key role in companies' growth, especially new ventures. Their central arguments are that legitimacy is a resource, which is important for gaining other resources, for example capital, technology, labour and networks. It is proposed that there exists a critical threshold for new ventures to achieve legitimacy (*ibid.*). If the resources are not suitable for the performance, the company cannot go beyond the threshold and they cannot survive (*ibid.*). Rutherford & Buller (2007) divided the

threshold phenomena into two stages, pre-threshold and post-threshold. In the early stages the company does not have enough resources (*ibid.*). They have to rely on personal skills and networking with stakeholders to achieve legitimacy. When legitimacy is gained, new challenges arise due to the increased growth, which could imply that they have to hire more labour and formalize new working systems (*ibid.*).

Legitimacy is important in established companies as well (Zimmerman & Zeitz, 2002). It could be less problematic for established companies than new companies to access legitimacy resources, since established companies can rely on past performances (*ibid.*). A company can either attempt to extend, maintain or defend their legitimacy (Ashforth & Gibbs, 1990). Extending legitimacy is when a company establishes or enters a new area of activities. This kind of legitimacy is intense, proactive and with the purpose to gain support from various stakeholders. For established companies, the symbolic approach is more preferable since it is more flexible. Stakeholders prefer the substantial approach since it shows a clear focus on actions. The different preferences between established companies and stakeholders may however contribute to a problematic situation because they are cooperating and companies want to gain support from their stakeholders (*ibid.*). Maintaining legitimacy is done when an on-going activity reaches acceptance by its surrounding. Defending legitimacy occurs when a company feels threatened or challenged. This kind of action is intense and reactive. To defend their legitimacy companies use a great number of symbolic activities (*ibid.*).

Legitimacy has a connection to decision-making and provides a base for future decisions, as described in table 1 (Zimmerman & Zeitz, 2002). Usually, companies do not have a clear view whether the given action is the best way to complete a goal or not. Uncertainties can stimulate developing social systems, which include rules, norms, values and models. Companies then rely on these social systems to gain legitimacy (*ibid.*). A risk that can occur when companies seek legitimacy is that they protest too much. Company's attention towards their actions to gain legitimacy may therefore risk decreasing their current legitimacy (Ashforth & Gibbs, 1990). High attention towards specific actions might result in a higher level of scrutiny by the surroundings (*ibid.*).

Table 1. An overview of keywords for establishing legitimacy values.

Keywords for establishing legitimacy	Authors
To do the right thing according to societal norms. Focus on good values.	Dowling & Pfeffer, 1975; Suchman, 1995; Gray <i>et al.</i> , 1996
Legitimacy is achieved by networking and social systems.	Ashforth & Gibbs, 1990; Suchman, 1995; Zimmerman & Zeitz, 2002; Rutherford & Buller, 2007
By using symbols and actions.	Dowling & Pfeffer, 1975; Ashforth & Gibbs, 1990
Legitimacy is a resource, which may help to gain other resources.	Zimmerman & Zeitz, 2002; Rutherford & Buller, 2007
Legitimacy has a connection to decision-making and provides a base for future decisions.	Suchman, 1995; Zimmerman & Zeitz, 2002; Rutherford & Buller, 2007

To summarize table 1, legitimacy is gained through the communication of a company's good values thorough specific performances of actions. This can be done by using symbols that the activity can be connected to or by networking with the surroundings. Since legitimacy is a socially constructed phenomenon, its understanding can differ.

## 2.4 Codes of conduct for ethical sourcing

Ethical CoC can be used as organisational structure tools. These tools may create a value base for a company to achieve legitimacy (Long & Driscoll, 2007). It is common that a company's codes of ethics relate reflects both the company's self-interest and current norms in society (*ibid.*). These ethical codes can be obtained from annual reports, company publications and case studies (Ford & Richardson, 1994). It may be hard to find all types of codes in a company, due to all forms it may have (OECD, 1999).

When the interpreter analyses single words of a CoC, it risks to be perceived as contradictory (Long & Driscoll, 2007). Therefore, it is important that the codes of ethics have a narrative form. A narrative form of CoC makes it easier for the interpreter to understand the purpose of specific codes of ethics (*ibid.*).

### 2.4.1 Defining ethical sourcing codes of conduct

The term CoC does not have an official definition (Ford & Richardson, 1994; IFAC, 2007). CoC can be designed for various reasons to fulfil different goals (Logsdon & Wood, 2005). In the report *Codes of Corporate Conduct: an Inventory* written by OECD the Working Party of the Trade Committee formulated this definition of CoC (OECD, 1999):

*“Commitments voluntarily made by companies, associations or other entities, which put forth standards and principles for the conduct of business activities in the market place” (OECD, 1999, 5).*

If a company does not communicate their CoC externally, it does not specify whether they consider the principles of ethical conduct in their business. They may use other types of instruments than codes (OECD, 1999). Therefore, the following alternative definition of CoC is useful when communicating externally:

*“Principles, values, standards, or rules of behaviour that guide the decisions, procedures and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations” (IFAC, 2007, 6).*

This highlights that the CoC are formal statements that show the values and business actions of an organisation (IFAC, 2007). These statements often include commitments of the company to its key stakeholders (Boatright, 2009). In fact, codes of ethical conduct sometimes affect organisations ethical performance (Svensson, 2009). CoC are developed internally in a company and often need internal revisions. As the CoC are implemented and integrated in the supply chain, they often turn into a standard (Stigzelius & Mark-Herbert, 2009). However, using CoC do not necessarily justify the ethical base of an organisation (Francis & Armstrong, 2003). In fact, many companies use ethical conducts that might become inconsistent in some controversial cases (Modin & Hansson, 2011). Hence, a harmony between the ethical and instrumental justification is demanded in risk communication (*ibid.*).

#### **2.4.2 Establishing codes of conduct**

Companies have become more aware of the value creating codes, which has resulted in an increased motivation to publish CoC publicly (IFAC, 2007). Ethical CoC are mostly formal, written documents that present political and moral principles. The document aims to serve as a guide for employees and their corporate behaviour (Pater & van Gils, 2003). These principles contribute to a better understanding of strategic business development (Rainey, 2006). Social responsibility, such as the integrity of a company, is communicated through CoC (*ibid.*).

The way CoC are implemented in an organisation may vary depending on context (Mamic, 2004). However, four enabling aspects have been identified, irrespectively of business types, see figure 5 (*ibid.*, 83). Firstly, the company creates a shared vision. This vision requires that companies are aligning their own operations with the operations of the supply chain. It is also necessary to discuss what the company wants to achieve with the CoC implementation (*ibid.*). It is important that employees and other individuals in the supply chain can understand the company's CoC principles. The most effective way to do this is by communication. Especially, in a setting of foreign operations it is important to use a language that all actors understand. With a clear target audience it is easier to manage challenges regarding the CoC in future (*ibid.*).

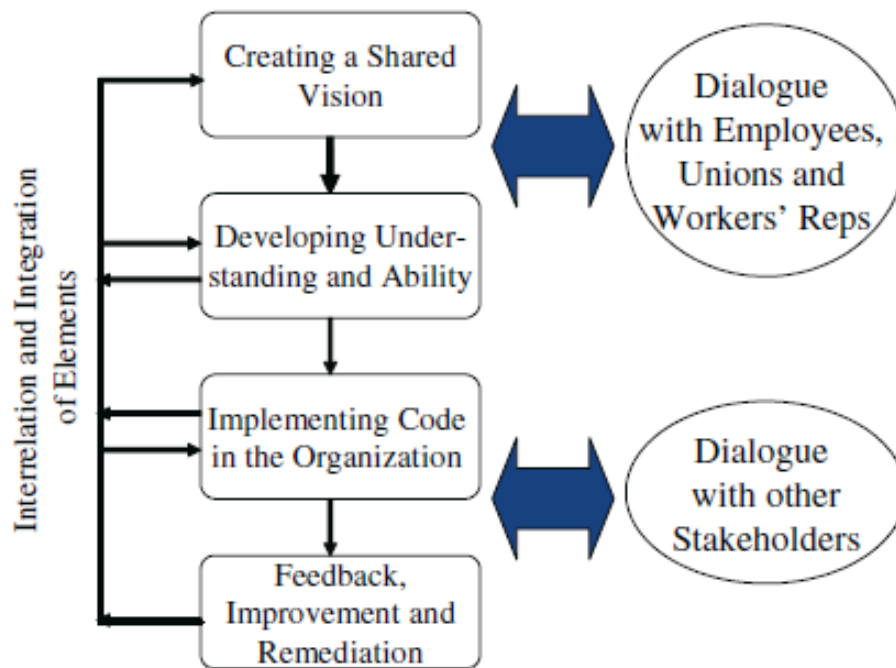


Figure 5. All four elements have a need of external and internal dialogue when implementing CoC (Mamic, 2004, 83).

Thirdly, the implementation process contains many strategic decisions, such as to what extent the CoC are integrated in the corporate functions (Mamic, 2004). It can also involve decisions such as if the CoC should be on a centralized level or on a decentralized level. However, the decisions are often made on a company case-by-case basis, which is affected by the culture and history of the company (*ibid.*). Finally, the results from the implementation process must be followed-up, as described in figure 5. If possible, it is desirable to follow-up the feedback of those individuals that have the resources to manage the eventual problem. The monitoring can be done both on an internal and external level. Internal monitoring systems are mainly used to ensure the consistency in the implementation process of the CoC. External monitoring systems refer to how companies monitor their factories in the supply chain. The dialogue is central to how successful the implementation of the CoC will be (*ibid.*).

CoC can also be a tool to create responsible behaviour among the individuals within an organisation (Nijhof *et al.*, 2003). Therefore, the main outcome from the CoC of ethical sourcing is to create responsible companies, rather than sustainable companies (Blowfield, 2000). To achieve sustainability through the codes of practice, it is necessary to have cohesion between the social and environmental standards (*ibid.*). In some cases it is possible to see a causal link between ethical codes and sustainability, but this link is not the primary reason for why the codes have been implemented. In some areas, such as food safety, it is possible to relate the food safety codes with environmental issues. Still, the causal link is quite weak between food safety codes and sustainability (*ibid.*).

It does not necessary mean that if a company has CoC they will become more responsible (Nijhof *et al.*, 2003). It is necessary to understand and distinguish all steps in the implementation process of CoC, which together create responsible companies. The process starts with identifying the company's values and what kind of obstacles they may encounter in their actions. Thereafter, the organisational values are compared with the values of the employees. Obstacles can be identified so barriers can be removed. Next step in the process is how the individual employee can confirm his behaviour to the company's values and then determine to what extent this behaviour confirm the upcoming CoC (*ibid.*). Finally, the company has to communicate and inform its stakeholders about their behaviour. Even when companies already have CoC, this implementation method can be valuable. This makes it possible to see what actions the company already has taken and it can also contribute to what actions the company could do for the coming years (*ibid.*).

#### 2.4.3 Communicating ethical sourcing

In some sectors CoC are more common than in others, especially in the clothing and the footwear industry (Roberts, 2003). It is shown that well-known brands are more exposed to public scrutiny. The clothing industry is exposed to high public interest, due to child labour and poor working conditions. Even with high public interest in the clothing industry, there are some distortions. The interest in working conditions may only be noticed in some parts in the supply chain and in other parts no attention is paid at all (*ibid.*). External pressure from stakeholders is an important motivation for companies to become more responsible (Nijhof *et al.*, 2003). Examples include consumers who are taking responsibility and making conscious decisions in their shopping behaviour, legislations or media campaigns by lobby groups (*ibid.*).

In order for a company to establish a CoC and supply chain transparency, it requires managing the corporate actions of other stakeholders and how their actions may affect the company itself (Svensson, 2009). Transparency regarding raw materials considers supplier's supplier in supply chain management (*ibid.*). Some sectors are dealing with long supply chains, where the implementation processes of CoC are complicated due to the many stakeholders (Roberts, 2003). The confectionery industry has long supply chains with powerful intermediaries, which have a limited interest in implementing solutions. Under these circumstances, it is hard for a single company to make changes that are going to affect the supply chain. A way to achieve more successful CoC, is to create a universal code, similar to the codes in the forestry industries by joint actions (*ibid.*). The strategies for handling values vary in companies, but the main differences are identified in how these values are being communicated (Schnebel & Bienert, 2004). It is either a static segment of their culture or as an organisational concept for ethical communication (*ibid.*).

It is very important for a company to process communication correctly (Rainey, 2006). If the communication is lacking between a company and its stakeholders, the company might risk green wash accusations (*ibid.*). Furthermore, communicational CSR activities are critical



factors in companies' attempts to reflect their CSR engagement (Du *et al.*, 2010). Hence, companies need to understand how to communicate CSR effectively to their stakeholders. External stakeholders of a company often demand performance indicators. Yet, if the company promotes their CSR efforts, the stakeholders might consider the actions doubtful and distrust the motives. CSR communicational strategies of a company are therefore highly sensitive. The communicational channels of a company's CSR activities may vary. As shown in figure 6, CSR activities may be communicated through official documents such as reports, press releases and websites (*ibid.*). In fact, the use of CSR report is widely spread among companies, 80 % of the world's 250 biggest companies publish CSR reports (*ibid.*, 13).

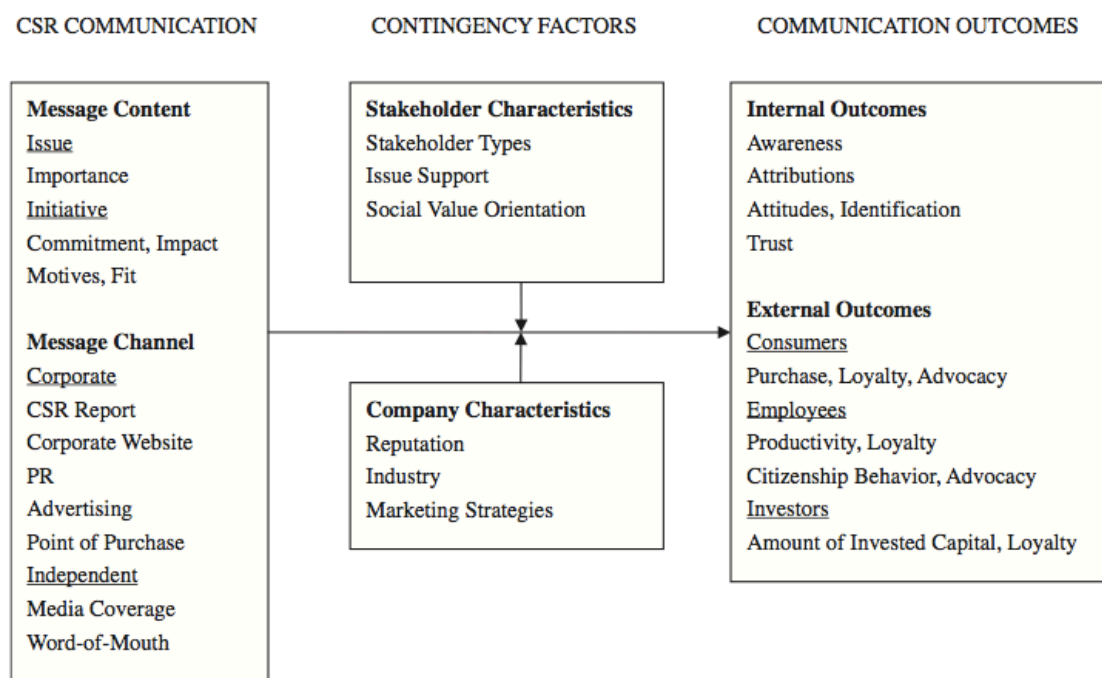


Figure 6. A framework of CSR communication (Du *et al.*, 2010, 11).

CSR communication is affected by many contingency factors that affect the outcome of communication (Du *et al.*, 2010). The stakeholders and the characteristics of the company cause these precarious factors. As shown in figure 6, possible outcomes of CSR are trustworthiness of the company that eventually would attract more consumers and other external stakeholders to engage in the company (*ibid.*). Furthermore, the external evaluations of a company by its stakeholders are continuous with various interdependent factors. These evaluations can be augmented by coherent corporate communicational strategies (Kim, 2011).

A CoC may serve as an illustration for corporate strategies. These strategies illustrate different communicational approaches (Closs *et al.*, 2011). Modin & Hansson (2011) describe seven major implications for communicating justified ethical recommendations in the food industry: honesty, explaining incentives and conflicts of interests, reliable knowledge, quantify risks, define uncertainties, consider public concerns and respect the individual's rights. Transparency along with clear and honest information is recommended to use internally and communicate externally. The communicational strategies of a company

towards its stakeholders indicate the company's values and degree of ethical concerns (Logsdon & Wood, 2005).

## 2.5 In short terms - a conceptual framework

CSR concept includes actions not only from the company itself, but also from its stakeholders and supply of recourses (McWilliams & Siegel, 2001; Maloni & Brown, 2006). A commonly used definition of CSR is based upon TBL and developed by Elkington (1998), which was further developed by WBCSD (1999). Furthermore, involving CSR management in a company is equally important as investment decisions, since it can have both local and global level impacts (McElhaney, 2008). Definitions of CSR and CSR landscape are further described in table 2. CSR risk management is important to address when managing CSR issues, since risks are often more difficult to define rather than benefits (Welford & Frost, 2006; Weber, 2008). Company risks involve operational, liability and supply uncertainties. As submitted in table 2, supply risks require companies to manage uncertainties regarding quality assurance, issues and restrictions (Miller, 1992).

*Table 2. The theoretical framework*

<b>Terms and models</b>	<b>Description</b>	<b>Key references</b>
Corporate social responsibility (CSR) Corporate social responsibility landscape	Company commitments to social development of stakeholders and supply of recourses.	Elkington, 1998; WBCD, 2000; McWilliams & Siegel, 2001; Maloni & Brown, 2006; McElhaney, 2008; Belz & Peattie, 2012
CSR risk management	Strategies to address issues such as supply uncertainties, which involves quality assurance and restrictions.	Miller, 1992; Frost, 2006; Rainey, 2006; Welford & Frost, 2006; Weber, 2008
Legitimacy theory Defining legitimacy Strategies for achieving legitimacy	Reflects a company's communication of good values thorough specific performance and actions, which is done by symbols and networking.	Dowling & Pfeffer, 1975; Suchman, 1995; Gray <i>et al.</i> , 1996; Zimmerman & Zeitz, 2002; Long & Driscoll, 2007; Du <i>et al.</i> , 2010
Ethical sourcing Codes of conduct (CoC) Communication strategies	A company's ethical codes that communicate their demand for corporate behaviour between stakeholders.	Blowfield, 2000; Pater & van Gils, 2003; Roberts, 2003; Schnebel & Bienert, 2004; Utting, 2005; IFAC, 2007; Du <i>et al.</i> , 2010; Closs <i>et al.</i> , 2011;

Similar to CSR, a company needs to emphasize their positives values to achieve legitimacy (Du *et al.*, 2010). A company that assures its conscious decisions and operates within societal requirements may be referred to as legitimate. As described in table 2, organisational legitimacy describes how organisations search for compliance between the social values of their actions and the norms of good behaviour in social systems (Dowling & Pfeffer, 1975). Legitimacy plays a key role in companies' growth, since legitimacy is important when gaining new recourses, such as capital, technology and networks (Zimmerman & Zeitz, 2002). Furthermore, it has a connection to legitimacy making, since it provides a base for future decisions (*ibid.*). Legitimacy communicates companies' good values by using networks and symbols (Long & Driscoll, 2007).

Many companies use voluntary initiatives and self-regulations to involve CSR in their business. An example of a company self-regulations and voluntary initiative is CoC (Utting, 2005). Ethical codes can be defined in annual reports, company publications and case studies. These initiatives show a company's commitment to its stakeholders (IFAC, 2007). Ethical sourcing codes of conduct guides corporate supply chain behaviour demanded by the company (Pater & van Gils, 2003). The strategies for handling ethical values vary between companies. However, the main differences are identified in how these values are being communicated (Schnebel & Bienert, 2004). Communicational CSR strategies are critical factors in companies' attempt to reflect their involvement in CSR. CoC are therefore a clear illustration to communicate corporate strategies (Closs *et al.*, 2011).

## 3 Method

---

This chapter argues for the study's approach to the research questions. Firstly, the choice of research design and theoretical framework is presented. Secondly, unit of analysis is defined. Thirdly, the choice of empirical data, interviews and methods chosen are presented and argued. The chapter ends with research quality assurances and ethical considerations.

---

### 3.1 Choice of research design

Choice of research design in case studies is often complex and should be guided by the research questions (Yin, 2003; Saunders *et al.*, 2009). Since case studies often require various sources of information, it is important to define the unit of analysis and criteria for interpreting the findings (Yin, 2003). An inductive approach aims to identify enabling factors characterizing the phenomenon (Berg, 2004; Robson, 2011). This can be achieved by using empirical sampling along with continuous theoretical sampling. However, the choice of inductive approach is seldom simplistic. Therefore it is important to argue for a clear choice of case study research approach (Saunders *et al.*, 2009).

This comparative case study used a qualitative research design to investigate the phenomenon of communicational strategies in ethical sourcing. As Yin (2003) and Robson (2011) emphasized, explanatory research questions were used in this case study to obtain analysable results. Furthermore, this case study collected information from various sources such as documents, interviews and observations, as recommended by Yin (*ibid.*). In line with Berg's (2004) and Robson's (*ibid.*) guidelines, this research used an inductive approach, where the case companies had a limited number of representatives. Through these representatives, indicative factors characterizing the phenomenon of communicational strategies in ethical sourcing of palm oil were identified. The study begun with a literature review, in which the empirical and theoretical gap was identified. It was also used to form the theoretical framework. This study was based upon a collection of both primary and secondary data. Primary data was provided throughout interviews. Secondary data was provided through CoC of the companies. Additional secondary data was provided from case companies' websites and published documents.

### 3.2 Unit of analysis

In case studies, the definition of unit of analysis depends on contextual factors and the phenomenon of interests (Yin, 2003). Furthermore, the exploratory definition of the unit of analysis is interrelated to the definition of research questions (*ibid.*). The supply chain of palm oil is complex and brings ethical sourcing into the initiative of sustainable palm oil production (www, SFF, 2014, A; Kihlberg, 2015). Swedish food processing industry has received much attention regarding the use of palm oil (*ibid.*). Today, many Swedish food companies work with ethical sourcing of palm oil, in line with SFF's palm oil initiative (www, SFF, 2014, A). However, the companies' communicational strategies in ethical sourcing differ. Furthermore,

it is important for companies to communicate their choices to establish creational values of legitimacy (Dowling & Pfeffer, 1975; Suchman, 1995). Therefore, this research studied the communication of ethical sourcing in the Swedish palm oil industry, with particular interests in food commodities.

Three case companies were studied regarding their communication of ethical sourcing. This was conducted by analysing the companies' CoC. All three companies were ordinary members of RSPO, which entailed that they were engaged in the palm oil supply chain (www, RSPO, 2015, B). All case companies used processed palm oil in their fats and margarines. Since the case companies sourced similar palm oil products, they also had comparative opportunities to engage in ethical sourcing. Therefore, this research studied the companies' different communicational strategies in ethical sourcing of palm oil.

Representatives from the case companies were interviewed regarding their communicational strategies in ethical sourcing of palm oil. The interviewees worked primarily with external communication. Hence, they had important understanding of their companies' communicational tools regarding their ethical sourcing. The interviewees explained their companies' use of CoC, since it communicated their standpoints in ethical sourcing. The communicational strategies in ethical sourcing of palm oil were analysed further with the theoretical framework.

### 3.3 Choice of theoretical framework

Developing a theoretical framework starts with a literature review, which is an on-going process throughout the whole research (Ridley, 2008). In the beginning of a research, the purpose of a literature review is to find information that can help the researcher to design the research project (Robson, 2011). Through the choices of concepts and theories, the researcher becomes more explicit about how the research will proceed (*ibid.*). The literature review interconnects various relevant sources and perspectives (Ridley, 2008).

This research had an empirically driven approach, which analysed how communicational strategies accounted for ethical sourcing. Literature chosen for the theoretical framework consisted mainly of peer-reviewed articles. Databases used in this research were Primo, Google Scholar and Scopus. Various theoretical and empirical keywords were used during the literature research, accounted for in table 3.

*Table 3. Search keywords when searching for articles.*

<b>Theoretical keywords</b>	<b>Empirical keywords</b>
Ethical sourcing	Palm oil production
Industrial standards	Palm oil industry
External communication	Sustainable palm oil
Industrial collaboration	RSPO
Transparency	Code of conduct
Accountability	Swedish food industry
Food supply chain	GreenPalm
Organisational legitimacy	
Certifications	

Some of the keywords in table 3 could be considered as both empirical and theoretical concepts. Therefore, such keywords were categorized on how they were used in this research. To ensure the data was relevant, a theoretical framework was formed before collection of empirical data.

Key theoretical concepts used in this research had multiple definitions. Hence, it was important to outline the definitions used in this study. The term CSR is widely used, operating in different contexts. WBCSD's (1999, 3) definition is frequently used in the industry, which makes it relevant for this research. McElhaney's (2008, 230) illustration of the CSR landscape analysed how the actions of a company, such as ethical sourcing CoC, can influence by communicating to its stakeholders. Defining CSR risk management was important when investigating communicational ethical sourcing factors, since it brought a complex dimension to the theoretical framework. Factors that address CSR risks are important in supply-related CSR issues (Welford & Frost, 2006; Weber, 2008). The definitions of CSR and CSR risk management were used to investigate the case companies' approaches to ethical sourcing of palm oil.

In this study, legitimacy theory was used to describe how the representatives of the case companies interpreted their own work to establish a base for the creation of legitimacy values. Factors that contribute to the creation of legitimacy values were defined, since legitimacy influenced the companies' survival on the market. Schuman (1995) identified three types of legitimacy. These three types of legitimacy were used to analyse how the case companies established legitimacy and accountability.

The implementation processes of CoC vary depending on context. In this study, the model of Mamic (2004) was used to analyse the case companies CoC, since the model is applicable to all types of businesses. A company's CoC is dependent upon its definition and how it is

communicated. To analyse the different channels of communicational strategies the writings of Du *et al.* (2010) and Nijhof *et al.* (2003) were used. They showed how CoC activities connected to CSR were communicated through official documents, such as public reports and websites. The theoretical framework served as a guide for the analytical process. The conceptual theoretical framework was summarized in *chapter 2, section 2.5, table 2* and was used to analyse the studied phenomenon.

### 3.4 Empirical approach

Case study research is a method where the researcher studies a phenomenon for a specific period of time (Bhattacharjee, 2012). Case study research is an efficient method in social science research (Flyvberg, 2006). It can involve either single or multiple cases, depending on the research questions (Robson, 2011). With a case study approach it is possible to use several levels of analysis, which may contribute to a deeper understanding of the phenomenon (Eisenhardt, 1989). Several levels of analysis enable the collection of data from both individual and organisational perspectives. With a wide range of contextual data, the ability to analyse the phenomenon at different levels is enhanced (Bhattacharjee, 2012).

This case study examined three companies in the food industry, during a specific period of time. The research focused on what the three case companies communicated beyond the palm oil initiative constituted by SFF. Data was gathered through semi-structured interviews, from case company reports and official websites. Patterns between the companies, such as similarities and differences, were identified in the analysis.

#### 3.4.1 Collection and analysis of empirical data

The collection of data is situation dependent in empirically driven case studies, being subject to circumstance (Robson, 2011). During data collection, it is important to identify inconsistencies that might influence data accuracy (Dey, 1993). Data collected in case study research is generally more subjective than in other qualitative methods, due to the close connection between the researcher and the organisation examined (Riege, 2003). A narrative approach is beneficial when analysing data gathered from semi-structured interviews (Pentland, 1999). It helps the researcher to consider contextual factors and maintain a holistic perspective when analysing the data (*ibid.*, 721). However, the researcher must be attentive to that the data reflects the interviewees' own experiences and risks being biased. Furthermore, a research with multiple researchers enhances the trustworthiness of the findings, because of the researcher's multiple perspectives on the observations (Eisenhardt, 1989).

General empirical data in this study was gathered from peer-reviewed articles and The Swedish Board of Agriculture (SBA<sup>4</sup>). Empirical data regarding the initiative of using sustainable palm oil was gathered from newspapers, from SFF's homepage and at a palm oil seminar held by SFF. Representatives from stakeholders, such as RSPO, WWF, Swedish

---

<sup>4</sup> SBA (SJV – Svenska Jordbruksverket) is not an established abbreviation.

Nutrition Foundation and Embassy of Malaysia, attended the seminar and presented their approach to sustainable production of palm oil. Primary data was collected through interviews with representatives from the case companies. In order to reduce the risks of inconsistencies in the data gathered from the interviews, complementary data was collected from the case companies' websites and published documents. This study used a narrative approach and the organisational processes were described from the perspectives of the interviewees. To develop a deeper analysis, a complementary interview was held with SFF. Since SFF established the sustainable palm oil initiative in Sweden, they had explicit knowledge of how the initiative best be implemented in Swedish companies. Furthermore, this study had two researchers, which gave multiple perspectives when the data was collected.

### 3.4.2 Semi-structured interviews

Interviews provide essential information and their outline is of vital importance in case studies (Yin, 2003). Case interviews are often based on focused, open-ended interviews. The open-ended structure enables a conversational structure. In semi-structured interviews the interviewer uses an interview guide with interview topics (*ibid.*; Robson, 2011). It enables the interviewer to base the interview on key-topics and questions, but also ask follow-up questions based on the answer (*ibid.*). Using this method, interviewee's are encouraged to talk freely and openly (Robson, 2011).

Semi-structured interviews can be conducted in various forms (Robson, 2011). Telephone interviews are often quicker than other forms of interviews. Yet, they risk communicational misunderstandings, since it does not involve body language and other physical communication (*ibid.*). Telephone interviews enable interviewees in geographically remote areas to participate in a study (Kvale & Brinkman, 2014). Interviews may take place in individual or group settings. Group interviews tend to result in discussions. However, discussion can make it difficult for the interviewer to follow their interview guide (Robson, 2011). Interviews that are done by two researchers have the advantage that one can ask questions and focus on personal interaction with the informant, while the other interviewer take notes and analyses with a more distant view (Eisenhardt, 1989).

Empirical data of this study was gathered through semi-structured, open-ended interviews. This method allowed follow-up questions based on the interviewees answers. This also enabled a conversational structure of the interviews, which gave the interviewees an opportunity to speak freely about their communicational strategies in ethical sourcing. All interviews in this research were completed over telephone. One of the telephone interviews was done in a group setting, with two interviewees. This enabled a dialogue between the two interviewees. However, it became more challenging in the group interview to follow the interview guideline, compared to the single interview. This research had two interviewers. This gave an advantage as one was giving the interview, while the other interviewer took notes. The researchers had the same role in all interviews, which ensured interview approach consistency.



The interviewees were first contacted through a standardized letter. The letter informed the participants of the study's purpose. Before the interviews were held, each interviewee received the interview guide. This helped the interviewees to prepare for the interview. The interview guide can be found in Appendixes 2 and 3. All interviews were recorded and transcribed. A summary of the transcript was submitted to each of the interviewee. The participants were required to either confirm or raise any concerns regarding the transcript summary by a certain deadline. The interviewees' confirmation of the transcript validated their empirical data used in the study.

### 3.4.3 Choice of interviewees

The interviews were conducted on companies that operated in the Swedish palm oil food processing market. The case companies were Ordinary Members of RPSO, which indicated their level of commitment regarding palm oil initiatives (www, RSPO, 2015, C). All case companies used processed palm oil in margarine and fats. Two of the companies produced products in their own brands, one of the companies produced products in their customers' brands. All case companies communicated their use of palm oil on their website. The case company representatives worked daily with communicational strategies at their companies. Communication differed between the case companies and the representatives had varied employee titles. Since all interviewees spoke Swedish, the interviews were conducted in Swedish to reduce the risk of misinterpretation. The interviewees are presented in table 4. All the interviewees were contacted during the same time period, with the same information provided through a standardized letter.

*Table 4. Table of interviews*

<b>Company</b>	<b>Person and business title</b>	<b>Type of interview</b>	<b>Interview date</b>	<b>Transcript sent</b>	<b>Transcript confirmed</b>
Cloetta AB	Thomas Wiesgickl, Director Corporate Responsibility	Telephone meeting	30-03-2015	06-04-2015	05-05-2015
Mobergarna AB	Maria Edmundsson, Quality and environment manager Lars Högström, CEO	Telephone meeting	13-04-2015	20-04-2015	05-05-2015
Pågen AB	Boel Lagerwall, Chief of communication	Telephone meeting	30-03-2015	06-04-2015	10-04-2015
The Swedish Food Federation (SFF)	Johan Andersson Anell, CSR & Sustainability manager	Telephone meeting	12-05-2015	14-05-2015	27-05-2015

In one of the interviews as described in table 4, two interviewees participated. This choice was made since both interviewees were engaged in communicating their company's use of palm oil. Hence, the interview with Edmundsson and Högström was referred to by company name instead of surname. Each interview transcription was summarized and submitted to the interviewees within five workdays. This enabled the interviewees to validate the data shortly after the interviews had been taken place.

### 3.5 Quality assurance and ethical consideration

It is important to consider reliability and validity in a case study (Riege, 2003). Riege (*ibid.*) mentions four concepts that characterize reliability and validity in a qualitative research: dependability, confirmability, transferability and credibility. Dependability indicates the stability and consistency of the study (*ibid.*). Confirmability signals how the interpretation of data was conducted. Transferability denotes to when a research shows analytical generalisation. Credibility indicates the validity of the findings (*ibid.*). Credibility can be achieved through approval of the findings by the interviewees', which prevents misunderstandings. Credibility can also be achieved by using triangulation (*ibid.*). Triangulation is often needed in case studies, since multiple sources of data are used (Saunders *et al.*, 2009). The use of triangulation creates a more holistic view of the studied phenomenon (Robson, 2011). Hence, it increases the validity of the data. Triangulation might create divergences between the sources, which bring complexity to the research (*ibid.*).

When the collected data is analysed it is important to adopt ethical research behaviour (Kvale & Brinkman, 2014). Qualitative research entrust the performance of the interviewer, such as analytical performance (Davies 2007). It is important to analyse the qualitative data of a study since it determines if the data is stable and credible (Riege, 2003). Data collected in case study research is generally more subjective than in other qualitative methods (*ibid.*). It can easily be affected by both interviewer and interviewee bias (Fidel, 1984; Yin, 2003). Individual perception and subjectivity in interviews may be affected by the relationship between the researcher and the studied organisation (*ibid.*; Riege, 2003). Consequently, interview performance has an important impact on collected data.

Before the interviews were conducted, the interviewees' were informed that they were expected to represent their companies. The interviewees' were given the opportunity to access the summarized interview material before the interviews. Before starting the interviews the interviewees were asked if they had any questions regarding the study. This helped reduce any misunderstandings prior to the interview had started and let the interviewee raise any concerns. The risk of observer bias was reduced in the interview by asking open questions. At the conclusion of the interview, the interviewees' were asked if they wished to bring up any additional information. This question enabled the interviewee to emphasize any concerns regarding their ethical sourcing and palm oil communication, which increased confirmability. After the interviews, the interviewees' received a summary of the transcript. Then they had an opportunity to review and confirm the quotations and gathered data. This helped to reduce the risk of misunderstandings and increase credibility. Furthermore, the results of this research

were not transferable to the Swedish food industry, since the case study was based on three case companies. This research used triangulation with the intention to create a holistic view of the studied phenomenon. Data was collected from interviews, the case companies' websites and published documents. A complementary interview was held with SFF to strengthen triangulation and to improve the discussion regarding empirical data, see Appendix 4. However, disagreements in data could increase the complexity of the studied phenomenon. Triangulation helped to understand the complexity of communicating ethical sourcing of palm oil, since all the case companies communicated differently.

By using semi-structured interviews the interviewees were required to explain their answers, which reduced the risk of misinterpretations. Palm oil is an ethically sensitive topic, which risked influencing the perception of both the interviewer and the interviewees in this research. This was managed by avoiding emotive expressions throughout the contact with the interviewees. The perception of palm oil and ethical sourcing changed continuously and the case companies changed communication strategies in the case of palm oil. Therefore, the data collected described only a snapshot in time. Furthermore, the collected data described what the companies were communicating, rather than their specific actions.

## 4 Empirics - communication of ethical sourcing

---

Empirical findings are presented in this chapter. A brief introduction of conditions for palm oil production serves as an introduction. Additional, empirical contextual information is presented in Appendix 1. Following sections present information about the case studies and interviews with corporate representatives. These core presentations are based on secondary information from company websites and publications.

---

### 4.1 Introduction to empirical study

The carbon footprint from palm oil production varies depending on whether the plantation is established in a sustainable way or not (Angervall & Sonesson, 2011), as described in Appendix 1. The increasing demand for regulating and ensuring a more sustainable production of palm oil resulted in the foundation of RSPO. RSPO engages imperative stakeholders and improves the standards for the employees at the plantations, for the biodiversity of the area and transparency throughout the palm oil supply chain (www, SFF, 2014, A). Furthermore, RSPO serves as a legitimization process that engages supply chain stakeholders in the development of sustainable palm oil production (Schouten & Glasbergen, 2012). As illustrated in Appendix 1, RSPO provides various certifications on different levels. RSPO also provides three different memberships: ordinary membership, affiliate membership and supply chain associate membership. Ordinary membership is for companies directly involved within the palm oil supply chain and associated Non-Governmental Organizations (NGO) (www, RSPO, 2015, D). There are many great challenges regarding the assurance of the certification, as well as the transparency. Today, RSPO is the only appliance for environmental and social NGOs' to use. Swedish food industry enterprises believe in the RSPO certification as a long-term sustainable tool for an increased social welfare and reduced climate changing liabilities in production countries. It motivates organisations towards a more efficient and reliable direction (www, SFF, 2014, A).

SFF recommend their member companies to use certified palm oil aligned with the RSPO (www, SFF, 2014, B; www, SFF, 2015). This palm oil initiative is a tool to help companies in their work towards a more sustainable use of palm oil. This initiative makes it possible to engage stakeholders and encourage them into a dialogue (pers. com., Andersson Anell, 2015). However, a boycott of certified palm oil could be harmful to the industry since almost 4.5 million people are dependent on the palm oil for their financial survival (www, SFF, 2014, A). Furthermore, a boycott could increase the production of non-certified palm oil (*ibid.*). Consequently, palm oil processing companies commit to actions that go beyond the RSPO certification (Söderqvist & Anell, 2015). They take more responsibility than provided by RSPO certificates (*ibid.*). Many Swedish companies work today beyond the palm oil initiative (pers. com., Andersson Anell, 2015).

The palm oil supply chain is long and complex, and the Swedish palm oil industry is a small part of it. Yet, it is an important issue not only in the palm oil processing industry, but also

among consumers. Hence, how they work with ethical sourcing of palm oil is important to Swedish companies. As Andersson Anell (pers. Com., 2015) emphasized, using the palm oil initiative as communication tool is a way to communicate a company's commitment in the case of palm oil. The palm oil initiative has led to increasing transparency among producers as consumers, as described further by Andersson Anell (*ibid*):

*"It is very important that Swedish food companies show transparency regarding their work with sustainably produced palm oil and how they in an accountable way show their changes towards certified palm oil"* (pers. com., Andersson Anell, 2015).

These types of initiatives are also a way to keep the businesses together, which is important in complex questions like palm oil sourcing. There is a possibility to engage different stakeholders in specific challenges they have in common and through that agree upon more sustainable solutions (pers. com., Andersson Anell, 2015). However, it is not possible to use these types of initiatives in all food areas, it depends on what context the initiative is operating in. Andersson Anell (*ibid.*) explains that SFF has no intentions to engage in similar initiatives that involve a specific raw material. In fact, many members of SFF are engaged in other initiatives, such as the soy dialogue, without any pressure from SFF (*ibid*).

## 4.2 Cloetta

Cloetta was founded in 1862 and has about 2500 employees today with a turnover of 4, 9 billion Swedish crowns (www, Allabolag, 2015, B). Cloetta are manufacturing confectionery, chocolate products, pastilles and chewing gum (www, Cloetta, 2015, A). Cloetta buys in their oils and fats from suppliers all over the world. In total, Cloetta use about 1600 tons processed palm oil yearly in their production (*ibid.*). Cloetta has been members of RSPO since 2004. Cloetta use palm oil because of its unique baking qualities and the optional substitutes are limited. Their use of palm oil could partly be substituted by coconut oil (*ibid.*). A substitution could help Cloetta to be perceived as more sustainable, which could reduce media attention according to Wiesgickl (pers. Com., 2015). However, the company would not be more sustainable in their ethical sourcing, since many challenges in the use of coconut oil are unclear (*ibid.*). Today, there are no sustainability standards regarding coconut oil. Furthermore, Wiesgickl (*ibid.*) stresses that coconut oil has a significantly lower yield per hectare than palm oil.

*"We see the future in palm oil. The challenge is, and what we are working with, is a sustainable production in countries of origin"* (pers. com., Wiesgickl, 2015).

Wiesgickl (pers. com., 2015) describes how Cloetta strive to work and grow together with stakeholders that are influenced by their products. It is also the main purpose to why Cloetta work with sustainable development. When it comes to CSR and palm oil, Cloetta have developed their own palm oil policy and a sustainability report that involves ethical sourcing of palm oil (Cloetta, 2015). Furthermore, Cloetta have been members of RSPO since the founding of RSOP (pers. com., Wiesgickl, 2015). Wiesgickl (*ibid.*) emphasizes that RPSO is

the most known and internationally most accepted standard within the palm oil industry, which is why they are members of RSPO (*ibid*). Furthermore, Cloetta buy GreenPalm certificates (www, Cloetta, 2015, B). They buy in the same amount of certificates as their yearly use of palm oil. This mass balance principle allows Cloetta to guarantee that their volume of palm oil used is produced according to RSPO principals somewhere in the world (*ibid*). According to Wiesgickl (pers. com., 2015), Greenpeace made Cloetta and other stakeholders aware of that the RSPO standards are lacking regarding prevention of rainforest deforestation. Cloetta agree that the standards today are lacking, wherefore they adopted a new palm oil policy 2014 (*ibid*).

*"We see RSPO as the future regarding sustainable palm oil and want to work for the standard to grow stronger. But until then we want to take our responsibility beyond the RSPO standard. We want to take a greater responsibility than what RSPO can offer today"* (pers. com., Wiesgickl, 2015).

The responsibility mentioned above involves an increased traceability to their suppliers. Through their new policy, Cloetta have established following goals (www, Cloetta, 2015, B; pers. com., Wiesgickl, 2015):

- 2015 – Sustainable supply chain with traceability to its mill.
- 2017 – The mills should act according to the requirements in Cloetta's policy.
- 2020 – Traceability to palm oil plantations.

Cloetta receive many questions regarding their use of palm oil (pers. com., Wiesgickl, 2015). Questions arise mostly from consumers and customers. Hence, it is important for Cloetta to communicate their sustainable development perspective and ethical sourcing in the case of certified palm oil (*ibid*). Wiesgickl (*ibid*.) stresses that the positive outcome of communicating Cloetta's use of sustainable palm oil is that it clarifies their position. It shows how Cloetta actively work with food commodity sustainability challenges. This communication does not result in any additional sales, nor is it the purpose. It is a strategy to answer questions that arise among their stakeholders. For example, after implementing the new policy, Cloetta received very positive feedback from Greenpeace (*ibid*). A communicational challenge for Cloetta is to carry out their message regarding the challenges they are facing (*ibid*). Wiesgickl (*ibid*.) emphasizes that palm oil issues are not only challenging for companies to comprehend, it might be even more challenging to communicate externally (*ibid*).

Some consumers are questioning their actual use of palm oil. But Wiesgickl (pers. com., 2015) does not believe boycott is a solution. The demand of a boycott culminated through a Greenpeace campaign in 2014. The campaign made the palm oil industry aware of the lacking RSPO standard. Since Cloetta do not have the resources, nor the possibility to make controls in palm oil lands of origin, it was good that Greenpeace made Cloetta aware that actions beyond RSPO are needed (*ibid*). A positive outcome was the opening dialogue between Cloetta and Greenpeace, which resulted in their new palm oil policy. The negative outcome

with the campaign by Greenpeace was that some actors interpreted that boycott is the best solution (*ibid.*). That was not Greenpeace intention with the campaign. If Cloetta would substitute palm oil it would most likely be broaden some formation of opinion. But that could have worse effects regarding palm oil land of origin and deforestation (*ibid.*). Therefore Wiesgickl (*ibid.*) believes it is important for Cloetta to withhold their current position. Further, to work with long-term aspects along with a sustainably operating palm oil industry (*ibid.*).

Cloetta communicate their CoC regarding sustainable palm oil to following actors: consumers, customers, suppliers, NGOs and other stakeholders (pers. com., Wiesgickl, 2015). They communicate their CoC on their website and on consumer packages. Customers' demand information about Cloetta's suppliers and material sourcing. Cloetta communicate their use of palm oil on their consumer packages (*ibid.*). With a small asterix on the packages, the consumer can be informed about that Cloetta supports a sustainable development of palm oil production along with RSPO principles. This type of communication was first launched two years ago. Cloetta have not noticed any increase in sales, yet Wiesgickl (*ibid.*) still believes this is an important communicational tool that reaches out directly to the consumers. Cloetta use following document that presents their value grounds and ethical principles: sustainability reports, codes of conducts and four basic principles: raw material concerns, security concerns in factories, environmental concerns in factories and health concerns towards consumers (*ibid.*).

*"We examine how our suppliers work with sustainable development, pushing their ethical sourcing"* (pers. com., Wiesgickl, 2015).

Cloetta have published their CoC on their website. It is a set of ethical guidelines of how they operate in their business (pers. com., Wiesgickl, 2015). CoC regarding purchasing is done in two different ways: through sustainability programs and supply validation processes. Wiesgickl (*ibid.*) explains that Cloetta are currently working on implementing sustainability strategies for their raw material. Today, they have implemented programs for cocoa and palm oil. These sustainability programs are done in the land of origins. The supply validation processes assures that before a supplier delivers their commodities to Cloetta they need to be confirmed. The supplier is then examined regarding its product quality, product security, environmental and sustainability criteria's (*ibid.*).

#### 4.3 Mobergarna

Mobergarna were established in the 1940's, producing meringues<sup>5</sup>. They have 34 employees with 57 million Swedish crowns in turnover (www, Allabolag, 2015, C). Today, the company produces various cookies for private labels (www, Mobergarna, 2015, A). Mobergarna are working actively with their use of sustainably produced palm oil. Since spring 2014 they are only using certified palm oil and are members of RSPO (www, Mobergarna, 2015, B).

---

<sup>5</sup> Meringues are translated to maränger in Swedish.

Mobergarna use 300 tons palm oil per year and became members in RSPO 2014 (pers. com., Mobergarna, 2015). After, they were reviewed to become RSPO certified according to SCCS, which allows them to handle, buy and sell certified palm oil. Before Mobergarna became RSPO certified they have bought GreenPalm certificate for the volumes of palm oil they use it in their production. They have not yet decided if they will buy GreenPalm certificate in 2015 (*ibid.*).

Mobergarna (pers. com., 2015) have experienced challenges in finding substitutes for palm oil because of its production efficiency and baking attributes. Critical factors are melting point and consistency.

*"Our standpoint regarding palm oil is, in fact, nothing we decide. That is done by our customers"* (pers. com., Mobergarna, 2015).

It is possible to partly substitute palm oil with other oils such as coconut oil rapeseed oil. However they are less production efficient than palm oil (pers. com., Mobergarna, 2015) and it is difficult to identify qualified suppliers. Mobergarna (*ibid.*) stress that substituting palm oil to coconut oil would not affect the deforestation of rainforest any less. Hence, they do not believe the substitution of palm oil. They rather use certified palm oil. All suppliers to Mobergarna are completing an assessment, which is done based upon a template. This template validates how the suppliers manage food commodities, social justice, food quality assurance and how they handle their raw material suppliers (*ibid.*).

Mobergarna (pers. com., 2015) define CSR by showing respect to social values. They demand a standard from their actors and take actions if their suppliers do not apply. A challenge that Mobergarna face when they buy in palm oil is the level of certification. Today their only opportunity is to buy in margarine that is certified according to mass balance principal. This principal enable Mobergarna to pay for the volume of certified palm oil they are using. Yet, they do not necessarily use certified palm oil in their products, because the certified palm oil is mixed with conventionally produced palm oil during the shipment (*ibid.*). Consequently, Mobergarna (*ibid.*) are looking for producers and suppliers that are willing to remodel their facilities to process segregated palm oil. Mobergarna are a small actor on the Swedish palm oil processing market, which makes it difficult for them to demand to significant changes regarding the palm oil supply chain. Nevertheless, if Mobergarna (*ibid.*) discover that their suppliers do not meet their standards, they end their business agreement. This situation has occurred in the past. Mobergarna have also visited some of their suppliers for validation. Unfortunately, they do not have the resources to visit and review all actors in their supply chain, nor make any advanced validation (*ibid.*).

*"We have to trust the certifications and certificates that exists today"* (pers. com., Mobergarna, 2015).

Mobergarna (pers. com., 2015) focus cooperating with suppliers that offer certified products. The company have a CoC that communicates to their suppliers. This CoC is not available on their website. Mobergarna continuously follow up with their suppliers in order to ensure that



they work aligned with agreed CoC. Since Mobergarna do not sell any products directly to consumers, it is their customers' brands on the packages, and they must assure that they also follow their customers CoC (*ibid.*). Mobergarna's biggest customers often visit their facilities to make validations of their production. Mobergarna's internal CoC is to follow Swedish legal regulations and their customers' demands. Hence, their CoC does not have a marketing purpose (*ibid.*).

*"We care for our suppliers that are engaged and work actively with controlling their suppliers and raw materials"* (pers. com., Mobergarna, 2015)

Mobergarna mainly communicate their use of sustainably produced palm oil to customers and retailers. They launched their webpage recently, on which they communicate their use of palm oil and their RSPO certificate is accessible ([www](http://www.mobergarna.se), Mobergarna, 2015, B). This is to inform Mobergarna's primary customers about their standpoint in the case of palm oil. Mobergarna aim to continue growing internationally, which also indicates the importance to show their intentions regarding sustainably produced palm oil. In 2015 Mobergarna (pers. com., 2015) will attend a private label conference on which they aim to communicate their use of palm oil. Palm oil issues are important for both big companies, but also smaller companies like Mobergarna in the food industry (*ibid.*). An obstacle for Mobergarna (*ibid.*). When communicating sustainable palm oil is to make consumers aware that the standard of palm oil affects the product's market price. A higher level of certification results in higher palm oil costs. Mobergarna (*ibid.*) have however received positive feedback from stakeholders regarding their current position from stakeholders. Their next step in working towards a more sustainably produced palm oil, and to use segregated palm oil, during 2015/2016 (*ibid.*).

#### 4.4 Pågen

Pågen bakery was established in 1878. In the beginning Pågen only delivered bread to local stores, but today they are selling their bread all over Sweden ([www](http://www.pagen.se), Pågen, 2015, A). With a 2,4 billion Swedish crowns turnover and 700 employees, Pågen shows awareness regarding the importance of producing ethically sourced palm oil ([www](http://www.allabolag.se), Allabolag, 2015, A; [www](http://www.pagen.se), Pågen, 2015, B). They have been ordinary members of RSPO since 2014 ([www](http://www.rsponet.org), RSPO, 2014). In total Pågen, use about 1000 tons of palm oil yearly in their production. Pågen's main products containing processed palm oil are biscuits, crescents<sup>6</sup> and muffins (pers. com., Lagerwall, 2015).

Pågen partly substitute palm oil with rapeseed oil in their production. But in some cases palm oil cannot be substituted due to its unique baking qualities, such as consistency and long preservability (pers. com., Lagerwall, 2015). Hence, their suppliers are carefully chosen to match the right baking qualities but also that the palm oil is produced in a sustainable way. Palm oil is a low-input grain when it is produced correctly, which also is something Pågen lobby for their suppliers (*ibid.*). Today, Pågen buy in GreenPalm certificates for all the palm oil they are using (*ibid.*). According to Pågen raw material policy, they aim to only use

---

<sup>6</sup> Crescents are translated to giffjar in Swedish.

segregated palm oil by latest 2017. Segregated palm oil allow Pågen to trace their use of palm oil back to the palm oil plantations. However this is not possible today since their supplier is not offering segregated palm oil (*ibid.*). Lagerwall (*ibid.*) stresses that Pågen continuously try to impact their suppliers to work further with segregated palm oil. Pågen are a small company on today's palm oil market but Lagerwall (*ibid.*) still believes it is important to keep an open dialogue between all actors regarding the use of palm oil.

*"It is important that we in the Nordics are clear with our demand of a sustainable palm oil production"* (pers. com., Lagerwall, 2015).

The suppliers of Pågen show a high level of accountability, which is important in complex questions. In order to maintain clear traceability, palm oil plantations, local mills, distributors and processors need to show engagement and transparency (pers. com., Lagerwall, 2015). Lagerwall (*ibid.*) defines Pågen's CSR as baking bread with forethought towards their consumers. They consider social, environmental and financial aspects when making strategic choices. Lagerwall (*ibid.*) emphasizes that Pågen have always tried to administer their resources well. If their bread yeast incorrectly, obsoletes either go back into production a second time or become forage for pigs (*ibid.*).

Lagerwall (pers. com., 2015) stresses that Pågen's choose to communicate their use of sustainable palm oil to because they believe boycott is the wrong option, which is not an easy task. Lagerwall (*ibid.*) believes that boycott palm oil is an easy solution to a complex situation. Therefore, Lagerwall (*ibid.*) stresses that Pågen have taken a more responsible decision by working towards sustainably produced palm oil. Lagerwall (*ibid.*) emphasizes that Pågen work a lot with showing transparency regarding the challenges that occurs within the palm oil production (*ibid.*). For example, they have GreenPalm certificates on some of packages of their products, which enable consumers to make active choices. This transparency approach is prerequisite for continuing business. A communicational challenge that Pågen experience according to Lagerwall (*ibid.*) is the complexity of the various RSPO certifications. It is not easy to comprehend the various levels of certifications. What makes it even more complicated is that the space for labelling on the packages is very limited (*ibid.*). It is not possible communicate explicit explanations on the consumer packaging. Therefore, Pågen are currently working with improving accessibility regarding information about their use of palm oil on their website. Lagerwall (*ibid.*) has experienced that Pågen's understanding regarding palm oil has increased the past years. The industry is systematically opening dialogues between different actors, which Lagerwall (*ibid.*) believes has contributed to a positive exchange of knowledge (*ibid.*).

*"In order to make responsible choices, we need insight"* (pers. com., Lagerwall, 2015).

SFF have been driven the palm oil initiatives successfully. They have also started a palm oil group, which Pågen are a part of (pers. com., Lagerwall, 2015). Lagerwall (*ibid.*) believes that many actors wish for a quick change in this topic, when patience is more needed. Lagerwall (*ibid.*) emphasizes the importance to follow on-going research and existing initiatives in the

case of palm oil. The CoC in Pågen can be summarized as baking with love (www, Pågen, 2015, B), which according to Lagerwall (pers. com., 2015) indicates their long-term thinking of their actions. Pågen also follow up upon their suppliers, which is a continuous process. Pågen mainly communicate their CoC to their customers, trade associations and the retail business. This is mainly because it is of their interest. But their value grounds are also directed to the consumers, which also show a commitment in palm oil questions (*ibid.*).

Lagerwall (pers. com., 2015) stresses that Pågen have focused not communicating their actions in the case of palm oil. This is however something that Lagerwall (*ibid.*) believes Pågen will develop, since they are currently trying to obtain a more gathered conception of sustainable palm oil in order to use successful communication. Lagerwall (*ibid.*) stresses that Pågen have a wide range of customers, which makes it challenging for Pågen to find enabling communicational tools. Much of today's communication is done through their website (*ibid.*). Pågen work a lot with information collection regarding palm oil research and by that follow along with the evolvement. Lagerwall (*ibid.*) stresses that Pågen will continue to investigate if they can replace palm oil with rapeseed oil in more products. Lagerwall (*ibid.*) stresses that as a small actor with limited resources, it is difficult for Pågen to revise the complete palm oil supply chain. The dialogue with other stakeholders enables Pågen to discuss sustainable choices regarding their ethical sourcing of palm oil (*ibid.*).

#### 4.5 Synthesis of empirical study

The increasing demand for regulating and ensuring a more sustainable production of palm oil has resulted in the foundation of RSPO. Nevertheless, RSPO faces challenges regarding quality assurance and transparency. Swedish food processing companies believe in RSPO certification as a long-term sustainable tool for an increased social welfare and reduced climate changing liabilities in production countries (www, SFF, 2014, A). However, the representatives from Cloetta, Mobergarna and Pågen feel that the RSPO certification is lacking. Hence, they have therefore decided within their companies to show commitments regarding ethical sourcing of palm oil as described further in table 5.

Table 5. Synthesis of empirical study.

<b>Company</b>	<b>Cloetta</b>	<b>Mobergarna</b>	<b>Pågen</b>
Employees	2500	34	700
Turnover	4,9 billion	57 million	2,4 billion
Yearly use of palm oil (ton)	1600	300	1000
Members of RSPO (year)	2004	2014	2014
CSR definition	Working with stakeholders towards sustainable development	Showing respect to social values	Consider social, environmental and financial aspects in strategic choices.
CSR risk management and achieving legitimacy	Engaging stakeholders in palm oil policy and supply validation process.	Stop cooperation agreements when their suppliers do not follow their CoC.	Engaged in SFF palm oil group.
Ethical sourcing	Palm oil policy, palm oil goals.	Supply chain assessment.	Information on website.
Palm oil communication	Product packaging, website and documents.	Websites and documents.	Product packaging, websites and documents.

Many Swedish palm oil processing companies commit to actions that go beyond the RSPO certification. When committing to ethical actions regarding the case of palm oil, it is important to show transparency and engage in stakeholder dialogues (pers. com., Andersson Anell, 2015). As described in table 5, all case companies have various amount of employees, turnover and yearly use of processed palm oil. All case companies are ordinary members of RSPO. Cloetta became member in 2004, Mobergarna and Pågen became members in 2014. The three companies' definition of CSR was submitted differently, as well as their tools for creation of legitimacy values.

## 5 Analysis

---

In following chapter, empirical findings is analysed with the theoretical framework. This chapter is aligned with the structure of theoretical framework. First, the case companies are analysed in how they address CSR and CSR risk management in the case of palm oil. Secondly, legitimacy of the case companies is analysed by how they address palm oil sourcing. Thirdly, the communication of ethical sourcing codes of conduct is analysed in the case companies processing palm oil. This chapter ends with an analytical synthesis.

---

### 5.1 Corporate social responsibility in palm oil processing companies

All case company representatives stated that they have adopted CSR in their company business (McWilliams & Siegel, 2001; Maloni & Brown, 2006). The case companies also used other external CSR actions that cover suppliers, consumers and environmental impacts. Such factors are important for CSR adaption according to Belz & Peattie (2012). As McWilliams & Siegel (2001) and Murray & Dainty (2009) emphasized, all case companies incorporated CSR into their company business and treated it equally important as any other investment decision. However, the case companies were differently integrated in the CSR landscape (McElhaney, 2008). The case companies' position in the CSR landscape illustrated how they had integrated ethical sourcing of palm oil into their business.

As described by letter M in figure 7 (McElhaney, 2008, 230), Mobergarna were mainly focused on being a good company to their customers. Since Mobergarna were a small company in the Swedish palm oil processing market, it was difficult for them to demand industrial changes regarding the production of palm oil (pers. com., Mobergarna, 2015). Consequently, they had to put trust in the palm oil certificates and their suppliers of resources (*ibid.*). Since they were producing private label products, it was very important for them to follow their customers CoC, which indicated their level of engagement in being a good company. Their visits at plantations showed their engagement in their community in the CSR-landscape.

Lagerwall (pers. com., 2015) accounted for Pågen's Nordic engagement regarding CSR and palm oil sourcing, see letter P in figure 7. This made them engaged in their community. They showed a demand for industrial change in the CSR-landscape through their engagement in ethical sourcing (www, Pågen, 2015, B). Pågen also showed strong accountability and transparency throughout their supply chain, which demonstrated their restorative business practices in the CSR landscape. Hence, Pågen were placed in the initial stage of industry in the CSR landscape.

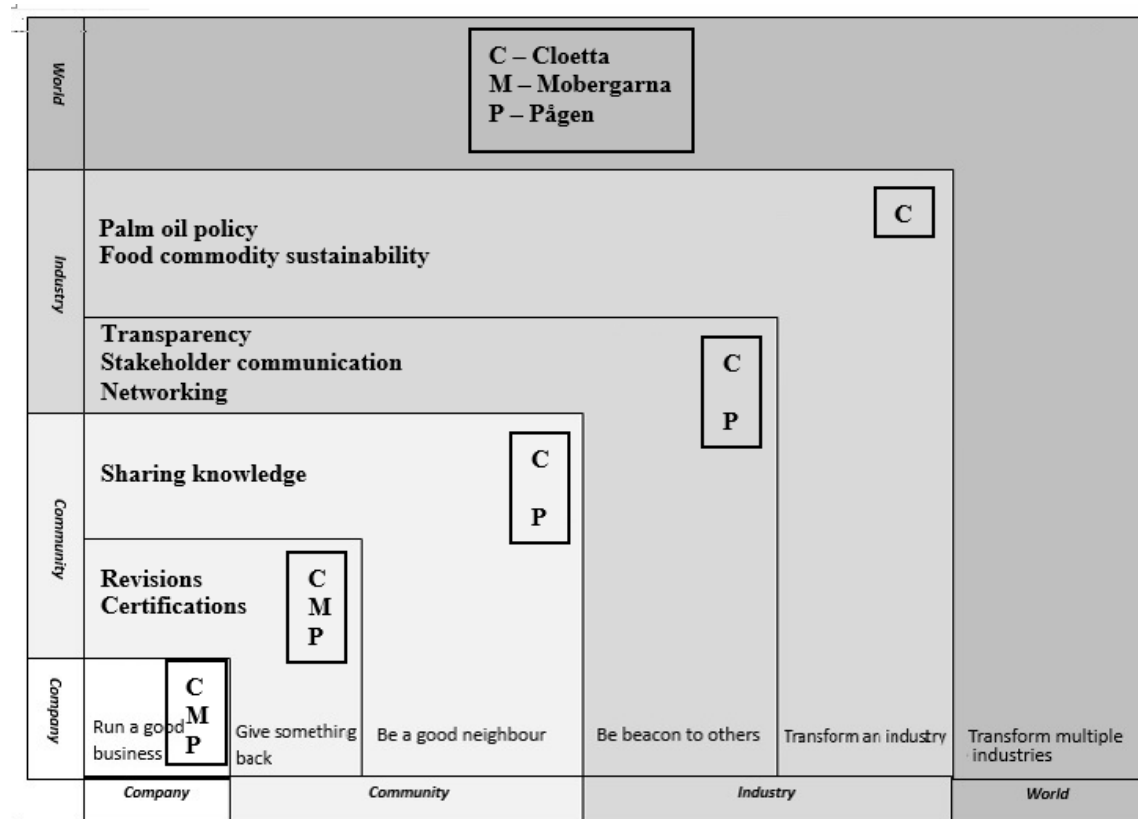


Figure 7. CSR Landscape in the case of certified palm oil sourcing, adaption of model from McElhaney (2008, 230).

Cloetta illustrated an example of a high engagement in both their community and the whole industry, as described in figure 7, letter C (McElhaney, 2008, 230). This engagement was shown through their cooperation with their stakeholders, such as Greenpeace and their policy in ethical palm oil sourcing. Furthermore, they continuously worked with food commodity sustainability challenges, according to Wiesgickl (pers. com., 2015). All interviewees of the study emphasized their small-scale business in the palm oil processing industry. The case companies' use of small palm oil volumes aggravated their limited impact on the palm oil processing industry. This resulted in a high demand for a strong and valid RSPO certification process according to the case company representatives.

Risk reduction is one of the main drivers for companies to implement CSR in its supply chain (Welford & Frost, 2006; Oehmen *et al.*, 2010). This could be the reason for why all case companies had implemented voluntary initiatives and self-regulations. In line with RSAES (1995), company's CSR approach dependent on their perception of risks and opportunities. Mobergarna communicated their reactive approach to palm oil on their website (www, Mobergarna, 2015, B). Cloetta were conscious in their decisions regarding palm oil. They had an open discussion with their stakeholders to develop their ethical sourcing goals. Wiesgickl (pers. com., 2015) described their proactive approach since they worked beyond the RSPO certification. Pågen approached CSR risk management by making acceptance decisions in line with RSAES (1995). They were engaged in a palm oil group with other stakeholders and worked internally with their approach to sustainable palm oil. Lagerwall (pers. com., 2015)

stated that Pågen's approach opened for communication, which increased their knowledge and awareness. This showed a commitment to analyse CSR risks and responsibility.

## 5.2 Legitimacy in palm oil processing companies

This study used legitimacy theory to analyse how the interviewees perceived their companies in the case of palm oil. Suchman (1995) describe three categories of legitimacy: pragmatic legitimacy, moral legitimacy and cognitive legitimacy. In line with Suchman's (*ibid.*) definition, pragmatic legitimacy showed how the case companies were operating with their immediate audience. The case companies' membership of RSPO and GreenPalm satisfied their immediate audience, since the certificates were socially accepted, as described in figure 8. Wiesgickl (pers. com., 2015) also stressed the social acceptance of RSPO certification.

To achieve suitable business legitimacy, companies can use communication (Dowling & Pfeffer, 1975). Cloetta were confronted by Greenpeace campaign regarding their use of palm oil. In line with Suchman (1995), Cloetta integrated their audience in their policy-making to create their palm oil policy. According to Wiesgickl (pers. com., 2015), Cloetta used the criticism to find a solution that satisfied their audience. Mobergarna (pers. com., 2015) used similar communication in their supply chain assessment. If their suppliers did not follow their requirements, they quit the collaboration (*ibid.*).

As Suchman (1995) argued, to get a well-being audience the company have to resign some of their authority. In this case, it was necessary for the case companies to show transparency when adapting to ethical sourcing of palm oil. They had to create a positive relation to their audience (pers. com., Andersson Anell, 2015).

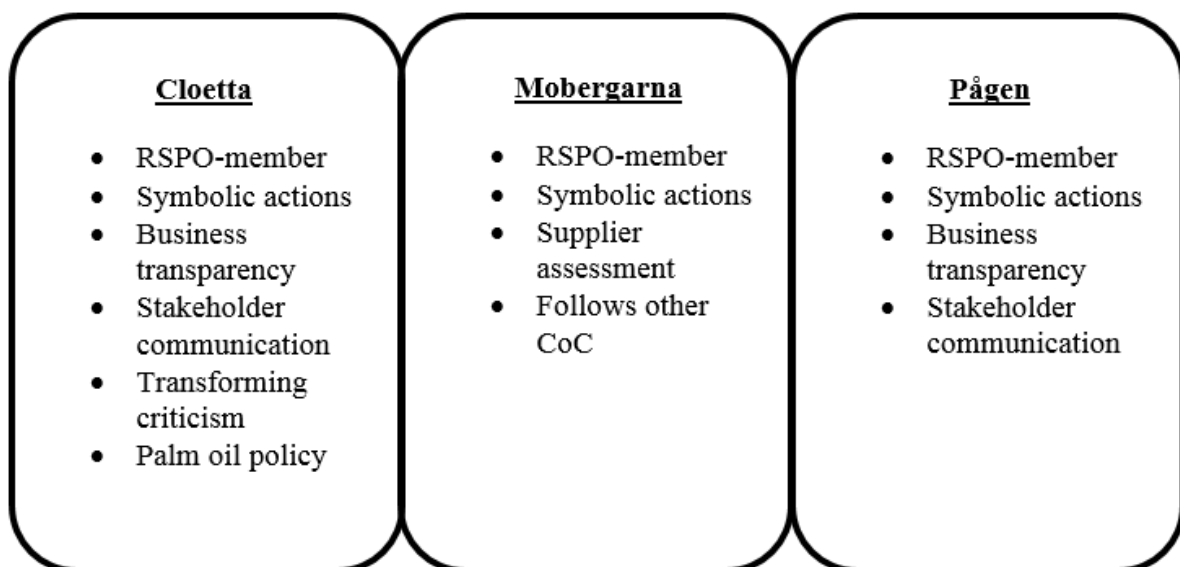


Figure 8. Values that could contribute to legitimacy in the case of certified palm oil sourcing (own modification).

Moral legitimacy evaluates taking the right actions (Suchman, 1995). The judgement of these actions comes from social constructed systems created by the audience (*ibid.*). In line with Suchman (*ibid.*) and Gray *et al.* (1996), the case companies supported RSPO to work beyond their own interests and appear as responsible actors.

In some cases the audience can pay high attention to specific components (Suchman, 1995). The case of ethical sourcing of certified palm oil was such a case according to the representatives. Lagerwall (pers. com., 2015) stressed that they met a lot of concerns from their consumers, some of them demanded Pågen to boycott palm oil. Wiesgickl (pers. com., 2015) also stated that their consumers and customers wish that Cloetta stopped their use of palm oil. The case companies did not follow their audience social structure, which may impacted the companies' values for creating legitimacy.

As mentioned by Wiesgickl (pers. com., 2015), Cloetta responded to the criticism with actions and created a new palm oil policy. With this policy, they communicated the purpose of their actions, which showed their responsibility. Cloetta's used substantive and symbolic actions to show the audience their good intentions, which was a beneficial strategy according to Ashforth & Gibbs (1990). According to Lagerwall (pers. com., 2015), Pågen worked with symbolic actions. Their networking through SFF increased their knowledge and awareness in the case of palm oil. Hence, they had a focus on the meaning of the actions, which was also referred to as symbolic actions according to Ashforth & Gibbs (1990). The representatives from Mobergarna (pers. com., 2015) stated similar since they excluded suppliers that did not fulfil their requirements. Hence, Mobergarna also took symbolic actions, as described in figure 8.

Both RSPO and SSF created dialogues between stakeholders. According to Suchman (1995), support from stakeholders indicated cognitive legitimacy. Lagerwall (pers. com., 2015) emphasized the importance for Pågen to network with stakeholders. This helped Pågen to stay updated in the case of palm oil. Work together with stakeholders in different settings was also beneficial according to Suchman (1995).

In line with Zimmerman & Zeitz (2002), decision-making was important for the case companies in their creation of legitimacy values. All interviewees of the case companies claimed that they demanded a higher level of certified palm oil, but their choices of ethical sourcing were limited. All case company representatives claimed that they had received positive feedback from their stakeholders regarding their communication of palm oil. This indicated that their audience perceived the case companies as predictable, meaningful and inviting, which are vital factors for a continuous business according to Suchman (1995).

### 5.3 Communicating ethical sourcing codes of conduct in palm oil processing companies

All case company representatives used CoC to create responsible behaviour. This was beneficial when creating enabling CoC in companies according to Nijhof *et al.* (2003).



However, only showing a use of CoC did not indicate their responsibility commitments, as described by Nijhof *et al.* (2003). As described by Du *et al.* (2010), their communication were affected by multiple contingency factors. Mamic (2004) stressed four enabling factors when implementing CoC: creation of a shared vision, development, implementation and remediation.

Wiesgickl (pers. com., 2015) stressed that Cloetta used all four factors. As stated by Wiesgickl (*ibid.*), Cloetta created a shared vision by involving palm oil strategies into their supply chain. Determined goals such as full traceability to palm oil plantations before 2020 indicated their shared vision. Cloetta cooperated with their stakeholders when they developed their palm oil policy. Cloetta implemented codes in their organisation through their palm oil policy, which also was an enabling factor according to Mamic (2004). As described by Wiesgickl (pers. com., 2015), Cloetta's cooperation with stakeholders regarding their palm oil policy, their defined goals and their supply validation process indicated their engagement in follow-up process, which also was an indicative factor according to Mamic (2004).

Mobergarna also showed a clear vision with their buys of certified palm oil, in line with Mamic (2004). Since their main audience were their customers, they had not the intention to communicate the information to their consumers. Mobergarna (pers. com., 2015) stated that their customers required that they worked aligned with their customers' CoC in the case of palm oil. Consequently, their customers affected their shared vision. These forced CoC into their company resulted in forced CoC rather than initiatives. As Mobergarna (*ibid.*) emphasized, they were a small actor and their ability to ethical sourcing revisions were limited. This indicated a low level of feedback and remediation in their ethical sourcing of palm oil, which was one of the enabling factors according to Mamic (2004). However, they continuously worked with their customer demands, which showed an enabling factor through feedback.

Lagerwall (pers. com., 2015) stressed that stakeholders demanded them to communicate their use of palm oil. As Lagerwall (*ibid.*) stated, Pågen mainly focused on creating a shared vision, rather than communicating their actions. Their engagement in palm oil groups also indicated their shared vision. Lagerwall (*ibid.*) argued that Pågen showed commitment to learning and understanding in the case of palm oil. Lagerwall (*ibid.*) stressed that Pågen continuously communicated with their supplier to develop their use of palm oil. However, this did not indicate their level of feedback and remediation in the case of communicating ethical sourcing of palm oil. Lagerwall (*ibid.*) stressed that the communication of palm oil is complex, wherefore they still worked on developing their communication strategies.

Nijhof *et al.*, (2003) claimed that communicating a CoC does not indicate if it the company becomes more responsible. Companies also needed to show awareness in the implementation process of CoC (*ibid.*). If the company did not process communication correctly, they might risk green wash accusations (Rainey, 2006). Wiesgickl (pers. com., 2015) stressed the actions that Cloetta has been taking, based upon their palm oil CoC. This indicated their high level of awareness regarding implementation of ethical sourcing. Lagerwall (pers. com., 2015)

emphasized that Pågen has focused on identifying the right actions and not communicating their actions. Mobergarna (pers. com., 2015) also stated that they had not worked with their communication. However, Lagerwall (pers. com., 2015) claimed that Pågen has felt pressure from their end-consumers. This had Mobergarna (pers. com., 2015) not experienced from their end-consumers. This indicated the two case companies' incomplete awareness in the implementation process of CoC.

Communicational CSR activities are critical factors in companies' attempts to reflect their CSR engagement (Du *et al.*, 2010). External stakeholders of a company often demand performance indicators. Hence, companies need to understand how to communicate CSR effectively to their stakeholders. CSR activities may be communicated through official documents such as reports, press releases and websites (*ibid.*). All three case companies communicated their use of palm oil on their official websites and through press releases. However only Cloetta presented company reports. Pågen and Mobergarna did not present any reports regarding their ethical sourcing of palm oil. This indicated the case companies use of different performance indicators when communicating ethical sourcing to their stakeholders.

In line with Nijhof *et al.* (2003), Svensson (2009) and Logsdon & Wood (2005), Cloetta communicated transparency and used corporate actions with their stakeholders when they created their palm oil policy. Their palm oil policy described past actions and their future goals, which indicated planned past and future behaviour. Past actions by Pågen and Mobergarna were not communicated through similar policy. Pågen did however corporate with other stakeholders in the SFF palm oil group, which was beneficial in communication according to Svensson (2009). Furthermore, Pågen and Mobergarna communicated their future goals regarding their ethical sourcing of palm oil. This indicated the case companies future responsible behaviour, as described by Nijhof *et al.* (2003).

## 5.4 Synthesis of analysis

The three case companies were identified on different levels in the CSR landscape. Cloetta were the most industrially active company in the CSR landscape, since they showed high transparency and legitimacy in their communication of CoC. Furthermore, they cooperated with stakeholders when defining their own palm oil policy and future goals. Pågen had also an industrial focus in the CSR landscape, because of their palm oil networking. Their enabling factor was their openness to communicate through dialogues in SFF's palm oil group. This indicated their willingness to learn, which was an important part in legitimate CoC. However their communication was limited, which was reflected in their establishment of creational values for legitimacy. Both Pågen and Cloetta showed transparency commitments. As stated by Andersson Anell (pers. com., 2015), transparency was very important when communicating ethical sourcing in the case of palm oil.

Mobergarna were community-based in the CSR-landscape. Their engagement in RSPO and supply chain assessment tools reflected their commitments. They had a more reactive approach to CSR risk management, which may have been caused by the high standards from

their customers. Their high demands brought difficulties in defining their company's CoC. The high customer standards already involved many aspects that otherwise would have been considered in a company's internal CoC. Their customers' high level of engagement in Mobergarna also created difficulties in motivating their company CoC. However, Mobergarna had closed out suppliers that did not fulfil their standards, which showed their commitment to supply chain assessment. Furthermore, they became members of RSPO recently and had worked with ethical sourcing of palm oil for a short period of time. Mobergarna's main communicational focus in the case of palm oil was towards their customers.

This study used legitimacy theory to analyse how the interviewees perceived their companies in the case of palm oil. In line with Suchman's (1995) definition, legitimacy showed how the case companies were operating with their immediate audience. The case companies' membership of RSPO and GreenPalm satisfied their audience, since the certificates were socially accepted. All case company representatives claimed that they had received positive feedback from their stakeholders regarding their communication of palm oil. This indicated that their audience perceived the case companies as predictable, meaningful and inviting, which are vital factors for a continuous business according to Suchman (*ibid.*). In some cases the audience can pay high attention to specific components (*ibid.*). The case of ethical sourcing of certified palm oil was such a case according to the representatives.

All case companies used CoC to create responsible behaviour. Furthermore, the three case companies communicated their use of palm oil on their official websites and through press releases. However only Cloetta presented company reports. Pågen and Mobergarna did not present any reports regarding their ethical sourcing of palm oil. This indicated the case companies use of different performance indicators when communicating ethical sourcing to their stakeholders.

## 6 Discussion

---

After analysing the empirical findings, this chapter discuss further results in light of other empirical studies. The discussion starts with enabling factors for corporate CoC leading the way for a discussion about ethical standards to guide industrial conduct. These issues are further reflected with an understanding context bound cases and transferability.

---

### 6.1 What are the enabling factors communicated in principles for corporate codes of conduct?

Findings in this study showed the importance for the case companies to communicate their principles for corporate CoC. In the case of palm oil, the case companies used communicational strategies that responded to demands from their stakeholders. This enabled them to establish creational values for legitimacy. Dowling & Pfeffer (1975) and Suchman (1995) stressed similar observations. Since legitimacy is a socially constructed phenomenon based on expectations from a company's surroundings, communication strategies are important for its survival on the market. The case of ethical sourcing of palm oil showed that when a company was reviewed, they worked more with their communication. However, it was important for the companies not to communicate too much. As Ashforth & Gibbs (1990) emphasized, too much protesting can make a company's surrounding become skeptical. In this study, one case company took advantage of the criticism and cooperated with the skeptical actor. This showed their concerns regarding the criticism. In line with Suchman (1995), they showed responsibility regarding their business actions. Nevertheless, no observations in this case study indicated that the case companies communicated too much.

In line with Nijhof *et al.* (2003), external pressure was important motivation for the case companies to become more responsible. Furthermore, the case of ethical sourcing showed that companies' received positive feedback when they collaborated with stakeholders that criticized them. However, Roberts (2003) stressed that some sectors are reviewed more than others, depending on public interests. In confectionery industries the implementation process of CoC can be complicated because of their long supply chains and powerful intermediaries. Similar to confectionery industries, the case of certified palm oil also had long supply chains, as described in Appendix 1.

All case company representatives stated that their engagement in palm oil initiatives were not profit-driven. The initiatives aimed to communicate their ethical value grounds. Furthermore, the case companies claimed that it was difficult to identify if the initiatives in the case of palm oil contributed to increased sales. This was in line with Zimmerman & Zeitz (2002), who stressed the challenges when analysing a specific goal from a holistic perspective. These challenges can result in companies developing social systems (*ibid.*). In the case of ethical sourcing, many uncertainties regarding the palm oil supply chain were identified. Therefore,

the case companies engaged in the palm oil initiative. This established creational values of legitimacy to the case companies' stakeholders.

Roberts (2003) used joint actions to establish creational values for legitimate CoC. In this case, two joint actions were identified. Firstly, all case companies were members in RSPO. Secondly, all case companies were operating in the Swedish food market and were affected by SFF's palm oil initiative. These joint actions established ethical sourcing of palm oil through creational values for legitimate CoC in the case companies.

Furthermore, the case companies that sold branded products were more willing to communicate their use of certified palm oil. Companies' used CoC to present their standpoint in the case of palm oil and as a communicational tool. The case company that sold in private label chose to communicate less regarding their use of palm oil. They were following their customers' requirements and their CoC. This may reduced their motivation to communicate further choices in their ethical sourcing.

Du *et al.* (2010) stressed that communicational CSR activities are critical factors in companies' attempts to reflect their CSR engagement. External stakeholders of a company often demand performance indicators according to Du *et al.* (*ibid.*). The case companies of this study used different performance indicators when communicating ethical sourcing to their stakeholders. All three case companies communicated their CoC on their websites. However only one case company communicated their use of palm oil in sustainability reports. In line with Du *et al.* (*ibid.*), this could be affected by the size of the companies along with different demands from their external stakeholders.

The ethical sourcing of certified palm oil required complex communicational strategies for the companies. Nevertheless, the representatives of the case companies indicated that this was necessary to satisfy their audience. The case company representatives claimed that they did not want to risk not communicating their choices of palm oil. Since a company that communicated ethical sourcing transparency established creational values for legitimacy, the case companies claimed that it was too risky not to communicate than to communicate.

## 6.2 How is the ethical sourcing standard used in the principles for corporate codes of conduct?

Ethical sourcing was integrated differently in the case companies' principles for corporate CoC. One case company used ethical sourcing to develop their own palm oil policy. This palm oil policy was accessible for all their stakeholders, since it was communicated on their website. The policy showed company transparency throughout their supply chain and communicated their future goals. This indicated their future responsible behaviour, which is beneficial when establishing CoC, according to Nijhof *et al.* (2003). One of the case companies was engaged in SFF's palm oil dialogue. This stakeholder communication increased the case company's knowledge in the case of palm oil. This feedback process was an enabling factor in the creation of corporate CoC, according to Mamic (2004).

As Stigzelius & Mark-Herbert (2009) stated, when the CoC integrate in a supply chain they often turn into standards. This happened to one of the case companies because they received strict CoC from their customers, which they were forced to adapt. They experienced a high level of implemented standards when defining their own CoC in the case of palm oil. Therefore, the case company used limited communication in their principles for CoC.

Blowfield (2000) questioned if ethical sourcing contributed to sustainability. Blowfield (*ibid.*) claimed that ethical sourcing is a tool for creating business responsibility, rather than sustainability. This was not applicable to this study. Mainly because as Basiron (2007), Henderson & Osborne (2000) and Lind (2014) stressed, palm oil has a high yield compared to other vegetable oils. Palm oil production also contributes to job opportunities (Lind, 2014). Furthermore, all case companies integrated CSR in their core business and were engaged in RSPO, which communicated their contribution to sustainability.

In line with prior research by Utting (2006), the case companies used voluntary initiatives with purpose to involve CSR in their businesses. All representatives of the case companies described that CoC had developed from being optional to become a stakeholder expectation. This was partly caused by a NGO, who pushed for awareness regarding ethical sourcing in the Swedish palm oil industry. This engaged both stakeholders and consumers in palm oil sourcing. Since boycott was not an option, it became more important for the case companies to communicate their ethical sourcing. To avoid ethical dilemmas caused by stakeholders, companies tried to become more transparent in their supply chain, in line with Svensson (2009). Furthermore, transparency and sharing insights were important communicational factors in the case of palm oil. All interviewees in the study concluded this, even though not all of them had implemented these communicational factors.

With limited resources to do revisions on the palm oil plantations, the case companies demanded to rely on networks and certifications. However, all interviewees were critical towards the certification process and demanded it to advance the level of ethical sourcing.

### 6.3 Transferability of results

Transferability refers to the possibility to transfer the results of a research in a particular situation to other similar situations (Riege, 2003). Andersson Anell (pers. com., 2015) stressed the importance of communicating transparency in the case of palm oil. All interviewees in this study concluded that transparency and sharing insights were important communicational factors in the case of palm oil. However, not all of the case companies had implemented transparency and sharing insights. This study showed that the case company that implemented a proactive CSR approach had clear communication structure and transparency through various company experiences. This case company was also proactive in their CSR risk approach and communicated their creational values for legitimacy. Furthermore, this study also identified a case company that showed limited communication structure and reactive CSR risk approach. This case company showed a lower level of CSR adaption and limited communication strategies of their creational values for legitimacy. However, the three

case companies had been members of RSPO for different lengths of time, which may influenced their abilities to communicate ethical sourcing.

Furthermore, the case companies that considered their audience in the CSR landscape, worked with factors that established creational values for legitimacy. Miller (1992), Welford & Frost (2006) and Weber (2008) emphasized the connections to liability and legitimacy when managing CSR issues. Furthermore, as described by Zakaria (2012), a company's perception of issues impacts its approach to CSR management. Nevertheless, the surroundings view of a company also affects its approach to CSR management. These internal and external perceptions resulted in a complex company setting, in the case ethical sourcing of palm oil.

All interviewees of this study demanded a higher level of certifications, but described it as *recondite*. Yet, they all showed a high level of trust towards RSPO. This revealed a great opportunity for RSPO to develop their certifications. The interviewees in this study also emphasized their small-scale business in the palm oil industry, the lack of palm oil traceability and their impact on palm oil plantations. Traceability issues occur not only in palm oil supply chains, but also in confectionery supply chains as described by Roberts (2003). Andersson Anell (pers. com., 2015) also stressed these issues. This indicated demands for an increased, accountable level of RSPO certification, rather than a single company with limited resources trying to push the palm oil plantations. Furthermore, the interviewees stressed the importance of reliable certifications, since revisions are costly for the companies.

This study showed the importance for SFF's engagement in initiatives, such as the sustainable palm oil initiative. It assembled stakeholders with common demands. Andersson Anell (pers. com., 2015) also emphasized that the palm oil initiative engaged stakeholders and encouraged them into a dialogue. Furthermore, a need for a new initiative was identified in this study. The interviewees' stressed for a joint action to develop the RSPO certification. This indicated an opportunity for SFF to gather stakeholders with similar demands and support a possible Swedish palm oil industry need. The benefits of such initiative were also stressed by Zimmerman & Zeitz (2002), Roberts (2003), Rutherford & Buller (2007) and Svensson (2009).

Roberts (2003) emphasized that joint actions establish creational values for legitimate CoC. In this case, two joint actions were identified that established ethical sourcing of palm oil through creational values for legitimate CoC. Zimmerman & Zeitz (2002) argued that legitimacy played a key role in companies' growth. This was confirmed from the three case company representatives. Rutherford & Buller (2007) claimed that companies' need to rely networking with stakeholders to achieve legitimacy. The three case company representatives also emphasized this. Svensson (2009) stressed that companies must manage corporate stakeholder actions to establish CoC. In line with Zimmerman & Zeitz (2002), Roberts (2003), Rutherford & Buller (2007) and Svensson (2009), all interviewees indicated the positive outcome of the palm oil initiative. Hence, joint actions, stakeholder networking and managing corporate actions could be enabling factors for a new initiative, such as developing the certification process of palm oil.

## 7 Conclusions

---

This concluding chapter describes how the aim of this study was reached. Further, it summarizes the findings in the case of ethical sourcing of certified palm oil. Lastly, suggestions for future researches are presented.

---

### 7.1 Communicational strategies when accounting for ethical sourcing efforts

The aim of this thesis was to explain communication strategies where corporations account for ethical sourcing efforts. Enabling factors for communicational strategies of the ethical sourcing of palm oil have been suggested in the perspectives of some selected food companies. All representatives of the case companies described that CoC had developed from being optional to becoming a stakeholder expectation. Transparency and sharing of insights were important communicational factors in the case ethical sourcing of palm oil. All interviewees in the study concluded this, even though not all of them had implemented these communicational factors.

The findings of this study indicated that the case companies' accounting for ethical sourcing efforts were influenced by their CSR approaches. The case company that had implemented a proactive CSR approach, such as transparency, showed creational values for legitimacy and ethical sourcing efforts. Additional findings of this study indicated that the case company accounting for ethical sourcing efforts were affected by the view the surroundings had on their business. A critical review of a company can result in positive values, if the company responds to the critique with communicating transparency. Through communication, for instance with CoC, a company can show the surroundings that they are taking responsibility for their actions.

The ethical sourcing of palm oil required complex communicational strategies for the companies. Nevertheless, the representatives of the case companies indicated that this was necessary to satisfy their audience. Therefore, it was important to show business transparency. It was difficult to measure what kind of values the communication of certified palm oil gave the case companies. Nevertheless, the case companies did not want to risk not communicating their choices concerning certified palm oil. Not communicating was deemed riskier than attempting to communicate. If a company communicated ethical sourcing transparency, it established creational values for legitimacy in the case of palm oil.

Furthermore, the findings of this study indicated that companies that sold products by company brands to end consumers were more aware of their communication of ethical sourcing than companies that sold products in their customer's brands. The reason for that could be that a company has to follow their customers' CoC, which have developed into standards. Another reason for the differences between the case companies could be that they became members of RSPO at different times. How long time they had been operating with



sustainable palm oil and RSPO may have affected their possibilities to create legitimate communication.

Through pressure from authorities, the case companies became motivated to communicate their ethical sourcing. Such initiatives were good approaches to create cohesiveness in a business, as the findings showed in this case study. This cohesiveness also resulted in joint actions among the companies, which established ethical sourcing of palm oil by creating values for legitimate CoC. Similar initiatives have been established in other industries, such as through the soy dialogue. The use of the palm oil initiative and the soy dialogue indicated that these initiatives could be useful in future joint actions. Furthermore, this study argued for a new initiative that encourages a higher level of certification in the palm oil supply chain.

## 7.2 Suggestions for future research

The demand for a new initiative that encouraged a higher level of traceability in the palm oil supply chain was indicated in this study. Hence, a suggestion for future research is to analyse how a new initiative regarding increased certification of palm oil may be conducted.

The representatives from the case companies worked with communicational strategies. However, the perception of ethical sourcing may differ within a company. Hence, a second suggestion for future research is to include various departments of a company in a case study since it would give a more complex dimension of internal company approach towards ethical sourcing in the case of certified palm oil.

# Bibliography

## Literature and publications

- Angervall, T. & Sonesson, U. 2011. *Förenklad metod för klimat-/GWP beräkningar av livsmedel (Simplified method for calculations of climate-/GWP on food commodities)*. Göteborg: (Institutionen för livsmedel och bioteknik (SIK), 2011:1). [Available: <http://www.the Swedish Board of Agriculture.se/download/18.5df17f1c13c13e5bc4f8000105/1370042502106/F%C3%B6renklad+metod+f%C3%B6r+klimatber%C3%A4kningar+av+livsmedel+ve.pdf>].
- Ashforth, B.E & Gibbs, B.W. 1990. The double-edge of organizational legitimation. *Organizational Science*. 2: 177-194.
- Balch, O. 2013. Sustainable palm oil: how successful is the RSPO certification? *The Guardian*. 4 July. [Available: <http://www.theguardian.com/sustainable/business/sustainable-palm-oil-successful-rspo-certification>].
- Basiron, Y. 2007. Palm oil production through sustainable plantations. *Journal of Lipid Science and Technology*. 109: 289-295.
- Belz, F-M. & Peattie, K. 2012 *Sustainability Marketing: A Global Perspective*. 2. ed. Chichester: Wiley.
- Berg, B.L. 2004. *Qualitative research methods for the social sciences*. 5. ed. Boston: Pearson Education.
- Bhattacharjee, A. 2012. *Social Science Research: principles, methods, and practices*. 2. ed. Global Text Project, Tampa, FL, USA.
- Biermann, F. & Gupta, A. 2011. Accountability and legitimacy in earth system governance: a research framework. *Ecological Economics*. 70(11): 1856–1864.
- Blowfield, M. 2000. Ethical sourcing: a contribution to sustainability or a diversion?. *Sustainable Development*. 8: 191-200.
- Boatright, J.R. 2009. *Ethics and the conduct of business*. 6. ed. New Jersey: Pearson Education.
- Carroll, A. 1999. Corporate Social Responsibility; evolution of a definitional construct. *Business and Society*. 38(3): 268-295.

- Cloetta. (2015). *Cloetta årsredovisning 2014 (Cloetta annual report 2014)*. Stockholm: Cloetta AB. [Available: <http://www.cloetta.com/sv/files/Cloetta-%C3%85rsredovisning-20141.pdf>].
- Closs, D. Speier, C. Meacham, N. 2011. Sustainability to support end-to-end value chains: the role of supply chain management. *Journal of the academy of marketing science*. 39(1): 101-116.
- Davies, M. B. 2007. *Doing a successful research project: using qualitative or quantitative methods*. 1. ed. New York: Palgrave Macmillan.
- de Bakker, F.G., Fisscher, O.A. & Brack, A.J. 2002. Organizing product-oriented environmental management from a firm's perspective. *Journal of Cleaner Production*. 10(1): 455-464.
- Dey, I. 1993. *Qualitative data analysis – a user-friendly guide for social scientists*. London: Routledge. [Available: [www.eBookstore.tandf.co.uk](http://www.eBookstore.tandf.co.uk). (2015-05-18)].
- Dowling, J. & Pfeffer, J. 1975. Organizational legitimacy: social value and organizational behavior. *Pacific Sociological Association*. 18(1): 122-136.
- Du, S., Bhattacharya, C.B. & Sen, S. 2010. Maximizing business returns to corporate social responsibility (CSR): the role of CSR communication. *International Journal of Management Reviews*. 1(1): 8-19.
- Eisenhardt, K. M. 1989. Building theories from case study research. *The Academy of Management Research*. 14(4): 532-550.
- Elkington, J. 1998. *Cannibals with forks: the triple bottom line of 21<sup>st</sup>-century business*. New Society Publishers, Gabriola Island, Canada.
- Fidel, R. 1984. The case study method: a case study. *Library and Information Science Research, An International Journal*. 6(3): 273-88.
- Flyvberg, B. 2006. Five misunderstandings about case-study research. *Qualitative Inquiry*. 12(2): 219-245.
- Ford, R. & Richardson, W. 1994. Ethical decision making: a review of the empirical literature. *Journal of Business Ethics*. 13(1): 205-221.
- Francis, R. & Armstrong, A. 2003. Ethics as a risk management strategy: the Australian experience. *Journal of Business Ethics*. 45(1): 375-385.

- Fry, J. & Fitton, C. 2010. The importance of the global oils and fats supply and the role the palm oil plays in meeting the demand for oils and fats worldwide. *Journal of the American College of Nutrition*. 29(sup3): 245S-252S.
- Gray, R., Owen, D. & Adams, C. 1996. *Accounting and accountability: changes and challenges in corporate social and environmental reporting*. London. Prentice Hall.
- Gouthier, M. & Schmied S. 2003. Customers and customer relationships in service firms: the perspective of the resource-based view. *Marketing Theory*. 3(1): 119-143.
- Henderson, J. & Osborne, D.J. 2000. The oil palm in all our lives: how this came about. *Endeavour*. 24(2): 63-68.
- IFAC - International Federation of Accountants. 2007. *Defining and developing an effective code of conduct for organizations*. New York. (IFAC, June 2007). [Available: <http://www.ifa.org.uk/files/PAIB%20code-of-conduct.pdf>].
- Jonsson, L., Marklinder, I., Nydahl, M. & Nylander, A. 2007. 1:5. ed. *Livsmedelsvetenskap (Food science)*. Lund: Studentlitteratur.
- Kihlberg, J. 2015. Certifiering av omstridd palmolja okänd för många (The certification of the controversial palm oil is unknown to many). *Dagens Nyheter*. 8 February. [Available: <http://www.dn.se/ekonomi/certifiering-av-omstridd-palmoljaokand-for-manga/>].
- Kim, S. 2011. Transferring effects of CSR strategy on consumer responses: the synergistic model of corporate communication strategy. *Journal of Public Relations Research*. 23(2): 218-241.
- Kvale, S. & Brinkmann, S. 2014. 3:1. ed. *Den kvalitativa forskningsintervjun (Qualitative research)*. Poland: Studentlitteratur.
- Köhne, M. 2014. Multi-stakeholder initiative governance as assemblage: Roundtable on Sustainable Palm Oil as a political resource in land conflicts related to oil palm plantations. *Agriculture and Human Values*. 31(3): 469-480.
- Lind, J. 2014. Företag satsar på hållbar palmolja (Companies are investing in sustainable palm oil). *Dagens Nyheter*. 6 October. [Available: <http://www.dn.se/ekonomi/foretag-satsar-pa-hallbar-palmolja/>].
- Lindahl, E. & Widén, J. 2015. *Collaboration to address a wicked problem –the case of certified palm oil*. Swedish University of Agricultural science. Department of Economics (Master thesis 2015: 909).

- Lindblom, C.K. 1994. *The implications of organizational legitimacy for corporate social performance and disclosure*. Paper presented at the Critical Perspective on Accounting Conference. New York.
- Logsdon, J. & Wood, D. 2005. Global business citizenship and voluntary codes of ethical conduct. *Journal of Business Ethics*. 50(1/2): 55-67.
- Long, B.S & Driscoll, C. 2007. Codes of ethics and the pursuit of organizational legitimacy: theoretical and empirical contributions. *Journal of Business Ethics*. 77: 173-189.
- Maloni, M. & Brown, M. 2006. Corporate social responsibility in the supply chain: an application in the food industry. *Journal of Business Ethics*. 68: 35-52.
- Mamic, I. 2005. Managing global supply chain: the sports footwear, apparel and retail sectors. *Journal of Business Ethics*. 59: 81-100.
- McClanahan, P. 2013. Can Indonesia increase palm oil output without destroying its forest? *The Guardian*. 11 September. [Available: <http://www.theguardian.com/global-development/2013/sep/11/indonesia-palm-oil-destroy-forests>].
- McElhaney, K. 2008. *Just Good Business; The strategic guide to aligning corporate responsibility and brand*. San Francisco. Berrett-Koehler Publishers, Inc.
- McWilliams, A. & Siegel, D. 2001. Corporate Social Responsibility: a theory of the firm perspective. *The Academy of Management Review*. 26: 117-127.
- Miller, 1992. A framework for integrated risk management in international business. *Journal of International Business Studies*. 23(2): 311-331.
- Minieri, J., Dodge, J., Foldy, E., Hofmann-Pinilla, A., Krauskopf, M. & Ospina, S. 2002. *From constituents to stakeholders: a community-based approaches to building organizational ownership and providing opportunities to lead*. New York: NYU Wagner. [Available:<http://wagner.nyu.edu/files/leadership/ConstituentstoStakeholders.pdf>].
- Modin, P. & Hansson, S. 2011. Moral and instrumental norms in food risk communication. *Journal of Business Ethics*. 101(1): 313–324.
- Moulds, J. & Howard, E. 2014. 10 things you need to know about palm oil. *The Guardian*. 26 November. [Available: <http://www.theguardian.com/sustainable-business/2014/nov/26/10-things-you-need-to-know-about-sustainable-palm-oil>].
- Murray, M. Dainty, A. 2009. 1 ed. *Corporate Responsibility in the construction industry*. Oxon: Taylor and Francis.

- Najam, A. & Halle, M. 2010. Global environmental governance: the challenge of accountability. *Sustainable Development Insights*. 5(1): 1-8.
- Nijhof, A., Cludts, S., Fisscher, O. & Laan, A. 2003. Measuring the implementation of codes of conduct. An assessment method based on a process approach of the responsible organisation. *Journal of Ethics*. 45: 65-78.
- OECD - Organisation for Economic Co-operation and Development: Working party of trade committee. (1999). *Codes of corporate conduct: an inventory*. France. (OECD, May 1999). [Available: [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TD/TC/P\(98\)74/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TD/TC/P(98)74/FINAL&docLanguage=En)].
- Oehmen, J. de Nardo, M. Schönsleben, P. & Boutellier, R. 2010. Supplier code of conduct state-of-the-art and customisation in the electronics industry. *Taylor and Francis*. 21(7): 664-679.
- Pater, A. & van Gils, A. 2003. Stimulating ethical decision-making in a business context: effects of ethical and professional codes. *European Management Journal*. 21(6): 762-772.
- Pentland, B. 1999. Building process theory with narrative: from description to explanation. *The Academy of Management Review*. 24 (4): 711-724.
- Preuss, L. Ethical sourcing codes of large UK-based corporations: prevalence, content, limitations. *Journal of Business Ethics*. 88: 735-747.
- Rainey, D. 2006. *Sustainable business development*. 1. ed. New York: Cambridge University Press.
- Ridley, D. 2008. *The literature review; a step-by-step guide for students*. London: Sage.
- Riege, A. M. 2003. Validity and reliability tests in case study research: a literature review with “hands-on” applications for each research phase. *Qualitative Market Research: An International Journal*. 6(2): 75-86.
- Roberts, S. 2003. Supply chain specific? Understanding the patchy success of ethical sourcing. *Journals of Business Ethics*. 44: 159-170.
- Robson, C. 2011. *Real world research*. 3. ed. Chichester: Wiley.
- RSAES - The Royal Swedish Academy of Engineering Sciences, 1995. *Miljödriven affärsutveckling (Environmental business development)*. Från myndighetskrav till strategiska möjligheter. IVA Box 5073.102 40 Stockholm.

- RSPO – Roundtable on sustainable palm oil. 2013. *RSPO supply chain certification: a primer*. Kuala Lumpur (RSPO, 2013). [Available: <http://www.wwf.se/source.php/1544267/RSPO%20SCCS%20factsheet.pdf>].
- RSPO – Roundtable on sustainable palm oil. 2014. *Roundtable on sustainable palm oil impact report 2014*. Kuala Lumpur (RSPO, 2014).
- Rutherford, M.W & Buller, P.F. 2007. Searching for the legitimacy threshold. *Journal of Management Inquiry*. 16(1): 78-92.
- Saunders, M. Lweis, P. & Thornhill, A. 2009. *Research methods for business students*. 5. ed. Essex: Pearson Education Limited.
- SBA - The Swedish Board of Agriculture. 2014. *Information från mötet i kommittén för spannmål den 18 december (Information from meeting with the committee of grains December 18th)*. Jönköping (SBA, 2014). [Available: <http://www.theSwedishBoardofAgriculture.se/download/18.3d54618b14a5f84b09cd2ef/1418993931888/2014-1218.pdf>].
- Schnebel, E. & Bienert, M. 2004. Implementing Ethics in Business Organizations. *Journal of Business Ethics*. 53(1): 203-211.
- Schouten, G. & Glasbergen, P. 2012. Private Multi-stakeholder governance in the agricultural market place: an analysis of legitimization processes of the roundtables on sustainable palm oil and responsible soy. *International Food and Agribusiness Management Review*. 15. Spec Issue B. 63-88.
- Stigzelius, I. & Mark-Herbert, C. 2009. Tailoring corporate responsibility to suppliers: managing SA 8000 in Indian garment manufacturing. *Scandinavian Journal of Management*. 25(1): 46-56.
- Strauss, A. L. 1993. *Qualitative analysis for social scientists*. 14. ed. Cambridge: Cambridge University Press.
- Suchman, M.C. 1995. Managing legitimacy: strategic and institutional approaches. *Academy of Management Review*. 3: 571-610.
- Svensson, G. 2009. The transparency of SCM ethics: conceptual framework and empirical illustrations. *Supply Chain Management: An International Journal*. 14(4): 259-269.
- Söderqvist, M. & Anell, J. 2015. Hållbar palmolja måste bli en norm (Sustainable palm oil has to be a norm). *Sveriges Television*. 21 January. [Available: <http://www.svt.se/opinion/hallbar-palmolja-maste-bli-norm>].

- Utting, P. 2005. Corporate responsibility and the movement of business. *Development in Practice*. 15 (3&4): 375-388.
- Venn, L., Hooper, P., Stubbs, M. & Young, C. 2003. Quality assurance in the UK agro-food industry: a sector-driven response to addressing environmental risk. *Risk Management*. 5(4): 55-65.
- WBCSD - World Business Council for Sustainable Development. 1999. *Corporate social responsibility: meeting changing expectations*. Switzerland (WBCSD, 1999).  
[Available: <http://www.wbcsd.org/work-program/business-role/previous-work/corporate-socialresponsibility.aspx>.].
- Weber, M. 2008. The business case for corporate social responsibility: a company-level measurement approach for CSR. *European Management Journal*. 26 (1): 247-261.
- Welford, R. & Frost, S. 2006. Corporate social responsibility in Asian supply chains. *Corporate Social Responsibility and Environmental Management*. 13(3): 166-176.
- Wognum, N. Bremmers, H. Trienekens, J. Van der Vorst J. & Bloemhof, J. 2011. Systems for sustainability and transparency of food supply chains – Current status and challenges. *Advanced Engineering Informatics*. 25(1): 65–76.
- Yin, R, K. 2003. *Case Study Research: Design and Methods*. London: Sage Publications.
- Zakaria, M., Garanča, Z. & Sobeih, A. 2012. Cultural and legal challenges in implementing code of conduct in supply chain management of mobile phone industries: Sony Ericsson case study. *Social Responsibility Journal*. 8(2): 227-241.
- Zimmerman, M.A & Zeitz, G.J. 2002. Beyond survival: achieving new venture growth by building legitimacy. *The Academy of Management Review*. 27(3): 414-431.

## Internet

Allabolag <http://www.allabolag.se/>

- A. *Pågen AB*. (2015-04-02).  
[http://www.allabolag.se/5560824350/Pagen\\_Farskbrod\\_AB](http://www.allabolag.se/5560824350/Pagen_Farskbrod_AB)  
[Collected: 2015-04-14].
- B. *Cloetta AB*. (2015-03-27).  
[http://www.allabolag.se/5563088144/Cloetta\\_AB](http://www.allabolag.se/5563088144/Cloetta_AB)  
[Collected: 2015-04-15].



- C. *Mobergarna AB*. (2015-03-18).  
[http://www.allabolag.se/5563156339/Mobergarna\\_AB](http://www.allabolag.se/5563156339/Mobergarna_AB)  
[Collected: 2015-05-09].

Cloetta <http://www.cloetta.com/>

- A. *Cloetta i korthet (Cloetta in brief)*. (2014-10-01).  
<http://www.cloetta.com/en/about-cloetta/cloetta-in-brief/>  
[Collected: 2015-04-15].
- B. *Palmolja (Palm oil)*. (2014-05-14).  
<http://www.cloetta.com/sv/foretagsansvar/hallbara-inkop/palmolja/>  
[Collected: 2015-05-20].

Mobergarna <http://www.mobergarna.se/>

- A. *Om Mobergarna (About Mobergarna)*. (2015-03-17).  
<http://www.mobergarna.se/om-oss/>  
[Collected: 2015-03-17].
- B. *Kvalitet (Quality)*. (2015-03-17).  
<http://www.mobergarna.se/kvalitet/>  
[Collected: 2015-03-17].

Pågen <http://www.pagen.se>

- A. *Om Pågen (About Pågen)*. (2015-03-31).  
<http://www.pagen.se/Om-Pagen/>  
[Collected: 2015-03-31].
- B. *Vi bryr oss om vad du äter (We take care of what you are eating)*. (2015-03-31).  
<http://www.pagen.se/Vart-bageri/Ravaror/>  
[Collected: 2015-03-31].

RSPO – Roundtable on Sustainable Palm Oil <http://www.rspo.org/>

- RSPO Pågen membership*. (2014-05-19).  
<http://www.rspo.org/members/2618/Pagen-AB>  
[Collected: 2015-04-01].
- A. *About RSPO*. (2015-03-10).  
<http://www.rspo.org/about>  
[Collected: 2015-03-10].
- B. *RSPO categories*. (2015-03-28).  
<http://www.rspo.org/members/categories>  
[Collected: 2015-03-28].

- C. *RSPO members Sweden*. (2015-04-07).  
[http://www.rspo.org/members?keywords=&member\\_type=&member\\_category=&ember\\_country=Sweden](http://www.rspo.org/members?keywords=&member_type=&member_category=&ember_country=Sweden)  
 [Collected: 2015-04-07].
- D. *RSPO Ordinary members*. (2015-05-02).  
<http://www.rspo.org/members/categories>  
 [Collected: 2015-05-02].
- SFF – The Swedish Food Federation, <http://www.livsmedelsforetagen.se/>
- A. *Vi tar initiativ för hållbar palmolja (We take initiative for sustainable palm oil)*. (2014-03-06).  
<http://www.livsmedelsforetagen.se/livsmedelsforetagen-tar-initiativ-hallbar-palmolja>  
 [Collected: 2014-10-28].
- B. *Frågor och svar om palmolja (Questions and answers about palm oil)*. (2014-03-06).  
<http://www.livsmedelsforetagen.se/medlem/faktabank/fragor-och-svar-om-palmolja/>  
 [Collected: 2015-01-30].
- Medlemskap i Livsmedelsföretagen (Membership in the Swedish Food Federation)*. (2015-02-12).  
<http://www.livsmedelsforetagen.se/om-livsmedelsforetagen/medlemskap-i-livsmedelsforetagen/> [Collected: 2015-02-12].
- WWF – [www.wwf.se](http://www.wwf.se)
- Palmolja (Palm oil)*. (2014-09-05).  
<http://www.wwf.se/vrt-arbete/ekologiska-fotavtryck/palmolja-soja-och-frntrade-marknader/1551360-palmolja>. [Collected: 2015-03-12].

## Personal Communication

Andersson Anell, Johan.

SFF - The Swedish Food Federation, Head of CSR and sustainability.

Telephone meeting (2015-05-12).

Edmundsson, Maria.

Mobergarna. Quality and environment manager.

Telephone meeting (2015-04-13).

Högström, Lars.

Mobergarna. CEO.

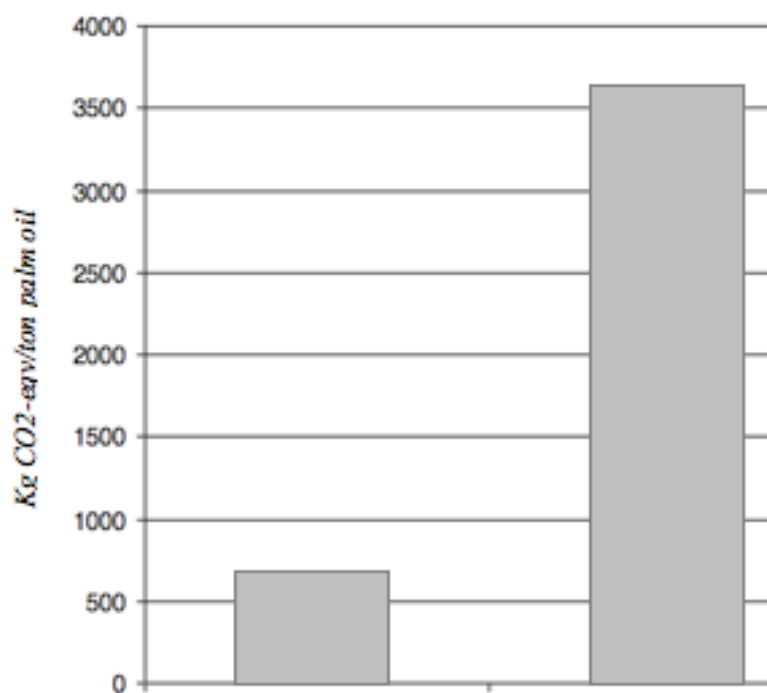
Telephone meeting (2015-04-13).

Lagerwall, Boel.  
Pågen. Chief of communication.  
Telephone meeting (2015-03-30).

Wiesgickl, Thomas.  
Cloetta. Director Corporate Responsibility.  
Telephone meeting (2015-03-30).

# Appendix 1: Palm oil production and RSPO certifications

Production of palm oil is increasing, with an expected production of 63 million tons for 2014/2015 (SBA, 2014). It is an efficient vegetable oil production since its yield per hectare is high (Basiron, 2007; Henderson & Osborne, 2000). The carbon footprint when producing palm oil varies depending on whether the plantation is established in a sustainable way or not (Angervall & Sonesson, 2011). The carbon footprint includes the change of soil use, such as deforestation. It considers production on mould soil and methane cultivation (*ibid.*). Worst scenario of these aspects results in a 3.5 ton CO<sub>2</sub> equivalents per ton palm oil produced (*ibid.*, 25), see figure below.



*Climate contribution of palm oil in best and worst situation (Angervall & Sonesson, 2011, 26)*

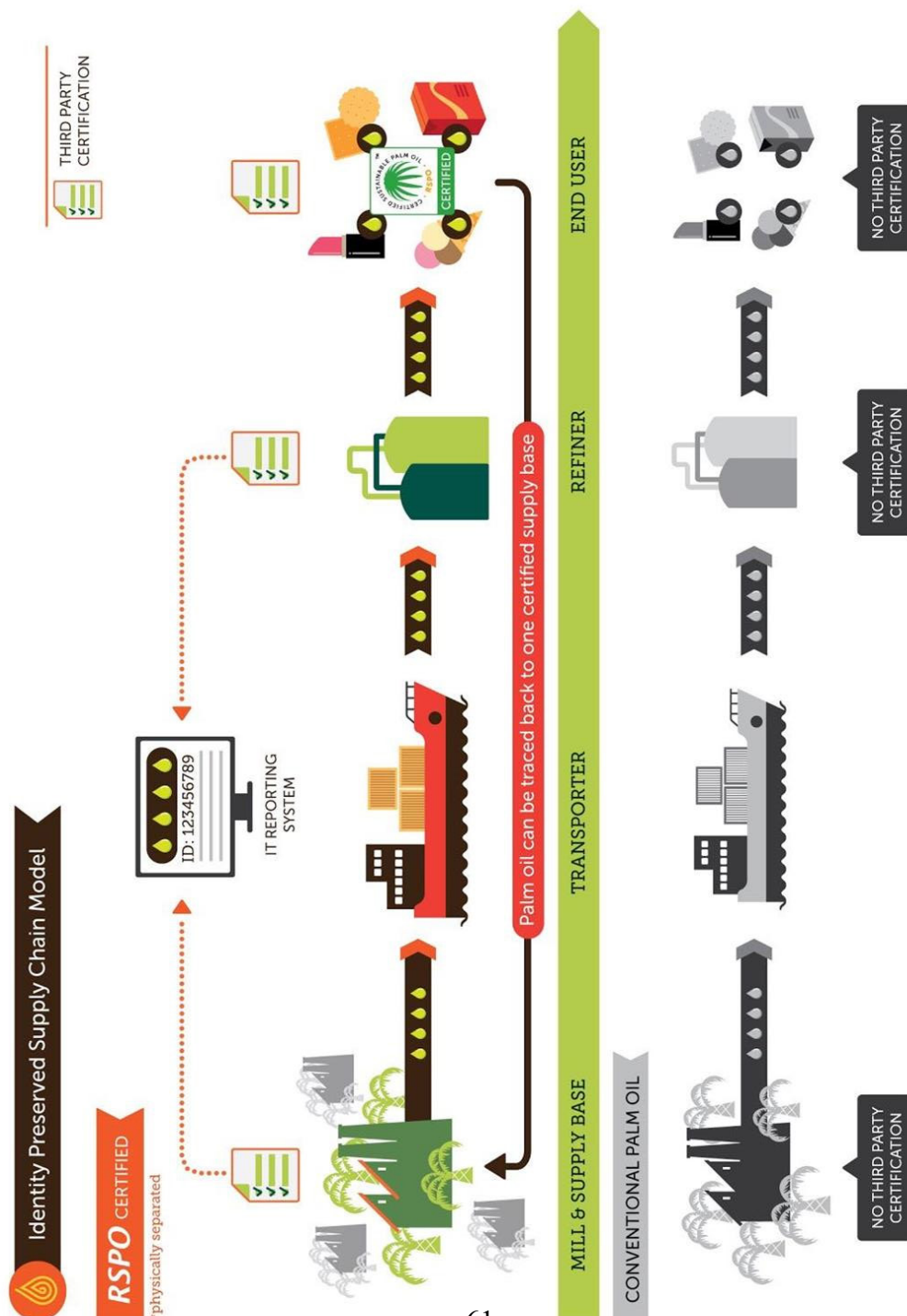
However, if the palm oil plantation is placed on already converted ground and that has not been deforested past 20 years, and all methane is used (as for example biogas) the carbon footprint could be reduced to 0.5 ton CO<sub>2</sub> equivalents per ton palm oil produced (Angervall & Sonesson, 2011), see figure above. Both numbers are however extreme values. The average carbon footprint is 2-2.5 ton CO<sub>2</sub> equivalents per ton palm oil produced (*ibid.*, 25). Yet, the carbon footprint could be reduced if the palm oil is produced in a sustainable way (*ibid.*).

RSPO serves as a legitimization process that engages supply chain stakeholders in the development of sustainable palm oil production (Schouten & Glasbergen, 2012). RSPO has four different certifications of palm oil. The four certifications are defined as follows:

*Identified Preserved Supply Chain Model, Segregated Supply Chain Model, Mass Balance Supply Chain Model and Book and Claim Supply Chain Model (RSPO, 2013).*

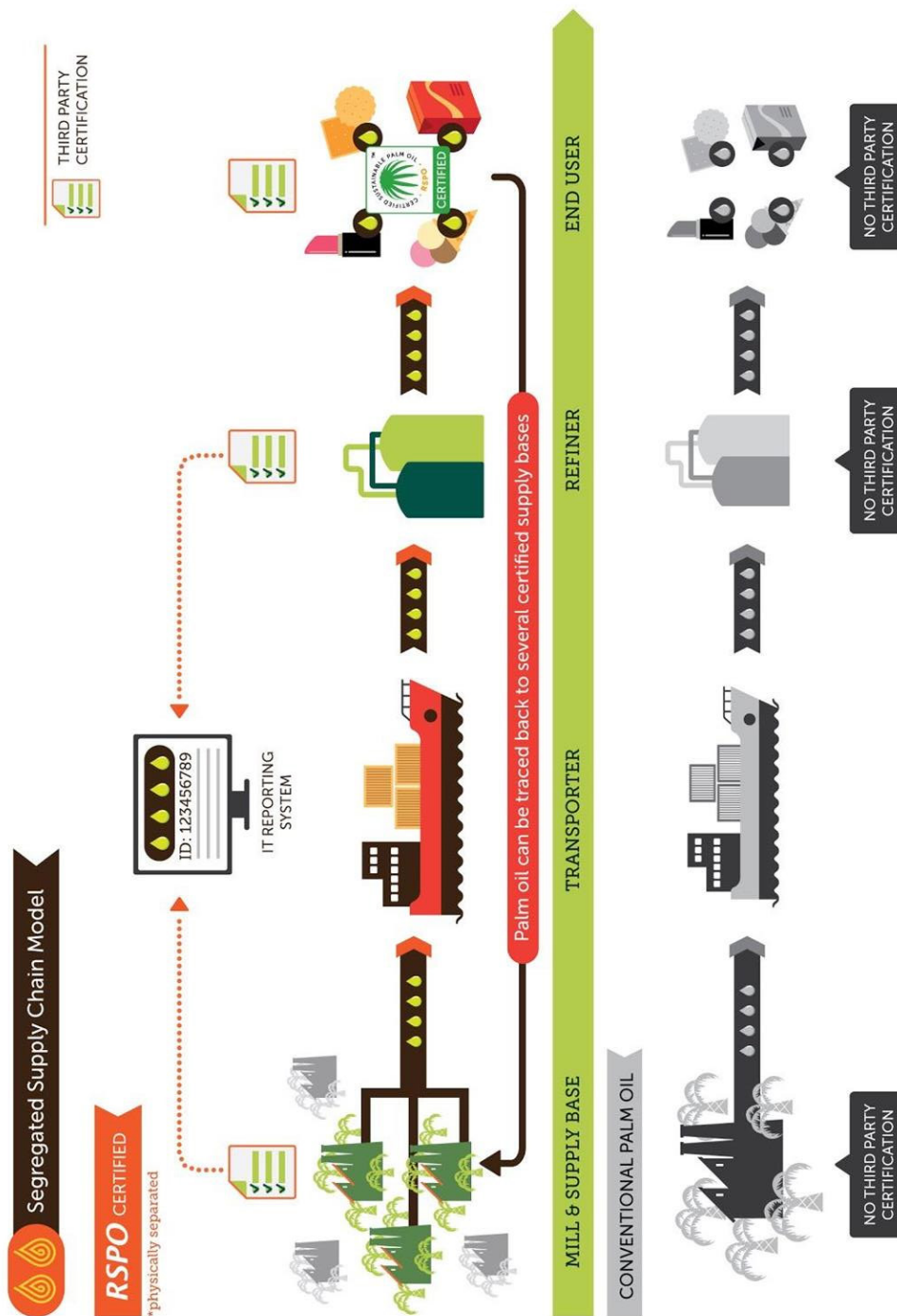
### *Identified Preserved Supply Chain Model*

Identified Preserved Supply Chain Model is palm oil from an identifiable certified source and is kept separately from ordinary palm oil throughout the supply chain (RSPO, 2013). It is traceable to a RSPO-certified point of origin. It is an expensive supply chain process resulting in high palm oil prices and is not feasible for all industries that processes palm oil, see figure below (*ibid*).



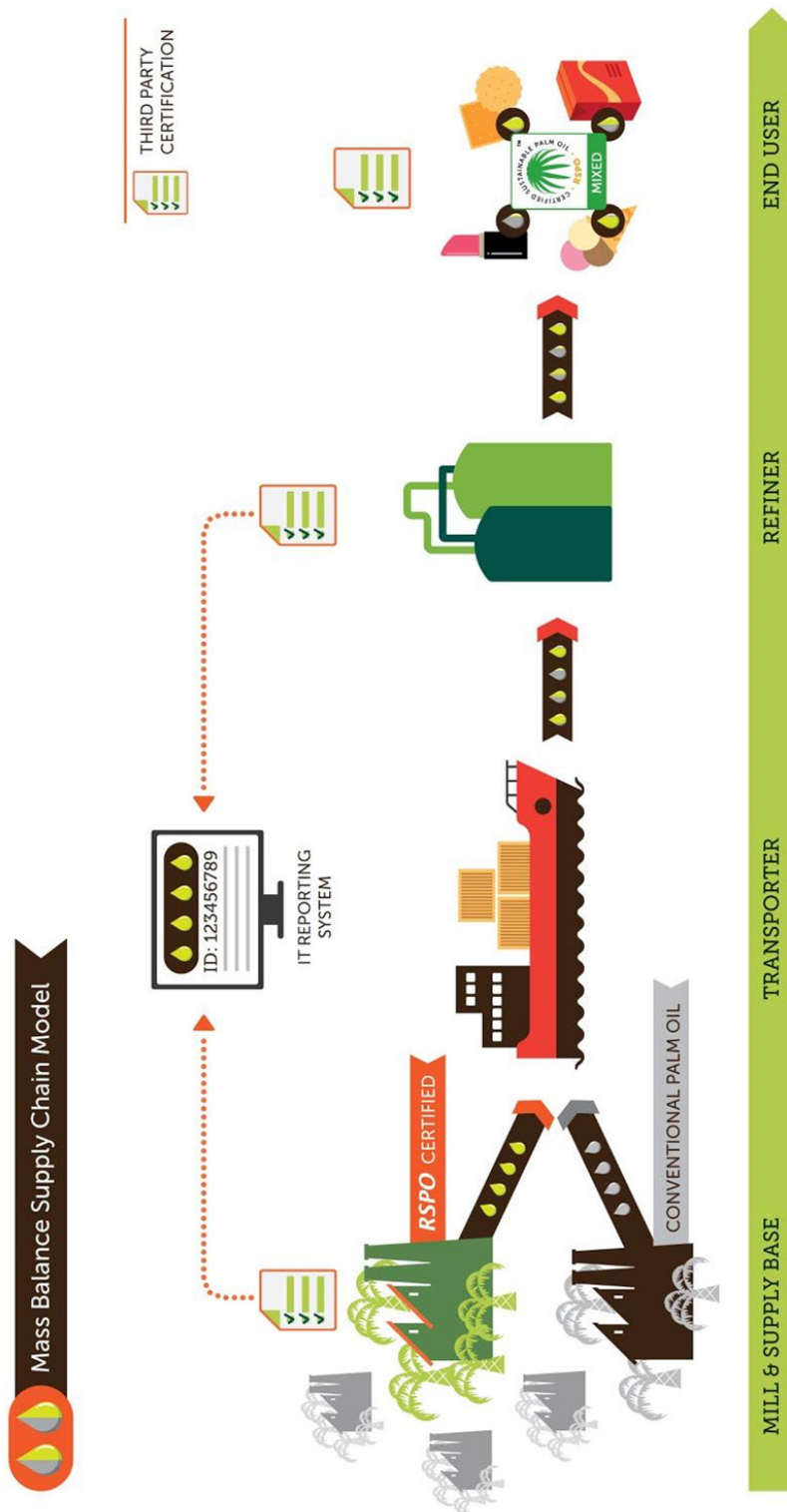
## Segregated Supply Chain Model

The segregated supply chain model of certified palm oil confirms that the oil has been produced on a certified plantation (RSPO, 2013). However, it does not show traceability to plantation of origin. This certification only shows traceability to palm oil mills, see figure below (*ibid.*).



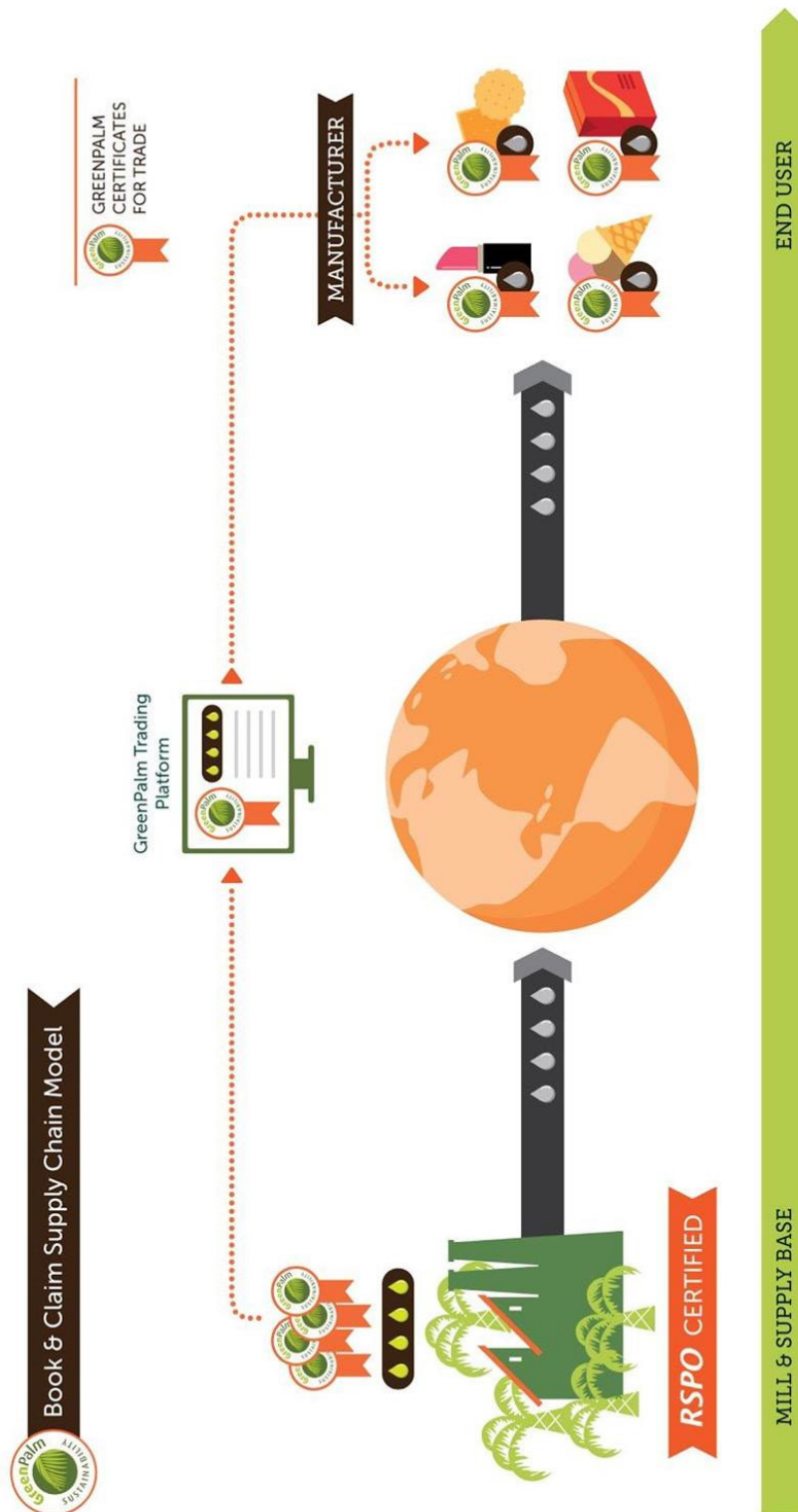
### Mass Balance Supply Chain Model

Mass Balance supply chain model enables trading of RSPO-certified palm oil (RSPO, 2013). The trading is a cost-effective solution for companies and assures that their overall use of quantity is controlled. However, it does not guarantee that the end product contains RSPO-certified palm oil since it is mixed with conventionally produced palm oil throughout the supply chain (*ibid.*).



### *Book and Claim Supply Chain Model*

The book and claim model enables RSPO-certified growers to transfer certified palm oil into certificates (RSPO, 2013). These certificates are often sold on the GreenPalm market. This connects production directly to the end user of palm oil and opens up for a commodity trading market in certified palm oil. However, the supply chain is not examined regarding their use of certified palm oil (*ibid.*).





## Appendix 2: Interview guide case companies

- What is your role in the company
- How long have you worked in the organisation?

### **Palm oil**

Please tell me some about your current use of palm oil.

- In what way do you use palm oil?
- What is your point of view with the use palm oil as a food commodity?
- How do you purchase palm oil?
- What kind of volumes (values) are we talking about on an annual basis?
- What are the alternatives to palm oil in your production?
- How does your company tackle challenges regarding the buy of palm oil?

### **Corporate Social Responsibility (CSR)**

In what way can palm oil be seen as a CSR-issue?

- What is the company's definition of CSR?
- What does CSR mean for you and your company?
- Why does your company work with sustainable palm oil and CSR?

### **Communication**

What are your views on communicating your positions for palm oil?

- Why are you communicating your choices regarding sustainable palm oil?
- How do your stakeholders (consumers) reflect respond to over your use of palm oil?
- What are the benefits from your communication process of sustainable palm oil?
- What are the challenges from your communication process of sustainable palm oil?

### **Codes of conduct (CoC) for ethical sourcing**

How do you work with ethical sourcing?

- How does your company work with corporate value grounds?
- How are these value grounds communicated externally?
- To whom are you communicating your stands with regards to sustainable palm oil?
- To what extent are you using the principles of sustainable palm oil in your corporate work?
- Do you have any company publications (such as annual reports) in which you communicate your use of sustainable palm oil?
- Do you have any other documents presenting political or other moral principles?

### **Future**

How do you envision the future for sustainable palm oil?

- What is your next step in your work with sustainable palm oil?
- What do you think of to use palm oil as a food commodity in future?
- Do you wish to add anything further regarding your communication of palm oil, which the questions above did not cover?
- May we contact to you again if we have any additional questions?

## Appendix 3: Intervjuguide case-företag

- Vilken roll har du i företaget?
- Hur länge har du jobbat i organisationen?

### **Palmolja**

- Hur använder ni palmolja idag?
- Vad är er synpunkt gällande användandet av palmolja som en livsmedelsråvara?
- Hur köper ni in palmolja?
- Vilken typ av volymer (värden) handlar det om på årlig basis?
- Vad finns det för alternativ till palmolja i er produktion?
- Hur hanterar ert företag de utmaningar som uppstår vid inköpet av palmolja?

### **Corporate Social Responsibility (CSR)**

- Vad är ert företags definition av CSR?
- Vad innebär CSR för dig och ditt företag?
- Varför jobbar ditt företag med hållbar palmolja och CSR?

### **Kommunikation**

- Varför kommunicerar ni ut era val gällande hållbar palmolja?
- Hur tror ni att era intressenter uppfattar ert användande av palmolja?
- Vilka fördelar finns det med att kommunicera ut ert användande av hållbar palmolja?
- Vilka utmaningar finns det med att kommunicera ut ert användande av hållbar palmolja?

### **Etiska värdegrunder vid inköp av palmolja**

- Hur arbetar ni med gemensamma värdegrunder?
- Hur är dessa värdegrunder kommunicerade externt?
- Till vem kommunicerar ni era ståndpunkter gällande värdegrunder om hållbar palmolja?
- Till vilken utsträckning använder ni principerna för hållbar palmolja i ert företagsarbete?
- Har ni företagspublikation där ni kommunicerar ut ert användande av palmolja?
- Har ni andra dokument som presenterar era värdegrunder och principer?

### **Framtid**

- Vad är ert nästa steg i arbetet med hållbar palmolja?
- Vad anser ni om användandet av palmolja i livsmedel i framtiden?
- Önskar du att tillägga något mer gällande er kommunikation av palmolja, som inte täcktes av tidigare frågor?
- Får vi kontakta dig igen om vi har några tillägsfrågor efter intervjun?

## Appendix 4: Interview guide trade association

- What is your opinion regarding the initiative for sustainable palm oil as a communicational strategy for Swedish food companies?

*(Hur upplever du initiativet för hållbar palmolja som kommunikationsmedel för svenska livsmedelsföretag?)*

- How should Swedish food companies communicate their use of sustainable palm oil?

*(Hur tror du att Svenska företag kan kommunicera deras användande av hållbar palmolja på ett lyckat sätt?)*

- What is your opinion regarding implementation of similar initiatives in other food areas?

*(Vad anser du om denna typ av initiativ i framtiden inom andra livsmedelsområden?)*