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Swedish University of Agricultural Sciences

Department of Economics

To practice Corporate Responsibility

- A study of how Swedish food retailers practice strategic Corporate Responsibility for image differentiation

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To practice Corporate Responsibility – A study of how Swedish food retailers practice strategic Corporate Responsibility for image differentiation

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Abstract

Due to the increase of the emission of greenhouse gas and climate changes more and more customers demand environmentally sustainable products. The increased demand of sustainable products from cradle to grave is something that has affected the food sector. Many retailers within the food sector feel that they are less or more forced to be environmentally friendly. Nowadays many retailers have chosen to show customers and stakeholders that they want to “do good” by publishing annual sustainability reports.

The Swedish food market has been one of many markets investing in being environmentally friendly. In the food retail sector ICA, Coop and Axfood have over 80 per cent of the total market share. This has resulted in them having a big impact on the food market. All three retailers have chosen to publish public sustainability reports and are thereby including Corporate Responsibility in their business strategy. This study focuses on how the retailers practice strategic corporate responsibility for image differentiation.

The study has a qualitative method approach and consists of a case study. The empirical data was collected from ICA, Coop and Axfood’s sustainability reports. The data was related to strategic CR. According to findings in the study the food retailers practice strategic CR for differentiation but their environmental strategy is not always the same as their business strategy. This is an important piece if the company wants to be environmentally friendly but also for survival in the long run. If a company’s enivoronmental strategy differs from their business ditto, this is something that could harm the company’s market position in the future.

CR and strategic CR is, however, a rather new field. Further research is required in this topic in order to investigate how food retailers should develop their strategy to get the best long-term effects.

Sammanfattning

Ökade utsläpp av växthusgaser och klimatändringar har resulterat i att kunder efterfrågar mer hållbara produkter. Denna ökade efterfråga av hållbara produkter, från jord till bord, har också påverkat matsektorn. Många livsmedelsbutiker inom matsektorn känner sig mer eller mindre tvingade att vara miljövänliga. Nuförtiden har många livsmedelsbutiker valt att visa sina intressenter och kunder att de är miljövänliga genom att publicera årliga hållbarhetsrapporter.

Den svenska livsmedelsmarknaden är en av många marknader som investerat i att bli mer miljövänlig. Livsmedelsbutikerna ICA, Coop och Axfood har tillsammans i dagsläget mer än 80 procent av de totala marknadsandelarna på matmarknaden. Detta har resulterat i att de har ett stort inflytande på matmarknaden. De tre livsmedelsbutikerna har valt att publicera hållbarhetsrapporter som är tillgängliga för allmänheten och har i och med detta också valt att inkludera företagsansvar i deras företagsstrategi. Den här studien fokuserar på hur livsmedelsbutiker tillämpar strategisk Corportate Responsibility för att kunna särskilja sin företagsimage från andra konkurrenter.

Studien har en kvalitativ utformningsmetod och utgår från en fallstudie. Den empiriska datan är hämtad från ICAs, Coops och Axfoods hållbarhetsrapporter. Datan var relaterad med strategiskt företagsansvar. Studien stärkte påståendet om att livsmedelsbutiker utövar strategiskt företagsansvar för att särskilja sig från andra. Dock är inte alltid företagsstrategin densamma som deras miljöstrategi. Detta är en viktig pusselbit om företaget vill vara miljövänligt men även om företaget vill överleva i det långa loppet. Om de ej har en företagsstrategi som är densamma som miljöstrategin kan det skada företagets framtida inflytande på markanden.

Dock är företagsansvar och strategiskt företagsansvar ett ganska nytt ämne. Framtida studier är nödvändiga inom ämnet för att undersöka hur matföretag ska utveckla sin strategi för att få bäst effekt i det långa loppet.

Abbreviations

CR	Corporate Responsibility
CSR	Corporate Social Responsibility
TCA	Thematic Content Analysis
GRI	Global Reporting Initiative

Table of Contents

1. INTRODUCTION 1

1.1 PROBLEM BACKGROUND 1
1.2 PROBLEM 2
1.3 AIM 3
1.4 DELIMITATIONS 4
1.4.1 Delimitations of theories 4
1.4.2 Delimitations of methods 4
1.5 OUTLINE 5
1.6 DEFINITION OF TERM 5

2 METHOD 7

2.1 LITERATURE REVIEW 7
2.2 CHOICE OF METHOD 7
2.2.1 Qualitative method 7
2.2.2 Case study 9
2.2.3 Document analysis 9
2.2.4 Identification of the theoretical framework 10
2.3 CHOICE OF SECTOR AND COMPANIES 10
2.4 ENSURING QUALITY 11
2.5 ETHICS 11

3 LITERATURE REVIEW 13

3.1 CR AND MOTIVES FOR IMPLEMENTATION 13
3.2 STRATEGIC CR AND IMAGE DIFFERENTIATION 14

4 THEORETICAL FRAMEWORK 16

4.1 SHARED VALUE 16
4.2 STAKEHOLDER THEORY 17
4.3 STRATEGIC CR 19
4.4 IMAGE DIFFERENTIATION 23

5 EMPIRICAL BACKGROUND 26

5.1 USE OF SUSTAINABILITY REPORTS 26
5.2 PRESENTATION OF THE CASE COMPANIES 27
5.2.1 ICA 27
5.2.2 Coop 28
5.2.3 Axfood 28

6 RESULTS 30

6.1 ICA 30
6.1.1 Sustainability and brand 30
6.1.2 Stakeholders 30
6.1.3 Carbon emissions 31
6.1.4 Transport 31
6.2 COOP 32
6.2.1 Brand 32
6.2.2 Stakeholders 33
6.2.3 Carbon emissions 33

6.2.4 Transport *33*
6.3 AXFOOD 33
6.3.1 Brand *34*
6.3.2 Stakeholders *34*
6.3.3 Carbon emission *35*
6.3.4 Transport *35*
7 ANALYSIS AND DISCUSSION **36**
7.1 CR IN SWEDISH FOOD RETAIL COMPANIES 36
7.1.1 Shared value creation *36*
7.1.2 Stakeholders *38*
7.1.3 Strategic CR *39*
7.2 STRATEGIC USE OF CR 40
7.3 CR FOR DIFFERENTIATION 41
8 CONCLUSIONS **44**
BIBLIOGRAPHY **45**

List of figures

Figure 1. An illustration of the corporate stakeholder model 18
Figure 2. Illustrates the three aspects of stakeholder theory 19
Figure 3. A stage model of CR, four approaches with different attitudes 21
Figure 4. Responsive and strategic approaches to CR 23
Figure 5. Five levels of CR aggressiveness and competitive aims 25
Figure 6. Five levels of CR aggressiveness and competitive aims 43

List of tables

Table 1. Motives for CR initiatives 13

1. Introduction

In this chapter the background of the problem will be explained. Further it provides the project's aim and research questions. It also presents the structure of the paper.

1.1 Problem background

Nowadays media and society pressure companies to take actions in order to reach a more sustainable environment (Freeman et al., 2010; Heikkurinen, 2010). One can read about it in the paper, on the Internet and it is a main topic in political discussions.

The effects on the environment result in different problems, for example increasing temperatures, rising sea levels and an expanding release of carbon dioxide. Environmental sustainability is still a field in development and it is in need of further investigation in order to obtain a broader view of how to practice it for doing "good".

Today there are companies that harm the environment when producing their products. However, a company can reduce environmental problems if they embrace corporate responsibility (Porter & Kramer, 2011). The opinions of how corporate responsibility (CR) should be practiced and communicated to the public are diverse, and therefore CR has no single established definition (Whitehouse, 2006). However, McWilliams and Siegel (2001) define Corporate Social Responsibility as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law" (p. 117). Furthermore some companies chose to not practice CR because they think they have not been recognized for their efforts towards a more sustainable environment (Porter & Van der Linde, 1995).

Moreover different companies have differing cases of CR; not all industries behave in similar action patterns. This is a result of non-equal exposure to corporate responsibility challenges (Heikkurinen, 2010). Heikkurinen (2010) claims that all industries become more vulnerable over time; eventually no company will have immunity from concerns within the topic CR.

For a long time Sweden has been a role model in matters regarding CR (Internet, KPMG, 2011). However, a study made by KPMG that focuses on CR actions shows that Sweden can currently be found on place 13 out of 34 participating countries (Internet, KPMG, 2011). The study shows that only 72 percent of Swedish companies report sustainability reports. Moreover the study also indicates that Sweden has lost its position in CR efforts during the years; in an earlier study made by KPMG Sweden was found on seventh place (Internet, KPMG, 2011). KPMG (2011) stresses in their study that sustainability is an increasing trend all over the world and sustainability is a topic that an increasing number of companies are dealing with.

Maria Rimip (2015) emphasises in the Swedish Daily Newspaper (SvD) that sustainability is important for the development of Swedish businesses. She also claims that a sustainable society could be one of the most important questions when dealing with future matters (Internet, SvD, 2015).

Belz and Peattie (2012) stress that companies need to be affected so that they change their perspective from short-term to long-term thinking. Nevertheless if the company's thinking

changes to a long-term perspective, it can affect the company's effectiveness (Burke & Logsdon, 1996).

When companies focus on short-term thinking, the society suffers by the overuse of resources, release of carbon dioxide and ozone depletion (Belz & Peattie, 2012). If companies shift from short-term financial thinking to more sustainable long-term thinking, the community can gain long-term benefits, for instance a more sustainable environment (Porter & Kramer, 2011). Porter and Kramer (2011) also highlights the problem, that in some cases companies and society work against each other, and the authors claim that companies must take the lead in bringing society and companies back together.

By changing the company's goals from short-term to long-term ones and not only focusing on profit maximazation, the companies can gain future benefits, such as increase in market shares (Belz & Peattie, 2012). CR can in the long run possibly reduce costs and increase trust (Hosmer, 1995; Jones, 1995).

More companies nowadays are motivated to work with sustainability because companies associate CR with strengthening of their brand. A strong image can result in long-term benefits and this is something that more and more companies are starting to realize (Internet, KPMG, 2011; Belz & Peattie, 2012). Through CR the company can distinguish themselves from other companies in the region, and thereby get a better position. A strong strategic position can strengthen the company brand image by means of internal and external differentiation from competitors (Heikkurinen, 2010).

On the food market the competition is high and therefore some companies have started to utilize common resources as something they can use for free; (Porter & Van der Linde, 1995) a cheaper choice for production. However, the companies profit by the use of public unallocated resources that increase environmental problems (Porter & Kramer, 2011).

In the food sector CR has relevance for food companies as CR can provide opportunities to gain a better network and through that increase future profit. An example is the potential increase in market shares (Hartmann, 2011). Nowadays many retailers have started to invest in environmental operations in order to become more competitive, and therefore they get a better knowledge in the environmental area. This results in them having a chance to improve their understanding of environmental aspects, which leads to decreasing focus of only financial aspects (Porter & Van der Linde, 1995).

Three big food retailers in Sweden that dominate the food market and practice CR are ICA, Coop and Axfood. Together they hold 87,1 percent of the market shares in 2012 (Internet, Delfi 1, 2013). All companies are working with environmental sustainability and publish annual sustainability reports (Internet, ICA 1, 2014; Internet, Coop 1,2014; Internet, Axfood 1,2014).

1.2 Problem

Many companies operate in a more sustainable fashion because of self-interests or due to demand from stakeholders and society. Customers want the company to "walk the talk" (Freeman, 1984; Jones, 1995), but the company gets little attention and credit for it. By appreciating and increasing the credits for sustainable actions, attention and credit can

motivate companies to engage further in the environmental field and decrease the environmental effects in the future. How the company responds to pressure from its stakeholders depends on three different factors, namely; (1) cost to adapt, (2) competitive position, and (3) impact on the brand (Spar & La Mure, 2003).

Companies aim to practice CR in a manner, so that the interpretation of responsible behavior is the same externally in society and internally in the company (Werther & Chandler, 2005). Practicing CR is complex because there is no single answer to how to communicate or practice it (Carroll & Shabana, 2010) but further research in the topic can investigate and illustrate an effective way for how to exercise CR. CR is not regulated by law and is a rather new term and therefore there is a gap in the literature of how to practice and implement CR (Durdan, 2007). Satisfied customers are likely to be loyal and that leads to increased benefits for the company (Kotler & Armstrong, 2010). Due to that, this study will analyze the companies' sustainability reports in order to investigate how the three well established retails practice CR as a strategy to promote the company's image and through this differentiate itself from competitors.

Customer behavior is a complex field and Pearson (2006) claims that a brand stands for a promise; a disappointed customer probably leads to a leaving customer. Having a strong strategic application of CR can be a key factor if the retailer wants its brand image to be associated with environmental responsibility (Heikkurinen, 2010). Building a brand reputation and trustworthiness takes time but the reverse, i.e. bringing a reputation down, tend to happen much quicker.

Through the years several scandals have occurred in the food sector. One of these is the horsemeat scandal in Europe. Due to this the customers' trust in food retail companies decreased dramatically (Internet, Ec.europa 1, 2015; de Jonge et al., 2010). If the CR efforts are practiced in a strategic way, it can result in an improvement of the company's brand, by making it more trustworthy (Werther & Chandler, 2005). The retailers ICA, Coop and Axfood have a strong established position on the food market, and their reputation and trustworthiness are important and necessary for their survival. Due to the high competiveness on the food market the companies need to work with CR; the market demands it; otherwise they may lose market shares. Due to the demand ICA, Coop, and Axfood have started to use CR and CR can furthermore be seen as a strategic tool for differentiation. With differentiation the companies can retain market power or increase it.

1.3 Aim

The competition on the food market is fierce. Because of this retailers need to find new ways to market themselves and through this gain market shares. Customers in the food sector have during time increased their interest and concern about how the food is produced and issues that reside in food production. The result has been that more and more retailers want to do "good" and be associated with a responsible image; they work to reduce the company's impact on the environment. Retailers are also in need of differentiation from competitors to keep or increase their market shares. Therefore this study focuses on how Swedish food retailers have chosen to differentiate themeselves from competitors by practice CR as a strategy for image differentiation.

The study's aim is not to generalize. The objectives of this study is to create a picture of how companies with significant influence on the food market practice their CR and to illustrate how they use CR as a strategic tool to differentiate themselves from competitors.
The aim of this study is to address the following research questions:

- How is CR practiced in Swedish food retail companies?
- How can Swedish food retailers use CR as a strategic tool to differentiate themselves from competitiors?
- How do Swedish food retail companies use CR for differentiation?

1.4 Delimitations

The study will focus on the three largest Swedish retailers. They are of special interest due to their market capitalization and thereby market power. It is hard to generalize the study's result on all retailers due to the fact that the number of retailers is too small to make generalizations; hence no specific manual of how to practice CR will be produced. The paper is delimited to study how the companies have chosen to practice CR and therefore no communication theories will be included in the study's theoretical framework. Corporate Social Responsibility (CSR) and CR is a broad term that is used when companies practice responsible behaviour. This study only treats and describes the environmental aspect, not the social one and therefore the author has chosen not to use the term CSR. Only the term corporate responsibility (CR) will be used due to this delimitation. The study will not take into consideration customer behavior, nor will different products from the retailers be accounted for. Furthermore the concept supply chain is not included nor food retailers outside Sweden.

The focus of this study is limited to the Swedish market. However, Sweden offers a large variety of trustworthy published data that is public and easily accessible. The study focuses only on the country Sweden, which is a small EU-country in terms of population. This could result in disadvantages in usefulness; such as limitation of use of the study on companies in other countries with bigger populations or with different environmental regulations.

1.4.1 Delimitations of theories

The triple bottom line is a wellknown theory when dealing with CR as it highlights the importance that a company concentrates on all three aspects of CR; financial, social and environmental. However, as this study focuses on only the environmental aspect the theory will not be suitable. CSR communication and strategic management of corporate communicaton could have been used in order to show how companies could remain and create relationships with customers but are instead suggested as interesting topics for further research. Because of the choice not to treat the subject communication, the theories are not suitable for this study and they can guide the reader in the wrong direction and the red thread might be lost.

1.4.2 Delimitations of methods

An alternative of method could be a quantitative method but that method is not suitable for this study due to the fact that it faces the risk of being too static. The method can also ignore

environmental aspects (Walliman, 2005) that are of importance for this study. Primary data such as interviews could have been chosen in this study as a method but many researchers have used this approach before. This study is aiming to explain how the companies use CR as a strategic tool for differentiation. The analysis of the companies' sustainability reports is another way to investigate this. Because of the constraints in access to companies, the access to data from sustainability reports was chosen instead of interviews. Also the secondary data collection of documents on CR strategies became an important tool in the choice of fulfilling the study's objective.

1.5 Outline

The first chapter starts with an introduction of the topic that gives a short summary of CR. The study goes on with explaining the reason for the study and the state of the problem. Also the research questions, aim, objectives and delimitations are introduced in chapter one. Chapter two explains chosen methods that are used in chapter three and positive and negative aspects of the different choices that are made.

The third chapter defines the literature that has been chosen for the analysis. The theory in the third chapter starts with an introduction of creating shared value and continues with stakeholder theory and strategic CR that treats three different ways to practice CR, four approaches of CR and image differentiation. Chapter four describes the empirical background starting with an introduction of companies in the food retail market in Sweden and how they have chosen to practice CR. Further chapter five presents the content of the companies' sustainability reports. An observation of how they work with CR through sustainability reports is also presented. In chapter six an analysis and discussion of how CR is used as a strategic tool for differentiation are presented The last chapter, chapter seven, brings up the conclusions of the thesis and suggests future research.

1.6 Definition of term

This part will provide a definition for the term chosen that the author has used throughout this study. In order to be aware of different meanings it is important to establish a distinction to allow for the audience's understanding of the chosen term's meaning.

Corporate Social Responsibility (CSR)
In general there is confusion about the concept and meaning of CSR. The term is commonly used and it concerns the improvement of business performance on economic, social and environmental greatness and thereafter reporting this to stakeholders. CSR can be defined as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law" (McWilliams and Siegel, 2001, p. 117). CSR is a broad term and can have different approaches. CSR can be divided into social and environmental aspects (Belz & Peattie, 2012). CR is a term that often is used in studies dealing with CSR. This study assumes the term CR due to the delimitation of only focusing on environmental responsibility.

Sustainability
The word sustainability can also create confusion due to the fact that different authors define sustainability differently and it can take different approaches. In this study sustainability is connected and associated with environmental concerns and the content of the companies'

sustainability reports. When companies work with the concept sustainability they also deal with it differently. It is important that the company's corporate strategy and the environmental strategy is the same and that the environmental objectives are included within the business strategy (Heikkurinen, 2010). Therefore strategic CR has an important role when the company is dealing with sustainability.

2 Method

When a researcher creates a study the researcher possesses previous experiences, views and ideas that may impact the choice focus, method and the perspective of theories. The author's focus is not total objectivity because it is impossible. The author should rather focus on reflexivity and transparency (Alvesson & Sköldberg, 1994). The author should also keep in mind that the method is a chapter that presents unique choices of the study and therefore use the method to explain and motivate the study for the study's audience.

2.1 Literature review

Literature on CR is limited due to the fact that CR is a rather new field (Belz & Peattie, 2012). Therefore there are many aspects and definitions of CR. The literature that is discussed in the study is mainly accessed from Google Scholar and the library of The Swedish University of Agricultural Science. The literature review started with a general search with key words such as "Food retail", "Corporate Responsibility", "Strategic CR" and "Sweden". After favourable articles were obtained a screening was made to find out which articles were most suitable for the study. Afterwards a more specific and specialized search was conducted to enable a deeper analysis of the chosen topic. This investigation had a more strategic approach and in the research combinational search terms were used. The aim of this study was to use literature to inform the audience about how companies use strategic CR for image differentiation.

Most of the literature chosen was produced after the 1990s in order to get an up-to-date understanding of research in the studied field. However, some articles are older and they were chosen because CR is a new topic and some of the older published literature is stronger than the more recently published literature. The older documents are of importance from a historical point of view; therefore it is used in some parts of the paper. The review of the literature provided knowledge and insight into the topic to further identify relevant theories.

2.2 Choice of method

The choice of method is based on the idea of a holistic approach in order to reach the study's aim. In this section the chosen method for empirical data collection, theoretical framework and data analysis will be presented.

2.2.1 Qualitative method

When a study is conducted the writer can choose a qualitative or quantitative research approach (Robson, 2011). A qualitative approach can be seen as a tool for the audience to obtain a better understanding of the reality (Robson, 2011).

Robson (2011) emphasises that data collection is a central and important part of the real world enquiry. The study's empirical data was collected from three of the largest food retailers in Sweden. This data consist of the companies' sustainability reports and information from their homepages. In order to ensure comparable data; the collection of empirical data is structured by following official guidelines and key indicators. The data gathering by the companies' sustainability reports and homepages is qualitative. One asset from using archive data for an

empirical study is the large and representative sample that is obtained (Robson, 2011). A negative aspect of the collected data in the archive is the data not being collected specifically for this study; therefore the data has its limitations.

Robson (2011, p 348) stresses that "although the use of physical trace measures has never achieved much more than curiosity value in the social sciences, there has been substantial interest in the analysis of a particular kind of artefact: the document". In this study the studied documents were the case companies' sustainability reports and information from the companies' homepages.

Another method for collection of empirical data could be by performing personal interviews; based on the interviewees' practical experiences (Cooper & Schinder, 2006). This would have been a way of validating and complementing the information from homepages and sustainability reports of the case companies. The homepages and sustainability reports show how the companies have chosen to practice CR, not what they communicate, or what they want to do. Therefore they will be used for analysis of CR strategies and differentiation. Interviews with the case companies were not an option, because of constraints in resources and the striving of gaining access. The secondary data collection of documents on CR strategies became an important tool in the choice of fulfilling the study's objective.

In this study the data was collected from two various sources. The first is the companies' sustainability reports and the second is their homepages.

The study is built on a qualitative abductive research design, which is a mixture of a deductive and inductive approach. The inductive approach's (a bottom up approach) purpose is to move from a specific observation; the companies CR efforts, sustainability reports and their homepages (to find patterns) and thereafter explain and generalize in order to develop a general conclusion (Gray, 2013). The deductive approach (top down approach) starts with a broad scale of information (the study's theories about stakeholders and shared value) and thereafter narrows it down to find direct patterns (Gray, 2013).

Data can be collected for different purposes. As an example it can be collected to make comparisons, make forecasts, explore, control or measure etc. (Walliman, 2005). The data analysis approach is exploratory to enable creativity and flexibility (Robson, 2011). The thesis research questions are also exploratory. This study has a qualitative design due to the fact that CR is a complex field, given that the environment is a result of numerous factors and thereby the design needs to be flexible. Yin (2013) claims the importance of changing and improving the thesis over time and therefore, a flexible and qualitative research design is profitable (Yin, 2013). The qualitative approach is chosen, because it enables the reach of the study's aim and the description and explaination of how CR can be used as a strategic tool by Swedish food retailers.

The study is an empirically driven study, which means that the access to data could be difficult because of limited sufficient forecasting (Robson, 2011). Qualitative data and qualitative analysis are chosen for this study. Because of the author choice to conduct the research in a qualitative approach, the data collection will be collected from secondary data, a holistic single case study (Yin, 2013) and literature reviews.

2.2.2 Case study

The case in this study is a holistic single case study with embedded units, with purpose to create a deeper and better understanding (Baxter & Jack, 2008); therefore the chosen case approach in this study is to make a comparision of the three companies' sustainability reports in one case study, in order to get a deeper and better understanding of the phenomenon of how to practice CR can be a strategy for companies to differentiate (Baxter & Jack, 2008).

In an abductive approach, the author weaves the theory and empirics together (Peirce, 1990). This study consists of a case study with the purpose to produce patterns and connections of theoretical significance (Bryman, 1989). A negative aspect of a case study could appear in when the researcher analyzes at the individual subunit level. Due to this, the researcher fails to illustrate the global issue that they initially tried to explain (Yin, 2003). Another issue in case studies could be that reporting a case study is a difficult assignment because of the nature of complexity of this approach (Baxter & Jack, 2008).

2.2.3 Document analysis

In this study the empirical data consists of published documents and information from the companies' homepages. In order to analyse the empirical data, document analysis was chosen and this was also compared to existing theory.

Document analysis is especially relevant to qualitative case studies (Yin, 2013). A document analysis is a procedure that is systematically evaluating or reviewing documents (Bowen, 2009). The qualitative method document analysis demands that data has been parsed and examined to make it available to gain an understanding, elicit meaning and improve empirical knowledge (Corbin & Strauss, 2008; Rapley, 2007).

Coffey and Atkinson (1996) defined data analysis as a procedure that includes primary data; categorized to its essential components, in order to understand underlying patterns. It is important to have an analytical perspective and techniques to enable discoveries and create interpretations of the social words to investigate (Coffey & Atkinson, 1996).

In this study Thematic Content Analysis (TCA) will accomplish the data analysis. TCA is a representation of qualitative data that is descriptive (Anderson, 2007). The analysis enables the identification of common themes within the collected data (Anderson, 2007). As a result of this it is making the interpretation of data easier. TCA's process is similar to Wolcott's (1992) definition of data analysis because he does not consider interpretation of the data in the first phase of the data analysis. Coffey and Atkinson (1996) claim that different interpretations at the primary stages of the data analysis could affect the data and result in different fallouts. Wolcott's (1992) method of how to analyse data consisted of three steps; description, analysis and interpretation which will be explained shortly as follows (Coffey & Atkinson, 1996):

Description is a method where descriptive data expresses itself; thereby the data can take shape in an analytical form and the data stays close to the collected primary data.

Analysis is the step where the analysis refers to the phase that the author identifies main relationships and core issues in.

Interpretation is the phase when the author presents own interpretations about what is happening around the study subject in reality, by deciding about themes, names and illustrating them by various citations from the study's empirical data (Internet, Subvista.wordpress, 2010).

2.2.4 Identification of the theoretical framework

All theories function as research indicators (Shields & Tajalli, 2006). Heikkurinen's model of key stakeholders' approach to image differentiatation has therefore been chosen as suitable theory. It illustrates and structures the study's problem theoretically and graphically. The model illustrates how a company can create an idea of how to combine the company's and stakeholders' (external and internal) different expectations and interests of CR to form a strategic position.

The theory Shared Value, is useful for this study, due to the fact that one of the aims with created shared value for the companies, is to create long-term benefits and through this receive advantages. Long-term benefits is also the purpose when a company choses to use strategy CR for differentiation (Heikkurinen, 2010). When a company manage CR, they get the opportunity of keeping or increasing their market shares. Trustworthiness is also important if the company wants to receive long-term benefits (Heikkurinen, 2010). The company needs to meet both customers and stakeholders demand to have a positive reputation (Werther & Chandler, 2005).

Strategic CR (Martinuzzi & Krumay, 2013) has also been an important and necessary keystone during the development of this study. Specifically Martinuzzi's and Krumay's (2013) theories about how a company can respond to CR in three different ways but also the theory of the four approaches of CR have been exercised. A company can respond to CR in three ways; CR is good, CR prevents the bad or use of CR is successful. The three different ways of how to respond to CR results in different actions. The theory four approaches of CR by Martinuzzi and Krumay, enables illustration of how different approaches of CR affect the company's competitiveness and the environment.

The theories mentioned above are limited because the models are theoretical and generalized. Also, the number of chosen companies limits the opportunity to generalize the study's result. However, they can be applied in this study as theories, due to the fact that this study does not aim to create a guideline of how companies should practice CR but merely to demonstrate an idea of how three food retailers have chosen to practice CR and illustrate it through sustainability reports. The sustainability reports are chosen because they reflect what the companies have done to reduce the company's impact on the environment.

2.3 Choice of sector and companies

The food retailers are chosen due to the fact that they year 2012 together dominated and controlled 87,1 percent of the market shares on the Swedish food market (Internet, Delfi 1, 2013). Another criterion that was necessary for reaching the aim was that all food retailers should practice CR and have a sustainability report published. The intention with only one chosen sector in the study is to grasp the goal to achieve a specific result for the sector, not to achieve a result that could be generalized and applied on sectors overall.

The sector is chosen because the production and sales of food have had an impact on the environment. If a company wants to have a responsible and trustworthy brand image (Hosmer, 1995; Jones, 1995) the company needs to "walk the talk" (Freeman, 1984; Jones, 1995). The food sector has an important position on the food market; they want to ensure the customers that they can buy food at the retailers but they also need to ensure that the products are safe and healthy. They also want to be positively perceived by customers so that they keep or increase their market shares. By regulation of their environmental impact they will be perceived as an environmental "friendly" company. Many companies feel that they are more and more forced to "do good" (by law). If they make the investment now, instead for later, they can use it as a strategic advantage and gain benefits in the long run (Belz & Peattie, 2012; Hosmer, 1995; Jones, 1995).

2.4 Ensuring quality

Baxter and Jack (2008) emphasize the importance of trustworthiness in a case study. However, quality is a slithery concept and it is often easy to visualize but problematic to define (Garvin, 1988). The researcher stresses validity in a qualitative research and therefore the researcher needs to evaluate that the evidence really mirrors the reality (Gummesson, 2000). The companies that are chosen in this study are the three biggest retailers on the market but because of the number of companies in the study, it can lead to a spread of the results, which in turn can make it difficult to draw generalized conslusions of retailers that use CR as a strategic tool for differentiation. But this does not have to affect the study negatively; due to the fact that this study is not aiming for generalization.

The first part of the empirical study was based on material that Robson (2011) describes as unobtrusive measures. Robson (2011) defines unobtrusive measures as things that are left behind, or directed by humans but for an alternative purpose that the study might intend. Unobtrusive measures give indications to the human society and its value. Environmental impact could be argued as unobtrusive measures of the humans' activity and effect on the society (Robson, 2011). Unobtrusive measures could have an advantage due to the fact that the researcher has not affected the study's purpose. The weakness could be that documents may perhaps not be proposed in an original form (Robson, 2011). Therefore, before the author use the documents he/she needs to ask himself/herself for whom the document is written and created and for what purpose. Then the author can reflects if the document is suitable or not (Robson, 2011).

Some researchers argue that published documents could improve the company's legitimacy and the rhetoric can influence the attractiveness and intention (Robson, 2011). They also claim that companies use it in order to motivate customers that the company follows accepted society norms. However, if the author is aware/paying attention to these rhetoric influences while performing the content analysis he/she can overcome these obstacles (Robson, 2011).

2.5 Ethics

A discreete measure of web site documents raises few ethical circumstances. Due to the fact that the documents are public, there is no need to gain permission to use them. However, there is still a moral issue; to inform or not that the companies' documents will be used in a

particular research and for what objective. To avoid moral issues, an email was sent to the companies to inform about the study but also to welcome questions to the researcher.

3 Literature review

This chapter starts by identifying motives and offers understanding of why companies practice CR. It also addresses how companies use CR as a strategic tool. The first section introduces the definition of CR and motives for implementing CR. Thereafter shared value and stakeholder theory will be introduced. The last section treats strategic CR that could be used for differentiation.

3.1 CR and motives for implementation

Studies have shown that both in the academic and business world there is uncertainty of how to define the concept CSR (Dahlsrud, 2008). Jackson and Hawker (2001) stress that "We have looked for a definition and basically there isn't one". However contradictional, one well-known definition is created by McWilliams and Siegel (2001), which describes CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". Porter and Kramer (2006) claim that companies, which work with CR can use it as a strategy and thereby gain long term benefits. More and more companies use the CR strategy for image differentiation and thereby keep or increase their market shares (Heikkurinen, 2010). Nowadays many companies feel that they are forced to practice CR by customers and the society and they also claim that CR tasks will be required even more in the future. Therefore if a company starts to practice CR before it is mandatory they can gain an advantage against other competing companies, which haven't implemented CR (Belz & Peattie, 2012; Hosmer, 1995; Jones, 1995).

Studies show that there are three aspects of motives for CR initiatives; identifiable business benefits and risks, internal drivers as company capabitities and pressure from external stakeholders (Roberts, 2003). In table 1 motives for implementing CR initiatives (external and internal driving forces) are shown.

Table 1. Motives for CR initiatives (Chen, 2012).

Motives	Examples	Authors (year)
External drivers	Pressures from different stakeholer groups	Lippmann (1999); Dowling (2001); Roberts (2003);
Potential business benefits or risks	Reduced costs/ differentiated product and market; Damaged reputation /declined market share	Green *et al.* (1996); Roberts (2003);
Internal drivers	Corporations' leadership, business visions and companies' core capabilities	Drumwright (1994); Walton *et al.* (1998); Bowen *et al.* (2001); GEMI (2001); Roberts (2003); Rainey (2006)

Roberts (2003) emphasizes that companies are more likely to implement CR if the external concerns are related to strong pressure from stakeholders and if the concerns are the company's core business. Also governments perform a key role in supporting CR actions amongst companies (OECD, 2008). A company's internal drivers are often recognised by the company itself and it includes the company's business visions, leadership and capabilities etc. Typical examples of internal drivers are the protection and increase in brand reputation, spread of CR awareness and creation of CR-related regulations.

Environmental concern is increasing in the food market but so are also opportunities in differentiation (Winsemius & Guntram, 2002). By implementing CR into the business strategy the company can differentiate itself from other competitors, which act in the same market (Heikkurinen, 2010).

3.2 Strategic CR and image differentiation

Fombrun et al (2000) emphasizes that most companies soon will realize that they need to integrate strategic CR into their portfolio to build reputational capital. Practicing CR and "doing good" can also improve the company's brand and reputation by increasing the company's capacity to draw resources, and thereby improve its performance and build competitive advantages (Fombrun et al, 2000).

Porter (1985) stresses that a competitive strategy that has a strategic position can create barriers for competition. Heikkurinen and Ketola (2009) highlights that it is important that the company focuses to be the identity rather than trying to achieve it.

Each company has its own way to create CR. Industries and companies that have direct and massive effects on the environment are more likely to practice CR (Peng, 2006). The companies that have the best practices are companies within food, cosmetic and IT (Kotler and Lee, 2005). But Heikkurinen (2010) stresses that over time all companies have to deal with CR concerns and that it seems that all companies become more vulnerable when dealing with CR concerns. Some companies use CR as a strategy for differentiation; to make the company unique (Porter, 1980; 1985). Heikkurinen (2010) highlights that a favourable image over time can create a favourable reputation.

Studies have shown that environmental issues are something that customers care a lot about. Studies have also shown that CR is one of the top five aspects that younger people care most about (Keller et al., 2011) when shopping. Brown and Dacin (1997) emphasize that CR can frame the associations of the brand image and promote brand value. Keller et al (2011) highlights that customers want to know how the image and brand is different. The company can use their image differentiation for brand value creation to reach their target customers. There are three critations for desirability; a differentiating factor which needs to be relevant, believability associations to the customers and distinctiveness (Keller et al., 2011).

When environmental concerns increase the differentiation opportunities also grow (Winsemius & Guntram, 2002) and through a "good" reputation a company can differentiate itself from other companies. Siltaoja (2006b; 2006a) claims that CR and reputation are connected and that a company must concentrate on their key stakeholders.

The *Relevance aspect* treats whether the differentiating factor is important for the customer and if it is significant for the customers.

The *Believability aspect* stresses if the customer perceives the differentiating factor trustworthy and reliable.

The *Distinctiveness aspect* treats the brand's main source of differentiation and it is also reflecting the most preeminent fundamentals to the customer in contrast to other brands (Keller et al., 2011).

4 Theoretical framework

In this chapter the theoretical framework is introduced and it is presented with theories in general terms such as creating shared value, stakeholder theory and strategic CR. Afterward the theoretical framework is built around Martinuzzi and Krumay's (2013) four approaches of CR and Heikkurinen's (2010) model on image differentiation.

4.1 Shared value

Shared value stimulates the global economy's growth, innovation and productivity (Porter & Kramer, 2011). Shared value is a concept, which connects the company's social progress with company success. If a company wants to create shared value at the same time as they create value for the society they need to address challenges and social needs that create economic value. The concept is not about reallocating existing value, rather to create more value for multiple stakeholder groups and the society as a whole (Porter & Kramer, 2011; Maltz & Schein, 2012). Porter and Kramer (2011) argue for companies to take action to bring society and companies back together. The company should move from a traditional perspective to addressing social problems to gain economic trade-offs. The company's interest should combine social and economic benefits; rather then only a pure philanthropy or pure business interest. By combining the interests the company can gain a suitable strategy that creates benefits in the long run (Porter & Kramer, 2006).

Pressure from media and external stakeholders has resulted in companies choosing to actively incorporate environmental considerations into their business strategy (Porter & Kramer, 2011). If companies incorporate environmental considerations they also create shared value to their business strategy and this can result in that the global economy becomes more innovative and thereby grows.

Companies that are multinational and large have the opportunity and power to address and have an impact on environmental problems. Large companies' size provides them with the opportunity to impact the environment significantly compared to SME:s and thereby create shared value and due to this gain economic value (Internet, FSG 1, 2012). When a company choses to apply a shared value approach they take into consideration long-term perspectives and see the value creation from a holistic perspective. The traditional short-term thinking companies try to optimize their shareholder value and do not consider the long-term thinking. If the company applies short-term thinking they miss out on important customer needs and the external impacts (Porter & Kramer, 2011; Internet, FSG 1, 2012).

Applying a shared value approach to business practice increases the company's competitivness but it is also helpful for the environment the company operates within (Porter & Kramer, 2011). A healthy community aids to increase the demand for the companys' products (Porter & Kramer, 2011). How to implement shared value into a company's strategy is dependent on the company's geographical location and which sector the company operates within. If a company wants to work with environmental issues the company needs to start working with the shared value principles. The principles; reconceiving markets and products, redefining productivity in the value chain or developing enabling clusters can be identified through a social issue that the company wishes to address. This will result in them creating a business opportunity for the company and thereby setting up a strategy that embraces the environmental context (Internet, FSG 1, 2012).

How companies create societal shared value can be divided into three different approaches (Porter & Kramer, 2011). The first is to create shared value by *reconceiving markets and products*. The companies can also create shared value by *redefining productivity in the value chain* or *developing enabling clusters* at the company location (Porter & Kramer, 2011). To recognize the society's need of less damage on the environment the company can use the three approaches and thereby create shared value. The companies also need to ask themselves if their product/products is/are "good" for their customers.

In order to reach the *reconceiving markets and products*; the company needs to serve the existing market in a more effective way. They also need to introduce existing products into a new market, or create products that are innovative and satisfy social needs (Porter & Kramer, 2011). To *enable development of cluster;* companies and organisations need to get together and collaborate to create competitiveness. This can be achieved by providing training programs. The sector's suppliers should be working with efficient infrastructure and reliability (Porter & Kramer, 2011; Internet, FSG 1, 2012). An important factor when a company implements shared value into the company is the link between social and economic goals.

A company's value chain affects natural resources, such as water use etc. If a company evaluates the value chain the result can be a more effective chain and it can reduce the firm's unnecessary costs. The last approach; *redefining productivity in the value chain* consists of improving the product's cost and quality in the value chain. The company should also act as a steward for the nature and natural resources but also consider the quantity of the product; to obtain the ability to make responsible and sustainable decisions (Porter & Kramer, 2011).

4.2 Stakeholder theory

Stakeholder theory is one key aspect in CR and there are different elements; one of them is interaction with stakeholders (Belz & Peattie, 2012). The stakeholder theory highlights that companies are not only affected by their shareholder and owner but also by groups such as customers, suppliers, governments, environmental organizations etc. Roberts (2003) describes in his stakeholder model (figure 1) that the interest is not requited because the stakeholders have an interest in the company too; this results in that company and stakeholders are both gaining benefits from collaboration (Belz & Peattie, 2012).

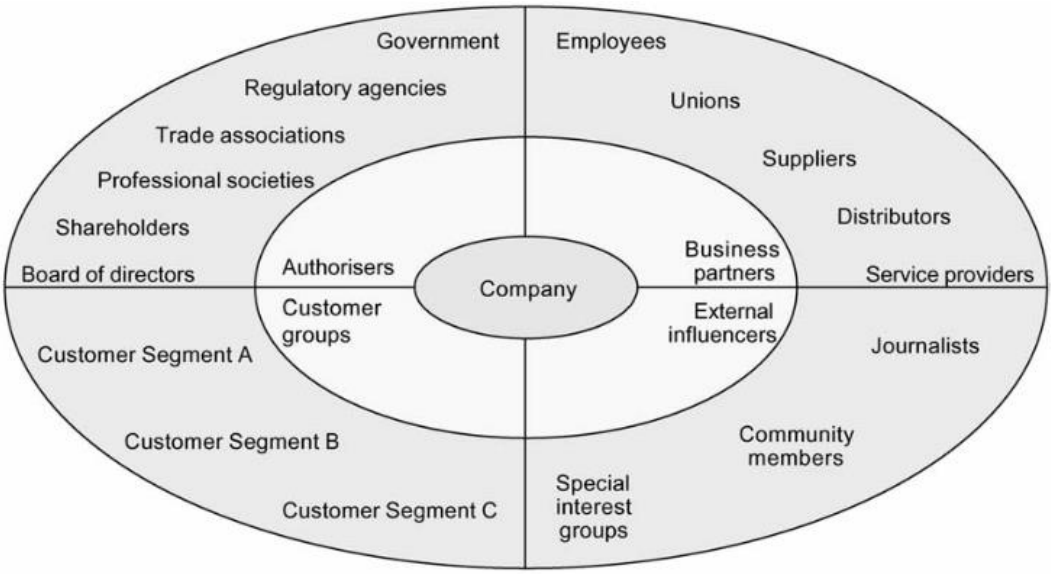

Figure 1. An illustration of the corporate stakeholder model by Dowling (2001) adapted by Roberts (2003, 162).

Since the 1990s many companies' interest for stakeholders has increased and it has been proved that involvement and expectations on stakeholders have impact on a company's economic performance (Belz & Peattie, 2012). In an effort to communicate to stakeholders the company's work within CR many companies have chosen to publish a report that indicates their good environmental deeds (Belz & Peattie, 2012). Nowadays companies are more or less forced to take responsibility for the whole value chain and they are responsible for the impact they cause (directly and indirectly) on the society because of the pressure from society but also from the stakeholders' demand (Fassin, 2011). The awereness of value is a motive for action (Freeman et al., 1988) and by addressing environmental issues through working with sustainability reports they can reciprocate the demand from stakeholders and society. By understanding sustainability marketing the company can partner beyond the relationships with the customers and stakeholders. The understanding of sustainability marketing also improves environmental enforcement, however the company is in need to partner with the whole supply chain to gain the benefits (Belz & Peattie, 2012).

A central tool when companies practice corporate responsibility is stakeholder management due to the fact that the stakeholder management can strengthen the company's business ethics (Fassin, 2011). By using the stakeholder model the company can analyze external and internal relationships in the organization (Lewis, 2007). By including corporate responsibility into the stakeholder model it takes into account a variety of actors in the company's operations (this can be seen in Figure 1) (Roberts, 2003). The model (Figure 1) illustrates the relationships between different actors when they operate in the company's environment. Thereby the concept CR consequently interacts with the stakeholder model.

The stakeholder theory can be illustrated in three aspects. In the model (Figure 2) there are three different subdivisions; a normative, descriptive and an instrumental approach (see figure 2). However, the first approach; the normative approach emphasizes how a manager can integrate the moral and ethical aspects when he/she works with stakeholders (Lewis, 2007). Secondly the descriptive approach brings light upon the internal stakeholders and the third approach of the stakeholder theory model; the instrumental approach focuses on outcomes of certain inputs. One certain input could be adopting behavioural changes (Lewis, 2007). The

instrumental approach illustrates the possibility of certain outcome from certain actions of the project that the company operates in (Lewis, 2007).

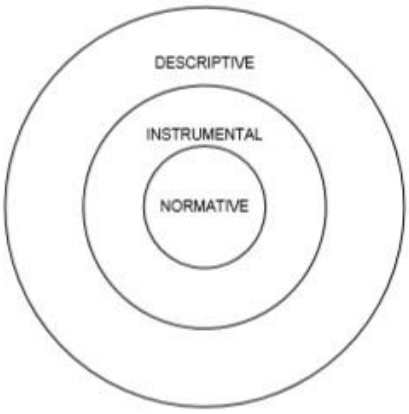

Figure 2. Illustrates the three aspects of stakeholder theory (Donaldson and Preston, 1995).

However, the theory is a social-science context theory. It is based on the contingency theory that claims that the company's outcomes can be predicted if they are based on certain behaviour (Jones & Wicks, 1999). If the company wants to get an understanding of sustainability marketing it is important that they partner beyond the relationships with the customers. If the company wants to improve social and environmental enforcement; the company is in need of partnering with all actors in the whole supply chain. (Belz & Peattie, 2012).

By applying the stakeholder model the company can gain positive reputation and acknowledgement and therefore it can result in strategic advantages for the company (Roberts, 2003). If the company reputation is efficient it can result in bottom line benefits (Roberts, 2003). Belz and Peattie (2012) indicate that the stakeholder theory stresses the benefits of collaborating with stakeholders to increase the environmental enforcement. They also emphasize that if companies can identify the opportunity of collaboration strategies this can result in the strengthening of the companies that collaborate on the market (Belz & Peattie, 2012).

4.3 Strategic CR

Carroll (1979) highlights that corporate responsibility (CR) is a voluntary task and CR is nothing law and regulation command a company to perform. However, companies tend to practice more CR than regulations and law require (Carroll, 1979). Practicing strategic CR can be one of many ways to implement corporate responsibility into the business strategy. By using strategic CR the company aims to create a win-win situation; both the company and the planet can gain benefits from CR in the long run. When a company uses CR in different missions; the firm's effectiveness can increase (Burke & Logsdon, 1996). Moreover different companies have a diverse case of CR; not all industries behave in similar action patterns.

Practicing CR management is about ensuring that a company survives in the long run and in order to get the availability to maintain short-term profits and benefits a company must start

striving toward CR with small steps (Heikkurinen, 2010). However, the company needs to change the whole thinking process (values) and find their way to implement it through their whole value chain. Many companies' associate CR with something that the marketing department should take care of. A marketing department being in charge of CR would probably harm the benefits from CR (Heikkurinen, 2010). A company that focuses on CR and is environmentally responsible can easily reduce costs by using their resources more efficiently.

In the past CR was associated with a giveaway perspective but during the years the perspective has changed and now it is a well used strategic tool for companies (McElhaney, 2009). Strategic CR is a tool consisting of philanthropic activities that benefits strategic business goals socially and financially (Belz & Peattie, 2012). Thereby strategic CR can strengthen the relationship between the company and its key actors (Belz & Peattie, 2012). The authors Martinuzzi and Krumay (2013) claim that CR can be practiced in four different approaches; project-oriented CR, quality-oriented CR, strategic CR and transformational CR (see figure 3). A company can respond to CR in three different ways (Martinuzzi and Krumay, 2013):

- CR is good: The company associates CR with "doing good" and the company engages in actions such as donating to environmental oganizations, society and projects in developing countries. The company can communicate this kind of information easy and they communicate it to the public.
- CR prevents the bad: Most companies think that child labour or being responsible for environmental disasters is a "dirty" and "bad business". By practicing CR the company can prevent "bad business".
- Use of CR is successful: The corperation using CR as a strategic tool and through this geting an opportunity to create shared value. Here the company also "rethinks" the business and includes environmental issues into ther operation agenda.

The four approaches of CR

CR can be seen in four different approaches. Different approaches affect the company and its competitiveness and the environment differently (figure 3). At the top with the project-oriented CR approach, the impact on the company and its competitiveness, society and environment is low and it is easy to communicate and evaluate. The impact on the company's competitiveness, environment and society increases the further down in the figure one goes and at the transformational CR approach the company has developed the capabilities for dialogue and flexibility (Martinuzzi & Krumay, 2013).

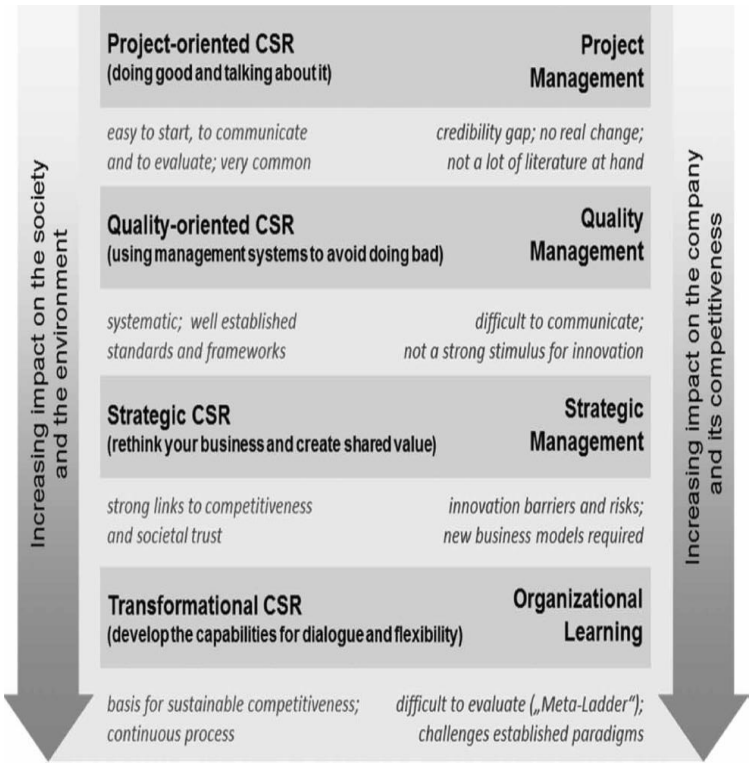

Figure 3. A stage model of CR, four approaches with different attitudes (Martinuzzi & Krumay, 2013, p 437).

Project-oriented CR

In this approach the company has the attitude of "doing good" and they focus on how the project is shaped and what target groups they focus on varies (Martinuzzi & Krumay, 2013). During this approach the company has rather easy to communicate to the public that their project is "doing good". However, this approach is not so risky to perform and due to this it has a limited duration and the project of "doing good" has a start and end at certain points in time (Martinuzzi & Krumay, 2013).

In the project-oriented CR approach; consistency is a key in the company's branding and communication. By being consistent in the communication the company can provide value and due to this communication to the public could increase the engagement towards the companys stakeholders (McElhaney, 2009). By implementing quality management systems the company can avoid "doing bad" and through creating audits and standards the company can put pressure on suppliers or impose code of conducts (Martinuzzi & Krumay, 2013). Martinuzzi and Krumay (2013) highlights that no company wants to be accused or associated with doing something bad but it is tricky for the company to know how much and how far responsibility goes for a single company.

Quality and strategy oriented CR

This approach is more connected to creating shared value than the previous approach. Strategic CR approach can be described as "rethinking" the business, which means to include the environmental aspect in the strategic decisions (Martinuzzi & Krumay, 2013). The environmental aspect can be managed in a similar way as a strategy for research and development, marketing and investments (McElhaney, 2009). Practicing CR in a strategic

manner limits the short- or mid-term changes and results in long-term changes (Direction, 2003; Martinuzzi & Krumay, 2013). If the company creates a link between competitiveness and CR they can improve their relationships with their stakeholders; it can result in the creation of shared value. By using this approach CR can be more integrated into the company's strategic business decisions (Martinuzzi & Krumay, 2013). When a company collaborates with stakeholders there is a risk that one or some stakeholders feel upset, and this can result in a threat or risk for the company because a stakeholder that feel upset can work against the company. To overcome these risks the company benefits from using a strategic CR approach and from being responsive to its stakeholders but also through improving their relationship to their stakeholders by creating the link of competitveness and CR (Martinuzzi & Krumay, 2013).

Transformation oriented CR

The last approach to CR is about "staying flexible"; which means that the company needs to be able to overcome a narrow outlook and stick to a standardized route. By using the company's collected knowledge the company is able to learn and transform experiences, through this the company can increase their capacity to manage new challenges but also to gain competitive advantages (Martinuzzi & Krumay, 2013).

McElhaney (2009) claims that many customers search for more than a transaction, meaning that customers are looking for a relationship when they buy their products. By practicing CR the company has an advantage to build this relationship. However by introducing CR in an early stage the company may increase their competitiveness (Martinuzzi & Krumay, 2013). Project-oriented CR and transformational CR gives different challanges due to the fact that in the first approach; the company is acting by itself and in the transformational CR approach the company acts together with others (Martinuzzi & Krumay, 2013).

Highlighted in the figure (Figure 4), a company can practice a *responsive CR* or *strategic CR* approach (Belz & Peattie, 2012). When a company applies a strategic CR point of view the company focuses on environmental issues and these can be divided into three categories; general environmental issues, value chain environmental impacts and environmental dimensions of competitive context, as can be seen in Figure 4 (Belz & Peattie, 2012).

Generic social impacts describes generic environmental issues that are significant and important for society. However the issues may not be significantly affected by the company's operations; or influenced by long-term competitiveness (Belz & Peattie, 2012).

Value chain social impacts is the category that is built upon environmental issues that are specifically affected by companies' activities in the ordinary pattern of making business (Belz & Peattie, 2012). Moreover, in this category the whole product life cycle (from cradle to grave), or the entire value chain, has to be included and taken into account (Belz & Peattie, 2012).

Social dimensions of competitive context; the third and last category explains environmental problems that certainly are affecting the underlying drivers of competition (Belz & Peattie, 2012). Environmental problems vary by company, sector and geographic region. A retailer can be affected if the environment issues appear in another country, due to the fact that they may import or produce goods from these regions. The retailer can also be dependent on another country's agriculture and competitive factors etc (Belz & Peattie, 2012).

How to identify and prioritize environmental issues sets the ground for a consistent agenda. However, the agenda has to be responsive to stakeholders and stakeholders' expectations. This is moving beyond good company citizenship and impacts from mitigating harmful value chains (Belz & Peattie, 2012).

Figure 4. Responsive and strategic approaches to CR (Porter & Kramer, 2006).

Belz and Peattie (2012) highlight that strategic CR transforms the value chain activities to reinforce a competitive stategy but also to benefit society. One example of that is Whole Foods Market that serves natural, healthy and organic food products to its customers. By using this strategy the company gains a strategic approach to CR and due to this they add environmental and social dimensions to the company's value position (Belz & Peattie, 2012).

4.4 Image differentiation

The definition of image differentiation is when a company wants to differentiate themselves from other competing companies. Image differentiation is important for the company because it enables the creation of create barriers. The barriers can result in customer loyalty and act as protection against imitation. Through this the company can gain and exploit competitive advantages (Boehe & Cruz, 2010). Companies can differentiate themselves, by for instance increasing their innovative features, offering their customers higher quality standards, increasing their technological refinement, accomplishing higher customer service or improving their image (Boehe & Cruz, 2010).

A company can adopt an environmentally responsible character through shared value with the company's stakeholder and therby the company will be reflected as having a responsible image. This leads to a strategic position for the company and through this they can differentiate externally and internally from competitors (Heikkurinen, 2010).

When a company practices CR as a strategy; the company can create a differentiation strategy that differs from other companies and by that be unique, which can result in putting other companies out of business. By accomplishing this, the company can obtain a premium price (Porter, 1980; 1985; McWilliams & Siegel, 2001) and due to the fact that environmental

concerns are increasing; so are also differentiation opportunities (Winsemius & Guntram, 2002).

A company can use its “good” reputation to differentiate itself from other competitors but then the reputation should be built upon positive associations. The reputation is built upon history, efficiency, morality, the physical product, public image and human resources management (Siltaoja, 2006b). Thereby a favourable image is one way to create a favourable reputation. But Pruzan (2001) claims that an image that creates an alone external image may not result in a preferred outcome. It is important that the organization and its performance are associated with reflection rather than internal identity (Pruzan, 2001). Heikkurinen and Ketola (2009) consider that it is important that the companies focus on being their identity rather than trying to regulate it.

Reputation and CR are connected by the value theory. Reputation is also a context-linked issue, just like CR (Siltaoja, 2006b; Siltaoja, 2006a). Therefore a company cannot meet all stakeholders’ expectations and because of this the company’s image needs to correspond with its stakeholders’ needs and values. It will concentrate on the key stakeholders (the ones that matter the most) (Halme et al., 2009). Porter (1985) stresses that since only the acknoweledged and experienced value matters when a company is dealing with stakeholders; strategic CR the marketing of the company has a significant and important role.

By creating corporate image the company can create value to its stakeholders. Environmental marketing indicates to improve differentiation based competitive advantages and allow possible cost savings (Heikkurinen, 2010). However by producing competitive advantages by using differentiation based positioning targets as environmentally sensitive stakeholders; the company now collaborates with stakeholders, who can relate and understand the focus strategy. It is important that the corporate strategy and environmental strategy is the same; otherwise the advantage opportunities for the company will vanish. Ketola (2007) suggests that the company’s environmental strategy is the corporate strategy. To achieve a successful environmental image differentiation the potential buyers and stakeholders must be completely aware of values and environmental actions. If they aren't aware of it, it might lead to that the company is doing business with a company without such attributes as mentioned above (McWilliams & Siegel, 2001).

An environmental image in internal differentiation is favourable in order to increase employee motivation and cost savings. An environmentally responsible image in external differentiation can result in better reputation, such as greater customer loyalty and more favourable suppliers and partners (Heikkurinen, 2010). A company building their image reputation through communication (supply) should be based on actual CR actions because a real reflected image is more likely to lead to desired result than an image that is pragmatic. The company’s responsible identity is reflected by CR actions. Thus Heikkurinen (2010) claims that the responsible identity is an outcome of internalized CR-values through the whole value chain of the company. Moreover the company is an identity associated with responsibility and it is built upon the company’s whole value chain (Heikkurinen, 2010).

Five different levels drive a company and this is directly linked to the company’s aggressiveness toward CR (Heikkurinen, 2010). At the first level (the micro level); a company operates under expectations from stakeholders and individuals. At the second level (the industry level); a company is pushed towards CR from its competitors and partners. The third level (the macro level) illustrates how a company is required to provide CR by

regulations and law in the society. The global level is the highest level and it explains how a company is is pushed toward CR due to that that the present ecosystem is hurt and fragile and due to this fact companies need to protect it (Heikkurinen, 2010).

Ansoff and McDonnell (1990) have identified five levels of strategy aggressiveness; passive, reactive, proactive, entrepreneurial, and creative aggressiveness and the author Ketola (1992; 2005; 2008) has divided these into CR and environmental strategies. The CR levels, reactive, proactive and passive, are reliant on an environment that is competitive. However, creative and entrepreneurial CR are less dependent on a competitive environment as can be seen in the figure below (Figure 5).

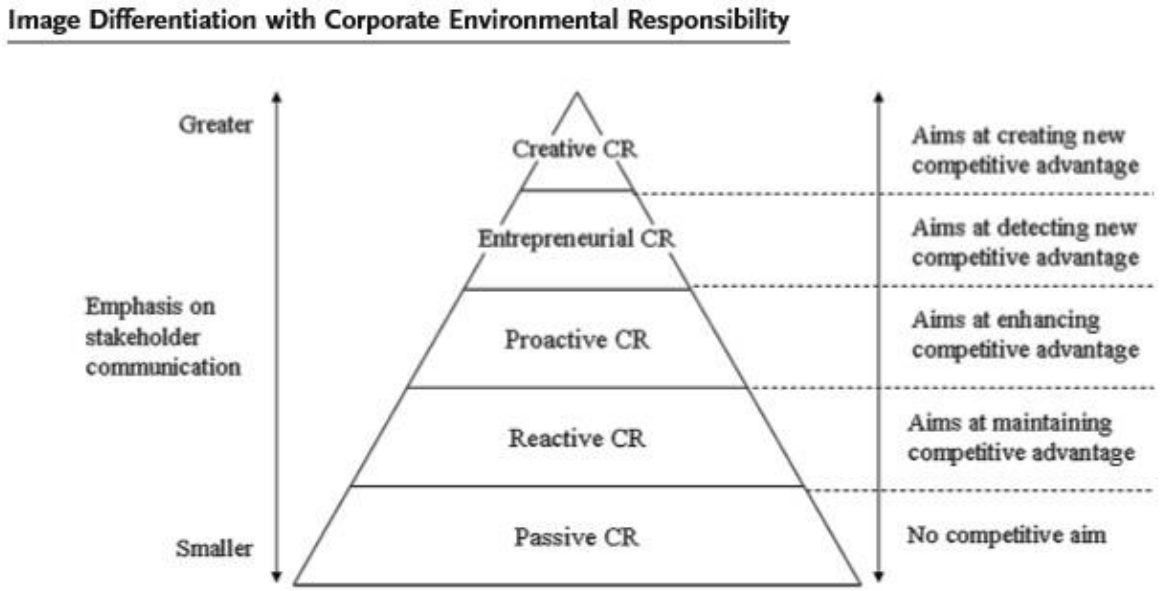

Figure 5. Five levels of CR aggressiveness and competitive aims (adapted from Ansoff & McDonnell, 1990; Ketola, 1992; 2005).

Heikkurinen's study (2010) identified that each of the CR levels have competitive aims as seen in Figure 5. Managers/leaders need to determine their competitive aims because these aims must regard the company's CR in order for them to be able to act. Heikkurinen (2010) emphasizes that when a company turns up their aggressiveness of CR they need to focus more on stakeholders' communication (words), as seen in Figure 5. The five different levels of CR lead to the figure of five levels of CR aggressiveness and competitive aims; the holy trinity of CR (value-actions-words) by Ketola (2006b).

5 Empirical background

In this chapter the background of the empirical study is introduced and its focus on corporate environmental responsibility. The chapter starts by presenting the use of sustainability reports for Swedish food retailers and thereafter an introduction of the case companies and their CR strategy will be presented. This study will only focus on the companies' sustainability reports and not media publications or their homepagse in order to have a red thread and remain focus on how they use their sustainability reports for differentiation.

5.1 Use of sustainability reports

The three case companies all emphasize that they use the tool GRI and that they work with sustainable development in their reports but their definitions of sustainable development differ. Axfood's report defines sustainability according to the United Nations' (UN) definition "A development that meets the needs without adventuring future generations opportunities to satisfy their own" (Internet, Axfood 1, 2014, p 5). Coop defines sustainable development as "The long term financial, social and environmental results of how we convert the mission statement and our values within the business" (Internet, Coop 2, 2009).

ICA has no definition of sustainable development but the company applies three key words in their sustainability work: *Transparency,* which means that they should concern about the society as whole. *Trustworthiness,* they should always reflect over their responsibility and highlight their strengths and weaknesses. The last one is *Traceability,* which means that they need to know where their products have been produced and under which circumstances their suppliers' businesses are conducted (Internet, ICA 4, 2015). To do "good" ICA has for example chosen not to have own trucks. Instead they are outsourcing their transportation to external haulage (Internet, ICA 1, 2014).

What the Swedish companies should be accounting for in their reports extends more and more, and through this more aspects need to be included in the annual report; the company's impact on the environment and society is one of them. According to the Swedish annual accounts act (SFS 1995:1554) a company that makes businesses which impacts on the external environment must always submit it, for example in a report (SFS 1995:1554).

Nowadays companies stress in media and in their sustainability reports how important it is to work with sustainability if the company wants to keep and gain market shares (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014). The trend of consuming organic and sustainable products is increasing and retailers emphasize that the consumers demand sustainable products; otherwise they will stay loyal to the company.

Many companies have started to use the company Global Reporting Initiative's tool Global Reporting Index (GRI) for reporting aspects that impact the environment. GRI is an organization founded in 1997 and the organization's purpose is to influence companies so that they include environmental aspects in their annual reports and to push the companies to act in a long-term manner. The tool GRI aims to measure, illustrate and calculate the compay's goal towards sustainable development (Internet, Globalreporting, 2015). If a company wants to be published on the Global Reporting Initiative's homepage they need to fulfill some criteria. The company's sustainability report should include the following (Flening, 2005, p 39):

- A description of the company's strategy and vision for their sustainability with a statement from the CEO.
- A description of the company's steering, organization and a stakeholder dialouge.
- Description of the company's business, structure and the extent of the accounting.
- Different key ratios and indicators for the three sections within sustainability; which is environment, social and financial questions.
- At last a table which shows where GRI's different indicators have been chosen to be placed; which is the index for the content.

5.2 Presentation of the case companies

In the following section the companies will be introduced and also a brief presentation of their sustainability strategy will take place. This is in order to give a background for the case study, which will be presented in the next chapter, focusing on what the companies do to practice CR.

5.2.1 ICA

The company ICA is a joint venture company and has two core shareholders; the Dutch company Royal Ahold NV and Hakon Invest (Internet, ICA 2, 2012). ICA was founded in 1917 and they possess the biggest market share (50 per cent) within the food market and the company has more than 20 000 employees (Internet, ICA 2, 2012; Internet, Delfi 1, 2013).

One of ICA' strategic choices is to be the best company within sustainable business (Internet, ICA 5, 2015). ICA has integrated the sustainability strategy into their business strategy and ICA wants to construct a trustworthy brand, which is beneficial for the company in the long run (Internet, ICA 5, 2015). One of ICA's focuses is to reduce the company's impact on the environment and ICA wants to increase the sales of organic, certified and sustainable products (Internet, ICA 5, 2015). ICA communicates that they work for a more sustainable environment and to achieve it, they, for example, work with different projects to increase their awareness of the whole supply chain (Internet, ICA 1, 2014). ICA also emphasizes that the company depends on a sustainable environment, because without it ICA will have a hard time to produce and make business in the long run (Internet, ICA 1, 2014). Therefore ICA has integrated environmental matters into their daily business within their stores, logistics and offices (business strategy) and ICA uses certifications as a tool to achieve a sustainable environment (Internet, ICA 1, 2014).

ICA's corporate strategy consists of six long-term and strategic themes but ICA also have short-term objectives. ICA's six strategic themes are as follows (Internet, ICA 3, 2015);

- Strengthen customers loyalty and brand position
- Strengthen and widen ICA's customer offering
- Develop and widen ICA's sales channels
- Simplifying ICA's business
- Engage and develop ICA's employees
- Be the best company in Corporate Responsibility

5.2.2 Coop

Coop is a cooperative company and was founded in 1899 and has 21,3 percent of the total market share on the food retail market (Internet, Coop 4, 2014; Internet, Coop 1, 2014; Internet, Delfi 1, 2013). The company is the oldest company within Swedish food retailers (Internet, Coop 3, 2014) and Coop has 3,4 million members (Internet, Coop 4, 2014) and 2012 they had around 12 000 employees in Sweden (Internet, Coop 1, 2014).

Coop's definition of sustainable development is long term responsibility for environment, ethic and social and financial questions (Internet, Coop 6, 2015). Coop is owned by its members and one of Coop's most important stakeholders is Coop's customers. The food retailer wants to be the best within sustainable development on the Swedish food market. They also want to integrate their sustainability work into their business strategy.

Coop is using eight strategic objectives to reach their corporate strategy. The objectives are (Internet, Coop 1, 2014):

- Have long-term sales
- Offer a strong customer promotions and be the first choice for families with children
- Be a sustainable and profitable company
- Improve Coop Sweden centrally to gain profit in the whole Coop-system.
- Stores should have a long term operating margin of 2%
- Have a strong business network with upgraded stores
- Three clear formats for the stores: daily shopping, big trade, and for supplementing commerce
- Be an attractive employer. The employees should enjoy their work and be able to develop themselves (Internet, Coop 1, 2014)

5.2.3 Axfood

Axfood is a food retailer which was founded in 1999 and Axfood claims around 15,8 percent of the total market shares on the food market (Internet, Axfood 3, 2015; Internet, Axfood 1, 2014; Internet, Delfi 1, 2013) and there were 8 481 employees in the concern Axfood in 2014 (Internet, Axfood 3, 2015). The company communicates in their sustainability report that they work for a more sustainable environment and to achieve this they, for example, work with projects to be more aware of the whole supply chain (Internet, Axfood 1, 2014).

Axfood emphasizes that by dealing with sustainability matters with a long-term perspective they are able to increase the opportunity to create "the right" offers to the customers, which leads to more beneficial business for Axfood (Internet, Axfood 1, 2014).

Axfood uses five strategic objectives to reach their corporate strategy (Internet, Axfood 3, 2015). The objectives are created to achieve value for stakeholders and investors. The strategy concentrates on sustainable development, profitable growth and a cost effective organization (Internet, Axfood 3, 2015).

The five strategic objectives are (Internet, Axfood 3, 2015);

- Customers
- Profitability
- Growth
- Sustainable development
- Employees and the organization

6 Results

The chapter starts with a presentation of the case companies' empirical data gathered from their sustainablility reports. The data consists of main values, the companies' CR strategy and how they practice CR. This chapter will also emphasize environmental management.

6.1 ICA

ICA has chosen to focus on doing "good business" as their sustainability strategy because their customers demand that the company operates in a more sustainable way (Internet, ICA 3, 2015). ICA aims to create a strong platform to stand on and they think that environmental sustainability is one way to create this. ICA stresses that they help customers to make sustainable choices through cooperation, marketing and pricing (Internet, ICA 1, 2014).

ICA claims that through a distinct strategy they can increase their market shares and be a well-established retailer also in the future. The company stresses in their sustainability report that they want to have strategies that focus on long term commitments (Internet, ICA 1, 2014) and that they can gain long term benefits by working for a more sustainable environment.

6.1.1 Sustainability and brand

ICA aims to constantly increase their ambitions in their sustainability work. There are six areas, which are most important to ICA and it is quality, environment, business, community involvement and ethics (Internet, ICA 3, 2015). They use these areas to strengthen their brand image and they hope through this to create value for the customers and the society as a whole (Internet, ICA 3, 2015).

ICA uses "good businesses" to incorporate sustainability work into their business model. Because of this the "good businesses" could be seen as a business strategy. ICA's "good businesses" include seven values ICA bases its brand image on (Internet, ICA 4, 2015);

- Operate with profitability and satisfying ethics
- Listen to their customers and always proceed after the customers needs
- Protect diversity and development along employees
- Have an open dialogue internally and with the outside world
- Ensure quality and secure products
- Support healthiness and good edibles
- Promote for a sustainable development and environment

The values above can be divided into three main principles; credibility, traceability and transparency (Internet, ICA 4, 2015).

6.1.2 Stakeholders

ICA stresses on their home page that the customers are a very important stakeholder for ICA and therefore they try to adjust their retailers after the customers' opinions (Internet, ICA 5, 2015). ICA also claims that they are constantly working to understand their customers'

demands; something that sometimes can be hard to measure. A survey made by the Swedish quality index shows that the more ICA listens to their customers the more loyal they are to the company (Internet, ICA 5, 2015).

ICA aiming to strengthen customer loyalty. ICA presents in their report that they are aware of which their stakeholders are and why. ICA also emphasizes that different stakeholders demand different types of sustainability work and ICA thinks that external stakeholders' opinions is important key for ICA's future improvement (Internet, ICA 1, 2014). To achieve satisfy stakeholders ICA every year makes a "heat map" to identify which areas which is the most important for the company and thereafter they stagnates ICA's sustainability work (Internet, ICA 1, 2014).

For ICA it is of importance that their stakeholders achieve environmental certifications to be environmental sustainable also in the long run (Internet, ICA 1, 2014). ICA is working with different stakeholders (banks, cooperations, KRAV etc) to ensure and increase their market shares but they do not explain or illustrate how they achieve this (Internet, ICA 1, 2014). They also cooperate with other companies and organisations (WWF, Red Cross, Childhood) and ICA is also involved in different projects to ensure environmental sustainability (Internet, ICA 1, 2014). ICA emphasizes that their customers demand local produced food and therefore they aiming to increase ICA's assortment of local produced food. ICA has also started a project with the organisation the farmers' national association, in order to be able to provide local produced food to their customers (Internet, ICA 1, 2014).

6.1.3 Carbon emissions

ICA is working to increase their credibility and therefore they have different objectives they want to achieve before a certain date. ICA has published their sustainability reports since 2012 and one of their objectives is ICA's climate impact. In 2020 they aim to have decreased their climate impact by 30 per cent compared to 2006 (Internet, ICA 3, 2015).

Since the year 2006 ICA has reduced their emission of greenhouse gas by 31 per cent and thereby they have reached one of ICA's sustainability goals (Internet, ICA 1, 2014). From 2013 to 2014 they have reduced their emission of greenhouse gas by 13 per cent. ICA owns their inventory and transportation and therefore they can affect it to a broad extent and through this cut unnecessary costs (Internet, ICA 1, 2014).

6.1.4 Transport

ICA's total fuel consumption for 2014 amounted to 34 826 thousand litres and they had a waste of 77 149 tonnes. In year 2014 ICA used 1 459 816 MWh and they had a carbon dioxide emission of 237 496 tonnes which is an abatement from 2013 by 39 319 tonnes (Internet, ICA 1, 2014). However also their spill of carbon dioxide within transportation has decreased from year 2013 to 2014 with 635 tonnes.

ICA works since many years with efficiency of their distribution and infrastructure. This is another objective they want to reach. ICAs cars drive about 100 000 kilometres per day only in Sweden to deliver ICA's goods. Furthermore transportation is an important issue to ICA (Internet, ICA 5, 2015). ICA wants their stakeholders within transportation to achieve environmental certifications to be environmental sustainable in the long run (Internet, ICA 1, 2014). ICA has also started to optimize their product packaging (less air in the package etc) so

they can reduce unnecessary transportation. Hence, this can be an issue for ICA because they do not have own trucks (Internet, ICA 5, 2015) and due to this they are dependent on the company they are outsourcing to. ICA uses GPS for register the trucks driving pattern and because of this they can reduce the miles of transport.

6.2 Coop

Coop is a cooperative, which is industry leading in sustainability and Coop wants to be associated with as the "excellent force" within the Swedish food market. They have chosen to focus on making customers associate their brand with a sustainable image; this to ensure future position on the food market (Internet, Coop 1, 2014). Coop also wants to have a clear product brand. They can see an increasing trend in organic food and claims that customers nowadays more or less demand only sustainable products.

Coop also stresses that they hope that they can ensure market shares in the future through their own brands' products (Internet, Coop 1, 2014). Coop put a lot of efforts into their own brands. Coop also stresses in their sustainability report that they want to focus on long-term alternatives and to be trustworthy to their customers. The company also wants to focus on a long-term perspective as they think it is beneficial for the future rather than applying short-term solutions (Internet, Coop 1, 2014).

6.2.1 Brand

Coop mentions in its sustainability report that the company has a business strategy but it is not published publicly. In Coop's sustainability report they stress that they have a focus on in total eight strategic objectives (Internet, Coop 1, 2014);

- Coop wants to have long-term sales
- Coop wants to offer strong customer promotions and be the first choice for families with children
- Coop Sweden should be a sustainable and profitable company
- Improve Coop Sweden centrally to gain profit in the whole Coop-system
- The stores should have a long-term operating margin of 2%
- Coop Sweden should have a strong business network with upgraded stores
- Coop should have three clear formats for the stores. For daily shopping, big trade, and for supplementing commerce
- Coop Sweden should be an attractive employer. The employees should enjoy their work and be able to develop themselves (Internet, Coop 1, 2014)

These objectives should be met before year 2017 in order to be a sustainable company (Internet, Coop 1, 2014). These objectives focus on Coop's overall business. Through the objectives Coop wants to ensure that they fulfil their vision and their promises to customers.

To be able to reach sustainability and a sustainable business within the company Coop has three core areas, which they focus on, and they are more concentrated on the retailers (not

external areas as transportation to the retailers etc); the core areas are (Internet, Coop 1, 2014);

- Sustainable assortment
- Sustainable stores
- Sustainable suppliers

6.2.2 Stakeholders

Coop stresses in their sustainability report that customers are an important stakeholder for Coop. Therefore they try to adjust their assortment in their stores after the customers' demand. Coop is aiming to strengthen their customers' loyalty to the company (Internet, Coop 1, 2014). Coop is cooperating with different stakeholders (We effect, WWF, Fairtrade, KRAV etc) to create a more sustainable environment and to ensure and increase Coop's market shares. However, they never explain or illustrate how they achieve this (Internet, Coop 1, 2014).

6.2.3 Carbon emissions

To reduce environmental impacts and be more effective Coop has chosen to have their main terminals in the middle of Sweden in order to be close to their stores and cut unnecessary costs (Internet, Coop 1, 2014). However, Coop's sustainability report from 2014 stresses that Coop has increased its total emissions during 2014 with 6 per cent but they have also reduced some parts of their emission (Internet, Coop 1, 2014). Greenhouse gas emissions from transportation hace during 2014 been reduced by 11 per cent. Coop claims that they during year 2014 have focused on transporting their products by train instead of trucks and thereby been able to reduce some of the greenhouse gas emissions (Internet, Coop 1, 2014).

Coop's total waste (including all aspects such as organic and inorganic) has been reduced from 46 121 tonnes to 45 765 tonnes during the year 2014. However, they do not stress the total fuel consumption for year 2014 in their sustainability report for year 2014 (Internet, Coop 1, 2014). Coop's carbon dioxide emissions have been increased from 41 304 tonnes to 45 153 tonnes during 2014. Coop has not presented its MWh use for year 2014 (Internet, Coop 1, 2014).

6.2.4 Transport

Transportation accounts for 65 per cent of Coop's total greenhouse gas emissions and to reduce the company's impact on the environment they have started to transport their products by train (Internet, Coop 1, 2014). This has resulted in that they under year 2014 decreased the greenhouse gas emission by 11 per cent.

6.3 Axfood

Axfood aims to be the best retailer in the food sector and therefore their sustainability strategy is to have a long-term perspective with a clear follow up (Internet, Axfood 1, 2014). Axfood claims in their sustainability report that they are operating for a more sustainable

environment; an environmentally friendly strategy may be an alternative for becoming the best retailer in the Swedish food market. To form and create their strategy Axfood practices UN's definition of sustainability.

6.3.1 Brand

Exacly as ICA and Coop Axfood can see an increased demand along customers for sustainable products and choices (Internet, Axfood 1, 2014) they can also see that working for a sustainable environment can benefit them.

The company also has a sustainability programme, which include objectives that could be measured both in the short and long run (Internet, Axfood 1, 2014). Axfood relates their sustainability work after UN's definition of sustainable development, which is (Internet, Axfood 1, 2014):

- Human rights
- Working conditions
- Environment

Axfood adapts their business after their environmental policy and they are also applying the precautionary principle when dealing with environmental risks (Internet, Axfood 1, 2014). Axfood stresses in their sustainability report that one of their biggest challenges is the climate issue (Internet, Axfood 1, 2014) and it is also a very important matter for Axfood because climate changes affect their food production and Axfood's image. They also emphasize that their sustainability work must be trustworthy because it is influencing the customers' reliance (Internet, Axfood 1, 2014).

6.3.2 Stakeholders

Axfood also works with external stakeholders in projects and the projects are created to increase the environmental sustainability. Axfood's projects are practiced in different developing countries (Internet, Axfood 1, 2014). They collaborate with organisations in Morocco and they have visited Indian teaplantations, which the rainforest alliance has certified. Axfood is also a member of the organization Business Social Compliance Initiative (BSCI) (Internet, Axfood 1, 2014) and Axfood collaborates with Save the Children (Internet, Axfood 2, 2015).

The company has created five strategic objectives as a strategy to ensure value for stakeholders and investors (Internet, Axfood 3, 2015). The five strategic objectives are (Internet, Axfood 3, 2015);

- Customers
- Profitability
- Growth
- Sustainable development
- Employees and the organization

The strategy starts with the experience of the customers and is oriented to sustainable development, cost effective organization and profitable growth.

6.3.3 Carbon emission

During year 2014 Axfood reduced their carbon dioxide emissions from transportation by 11 per cent and they went from an emission of 10 207 tonnes to 9 636 tonnes. Axfood strives to be climate neutral by year 2020 (Internet, Axfood 1, 2014). Axfood has increased their MWh use from 16 264 tonnes to 25 435 tonnes during year 2014. However, Axfood does not stress in their sustainability report the total emission of greenhouse gas; neither their total use of fuel consumption for 2014 (Internet, Axfood 1, 2014).

6.3.4 Transport

Axfood works with their product packaging to reduce waste and environmental impact. By optimizing the packaging the company can use less material, reduce air from the packaging and recycle the products easier (Internet, Axfood 1, 2014). They can also decrease the impact of their transports due to the fact that they can transport more products but use smaller quantity of trucks, which can reduce unnecessary costs and as a result each packaging has less impact on the environment. Axfood stresses in their report that Axfood's concern under year 2014 should beto reduce the traveling with airplane by 15 per cent and Axfood should travel with bus or train instead of plane (Internet, Axfood 1, 2014).

7 Analysis and discussion

This chapter's intention is to develop insight in how Swedish retailers in the food sector use strategic CR for differentiation by analysing empirical data from the case companies' sustainability reports and combine this with the study's theoretical framework. The chapter begins with an analysis of the results and chosen theories. Thereafter a discussion with a comparison from previous research and this study's results will be presented. The discussion aims to create an understanding of the connection between empirics and theory and thereby reduce the gap concerning industry and academia.

The following research questions were addressed in this study:

- How is CR practiced in Swedish food retail companies?
- How can Swedish food retailers use CR as a strategic tool to differentiate themselves from competitiors?
- How do Swedish food retail companies use CR for differentiation?

7.1 CR in Swedish food retail companies

Heikkurinen (2010) claims that if a company wants to create demand for its products and increase the company's competitiveness one way could be to differentiate the company by practicing environmental sustainability. The food retailers ICA, Coop and Axfood all use CR as a strategy to boost the demand and increase the company's competitiveness (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014).

7.1.1 Shared value creation

Shared value is a concept that connects the company's success and social progress (Porter & Kramer, 2011). To create shared value and economic growth ICA has chosen to do "good business" as a CR strategy (Internet, ICA 3, 2015). By focusing on social progress (as example more environmentally friendly products) ICA can through this also create benefits for the company (Porter & Kramer, 2011). ICA has through "good business", which includes one of seven main points (Internet, ICA 4, 2015), addressed challenges and social needs. This has enabled their use of strategy for creation of business and social benefits (Porter & Kramer, 2011). ICA can create shared value by working with CR because the more environmentally friendly the products are the greater reduction in unnecessary impact on the environment and also in costs for the company. ICA also provide local produced food and this may result in that they can reduce impacts on the environment and unnecessary cost of example transportation etc (Internet, ICA 1, 2014). When the impact on the environment decreases it results in benefits for the whole society (Porter & Kramer, 2011).

In the sustainability report ICA also shows that they have moved their focus from a short-term business perspective to a more long-term one, which includes social and environmental benefits (Internet, ICA hållbarhetsredovisning 2014, 2015). ICA uses a *reconceiving markets and products* approach when creating shared value (Porter & Kramer, 2011). ICA stresses that they want to provide products and services that satisfy social needs (Internet, ICA 1,

2014). However they also use an approach of *redefining productivity in the value chain* as they strive to have a more effective supply chain (Porter & Kramer, 2011), for example ICA has chosen not to have own trucks. Instead they are outsourcing their transportation to a haulage since they stress that it is more effective (Internet, ICA 1, 2014).

ICA has also started to optimize their product packaging (less air in the package etc) so that they can reduce unnecessary transportation. Hence, this can be an issue for ICA because they do not have own trucks (Internet, ICA 5, 2015) and due to this they is dependent on the company they are outsourcing to. ICA uses GPS to register the trucks driving pattern and due to of this they can reduce the miles of transport. ICA cooperates with other organisations for *developing enabling clusters* in order to be able to create competitiveness (Porter & Kramer, 2011). Since ICA is increasing their effectiveness in their supply chain they apply the approach *redefining productivity in the value chain.* However, ICA also applies *developing enabling clusters* (Porter & Kramer, 2011).

Coop has focused on addressing their challenges and bas thereafter created eight strategic objectives to achieve shared value and strategic CR (Porter & Kramer, 2011; Internet, Coop 1, 2014). Coop stresses in their report that they have changed focus from economic trade-offs to a more long-term holistic perspective, which includes environmental aspects (Porter & Kramer, 2011). A long-term holistic perspective is something that Coop's customers demand and therefore Coop creates shared value through the approach *reconceiving markets and products* (Porter & Kramer, 2011), which means that Coop wants to create products that are innovative and products that will satisfy social needs (Porter & Kramer, 2011). Coop also uses the third approach *redefining productivity in the value chain* as they have started to regulate their packages (Porter & Kramer, 2011) in order to make the transport more efficient (Internet, Coop 1, 2014).

Axfood has after addressing their challenges created five strategic objectives (Internet, Axfood 3, 2015) in order to create a strategic CR and achieve shared value (Porter & Kramer, 2011). Axfood uses all three approaches of creation of shared value. Axfood cooperates with other organisations for *developing enabling clusters* to create competitiveness (Porter & Kramer, 2011). Axfood collaborates with other organisations in different projects in different types of developing countries. For instance Axfood is collaborating with organisations in Morocco and is a member of BSCI (Internet, Axfood 1, 2014) and thereby they can increase their competitiveness (Porter & Kramer, 2011). However, they also use the approaches *reconceiving markets and products* and *redefining productivity in the value chain* since they try to optimize their supply chain (Porter & Kramer, 2011) by more optimal packaging, and thus decrease Axfood's impact on the environment. As an example of this the employees try to travel by bus and train instead of airplanes (Internet, Axfood hållbarhetsredovisning 2014, 2015). Axfood also tries to be innovative and to provide products that will satisfy social needs (Porter & Kramer, 2011). However, it seems in the reports like Axfood focuses a lot more than the other food retailers on redefining productivity and to "know" the supply chain (Porter & Kramer, 2011).

ICA, Coop and Axfood have through these strategies been able to address new challenges for the companies and through this they can be more attractive companies for the stakeholders (Porter & Kramer, 2011). Porter and Kramer (2011) stress that a holistic perspective and practice can increase the availability for long-term benefits. All three food retailers stress the same as Porter and Kramer (2011); that working with sustainability is something that is demanded by customers and the companies think that a holistic perspective and practice will

give long-term benefits (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014).

7.1.2 Stakeholders

Interacting in a strategic way with stakeholders is of importance for companies within the food market (Belz & Peattie, 2012). ICA, Coop and Axfood stress in their sustainability reports that working with environmental sustainability is something that stakeholders expect (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014) and the companies need to communicate how they are working with CR to their stakeholders to be effective and be able to reduce unnecessary costs (Belz & Peattie, 2012). If Axfood is communicating with the whole supply chain they will be able to take responsibility for the whole supply chain (Fassin, 2011).

Axfood stresses that they work with different projects in developing countries; with external stakeholders to ensure and increase environmental sustainability (Internet, Axfood 1, 2014). Belz and Peattie (2012) stress how important it is for a company to partner with the whole supply chain. However, Axfood does not communicate to the public which stakeholders they have chosen to partner with (Internet, Axfood 1, 2014) and because of Axfood's vague presentation of their stakeholders in their report the customers do not know which stakeholders Axfood partner with (Belz & Peattie, 2012). ICA presents in their report how and why they collaborate with different stakeholders and thereby they can be more effective and reduce unnecessary costs (Belz & Peattie, 2012).

Axfood stresses that they collaborate with other organisations in projects to ensure environmental sustainability through the whole supply chain (Internet, Axfood 1, 2014). By collaborating with stakeholders Axfood can gain positive reputation and acknowledgement but due to the fact that they do not communicate which stakeholders they are collaborating with in the supply chain they miss the possibility to gain this positive reputation and acknowledgement and they fail to gain bottom line benefits (Roberts, 2003). Axfood stresses that they are collaborating with the organization Save the Children and this strategic choice could be questioned due to the fact that the cooperation does not have anything to do with food (Internet, Axfood 2, 2015). The question is if Axfood has chosen to collaborate with the organization as a strategy for Axfood's image or if the organization can supply something in Axfood's CR strategy. ICA stresses in their sustainability report that they interact with external stakeholders and they are the only company that is more specific on how they collaborate with the stakeholders and therefore ICA can achieve potential bottom line benefits and a positive reputation. Axfood presents it vaguely in the report and therefore also misses the opportunity to gain bottom line benefits and a more positive reputation and acknowledgement (Roberts, 2003). ICA communicates that they cooperate with the Red Cross to ensure environmental sustainability (Internet, ICA 1, 2014). However this is something that could affect ICA's trustworthiness and be questioned due to the fact that the Red Cross's activity is little related to the core business activities of ICA. The question that can be revealed from this is: has ICA chosen their collaborating partners carefully or just for the sake of ICA's image? If it is just for image and if they thereby do not "walk the talk" (Freeman, 1984; Jones, 1995) it can harm the company in the long run (Heikkurinen, 2010).

Coop communicates in their sustainability report that they have contracts with external stakeholders to ensure that they will be able to offer sustainable food to their customers (Internet, Coop 1, 2014). However Coop does not communicate how they cooperate with

other companies or organisations for environmental sustainability, for the society as whole (Roberts, 2003). Therefore they miss out on the opportunity to increase their trustworthiness and reputation (Robers, 2003). Coop collaborates with the organizations WWF, Fairtrade, KRAV and We Effect and this supports their trustworthiness because these organizations operate for a more sustainable environment and are food related; therefore Coop is able to communicate an image which matches Coop's CR strategy (Heikkruinen, 2010).

The three companies do not directly communicate that they want to create shared value but they have "rethinked" their businesses and include environmental issues in their strategy, which could be described as a quality and strategy oriented CR approach (Martinuzzi & Krumay, 2013). All three companies also focus on long-term thinking instead of short-term thinking; something that also suggests that they practice a quality and strategy oriented CR approach. ICA, Coop and Axfood apply in other words quality and strategic management. ICA, Coop and Axfood could also achieve a transformational oriented CR approach as they have started to cooperate with other companies and organisations to achieve a sustainable environment (Martinuzzi & Krumay, 2013).

7.1.3 Strategic CR

CR is a voluntary task (Carroll, 1979) but all three retailers have chosen to apply it. Martinuzzi and Krumay (2013) claim that a company can respond to CR in three different ways. ICA, Coop and Axfood respond that CR is good but also that CR is successful for the company and that they can see benefits of including environmental issues in the operating agenda (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014). ICA, Coop and Axfood are consistent in their CR communication and therefore provide an opportunity for an increase in engagement towards the companies' stakeholders (Martinuzzi & Krumay, 2013). It is also clear that the three companies try to not "do bad" as the project-oriented CR approach stresses but they do not use a limited time with a certain start and end point when dealing with CR tasks (Martinuzzi & Krumay, 2013).

This study emphasizes that strategic CR is something which food retailers use more and more. Porter and Kramer (2006) have stressed that the companies' interest in CR is low but this study claims that CR is a topic, which is more and more highlighted in media and through companies. Even the number of companies, which practice CR has increased over the years (Heikkurinen, 2010). Customers' demand for sustainable products has increased and in the future it is likely that companies, which practice CR, also increase in number.

ICA, Coop and Axfood fit all approaches of Martinuzzi's and Krumay's (2013) model of four approaches of CR but due to the fact that they cooperate with other companies and organisations they have a transformational approach in their CR performance. ICA and Axfood have the clearest approach of transformational CR because they also have projects with other companies and organisations in the environmental sector aiming to create a more sustainable environment. In the model the other three approaches of CR illustrate that the company only acts by itself. All three food retailers are interacting with other companies and organisations and therefore these three CR approaches are not suitable to use in an analysis of ICA, Coop or Axfood (Martinuzzi & Krumay, 2013).

The companies work with environmental issues and some of the issues have been significantly affected by the company's operation, such as pollution etc (Belz & Peattie, 2012) but they also work with issues, which are affected by other companies (Internet,

Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014). They work with value chain social impacts (from cradle to grave) but the companies are also working with environmental problems that certainly affect the underlying drivers of competition (Belz, Peattie, 2012). This indicates that ICA, Coop and Axfood practice strategic CR.

7.2 Strategic use of CR

When a company practices CR activities it is important that the company's corporate strategy is the same as the environmental strategy, which means that the environmental objectives must be included in the business strategy (Heikkurinen, 2010). Coop and Axfood stress that they have included the environmental strategy in their business strategy but they do not specify that the company's corporate strategy is the same as their environmental strategy (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014). ICA is the only food retailer that has the same environment strategy as corporate strategy (Internet, ICA 1, 2014). This could result in that ICA has better chances to retain their market power and control the market and thereby be a step ahead of the other companies. This also demonstrates Heikkurinen's (2010) statement that a company can create strategic advantages by having the same environmental strategy, as corporate strategy is true.

However, it is hard to measure if all ICA's success is retrieved from that they have the same environment strategy as corporate strategy. ICA is the biggest food retailer on the food market and therefore they have the biggest influence on the market. Since ICA is the biggest food retailer they need to follow the customers' demands and expectations otherwise ICA may decrease in market power and this may result in that some other food retailer can increase their market power (Heikkurinen, 2010).

How the three food retailers communicate and cooperate with their stakeholders about CR issues is also important. If the retailers want to be successful in the food sector it is important that their key stakeholders and the company drag in the same direction and do not work against each other (Belz & Peattie, 2012; Freeman et al, 1988). Roberts (2003) stresses that it is important for a company that works with CR that they include corporate responsibility in the stakeholder model. Coop and Axfood do not stress in their sustainability reports if they include corporate responsibility in their stakeholder model (Internet, Axfood 1, 2014; Internet, Coop 1, 2014) ICA however emphasizes that the company is aware of this and therefore has included corporate responsibility in their stakeholder model (Roberts ,2003). Coop and Axfood miss their opportunity to collaboration with stakholders that is as optimal as possible and to be able to gain a positive reputation (Roberts, 2003). Maybe they have included corporate responsibility in the stakeholder model but if they have not they should include the corporate responsibility to strengthen the companiy's strategic advantages as the company's reputation and it will also strengthen future collaborations and relationships with stakeholders (Roberts, 2003; Belz & Peattie, 2012).

ICA emphasizes that they collaborate with KRAV, Fairtrade and other organisations to ensure a sustainable environment (Internet, ICA 1, 2014) and ICA seems to be more aware than the other companies of how and why they should collaborate with other companies in order to gain strategic benefits.

7.3 CR for differentiation

ICA's sustainability report communicates whom the company has chosen to collaborate with and why. However, Coop and Axfood's reports lack information of which stakeholders they collaborate with. If the companies do not communicate this clearly and present for the stakeholders what they do for a more sustainable environment the companies may shift from a creative and entrepreneurial CR approach to a proactive CR (Ansoff & McDonnell, 1990). However, this is also an opportunity because if one of the companies chooses to be more clear and specific of which stakeholders they interact and collaborate with, it is an opportunity for the company to differentiate the company's image from other competitive companies (Heikkurinen, 2010).

ICA, Coop and Axfood create corporate images that they can use to create value for their stakeholders. The companies can also use environmental marketing to improve their current differentiation and gain competitive advantages (Heikkurinen, 2010). However, Axfood and ICA are collaborating with companies, which have no direct connection to food (Internet, Axfood 1, 2014; Internet; Internet, ICA 1, 2014). ICA and Axfood's collaboration with companies which have nothing to do with food may harm their image and customer loyalty but also the company's trustworthiness in the long run (Roberts, 2003; Heikkurinen, 2010).

The companies may communicate it to have an image which is "looking good" to the public. ICA and Axfood should rather focus and practice a long-term strategic CR, which can benefit them in the long run (Heikkurinen, 2010). However, if the companies do not practice CR the customers may not stay loyal to retailers, if the customers demand shared value and environmentally sustainable products (Boehe & Cruz, 2010).

If the customers think that the food retailer is irresponsible it will hurt the brand (Heikkurinen, 2010). It is clear in ICA, Coop and Axfood's sustainability reports that the food retailers want to meet the demand from customers, as they constitute one of the key stakeholders. Due to this the retailers need to focus on their customers in order to ensure or increase market shares (Halme et al., 2009). ICA is the company that is most aware of its stakeholders, but Coop and Axfood have increased their awareness that they need to emphasize stakeholder communication.

This study emphasizes that ICA, Coop and Axfood have used CR for image differentiation from each other and other competitors. ICA, Coop and Axfood stressed in their sustainability reports just like Porter and Kramer (2006) claim in their study that working with CR can be a beneficial strategy if the company wants to gain long-term benefits.

Nowadays performance in CR is necessary for a company if they want to respond to customer demand (Heikkurinen, 2010). When the three retailers practice image differentiation they form an opportunity to create barriers from other competing companies (Boehe & Cruz, 2010). However, ICA, Coop and Axfood are the three biggest retailers on the food market and all three have chosen to use the CR strategy for differentiation. Due to this fact that all three retailers are using rather similar strategies and some of them present their CR practice vaguely customers may not see CR as something that differentiates the companies from each other. CR is instead something that all companies practice and therefore they miss the chance of differentiation (Heikkurinen, 2010).

Even if the companies' strategies are rather similar it is also clear that the three food retailers have used different approaches to communicate their CR strategies and they try to present it differently to differentiate themselves from each other in the reports (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014). Coop has chosen to differentiate towards organic production and wants to communicate that they want to be the "good force" in the food market. They also focus on communicating their organic products and their private label products as a way of practicing an environmental strategy and a choice for customers who want to "do good" (Internet, Coop 1, 2014). They focus on how the company can change for the environment and that their products are "environmentally friendly" (Internet, Coop 1, 2014). Coop is the smallest retailer of ICA, Coop and Axfood (Internet, Coop 1, 2014). Therefore it is important that Coop differentiates itself from the other two; otherwise they may have a problem to increase or retain market shares on the food market in the future (Heikkurinen, 2010).

Axfood has chosen to communicate in their report that they are visiting developing countries in order to be aware of the whole supply chain and Axfood also tries to "make good" by making investments, which are "environmentally friendly" for the future (Internet, Axfood 1, 2014). Axfood also focuses on making sustainability efforts, which contributes to the development of the food sector.

ICA's report also emphasizes that ICA makes projects to ensure a sustainable environment. The report is also more extensive and has more themes then the other companies' reports. It is the most comprehensive sustainability report and the environmental strategy in the report is focused on sustainability efforts but the report also has a financial part (Internet, ICA 1, 2014). The report shows that ICA is the largest food retailer and they will try to retain their position. They also emphasize that they put the customers first and that they are very aware of that sustainability is an important keystone for the company, but they also highlight that it is one of ICA's many areas of interest (Internet, ICA 1, 2014). ICA also seems to be the only retailer, which has included environmental concerns in their business strategy and therefore achieved a business strategy that is the same as the environmental strategy and this gives them an advantage towards the other food retailers (Heikkurinen, 2010).

ICA, Coop and Axfood communicate different images to the public through their sustainability reports but if the companies want to differentiate in the future and gain market shares they need to have even more clear differentiation from each other, (Heikkurinen, 2010) otherwise the customers may not associate the companies as sufficiently different.

ICA, Coop and Axfood emphasize in their sustainability reports that customers demand that retailers should act sustainable and this is something that also Heikkurinen (2010) claimed in his study. Therefore practicing CR before it is mandatory could be an advantage for companies as it could be a strategic move, which gives them an advantage against competing companies that haven't implemented CR in their business strategy. (Belz & Peattie, 2012; Hosmer, 1995; Jones, 1995). This is something that the three retailers seem to have been aware of and therefore they have chosen to practice CR (Internet, Axfood 1, 2014; Internet, Coop 1, 2014; Internet, ICA 1, 2014).

The companies do achieve creative CR or entrepreneurial CR (see figure 6) since they aim to create and detect new competitive advantages (Ansoff & McDonnell, 1990; Heikkurinen, 2010). As figure 6 emphasizes ICA, Coop and Axfood are in a market with significantly competitive companies but they are less dependent on an environment that is competitive to

create competitive advantages. They aim to create advantages and therefore they do not apply any of the first three levels of CR agressiveness.

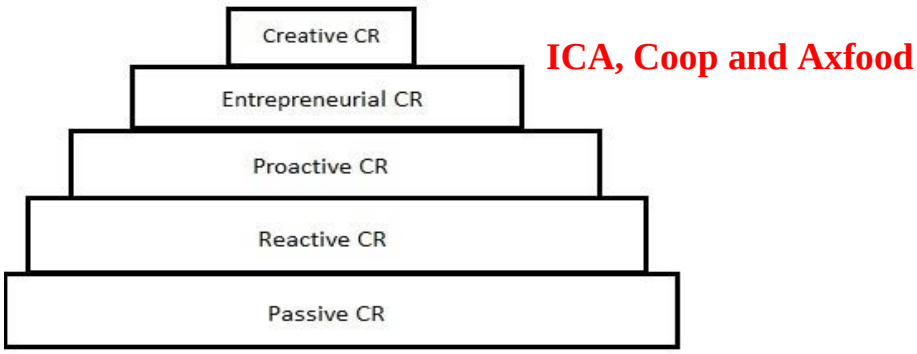

Figure 6. Five levels of CR aggressiveness and competitive aims (Own creation, 2015)

The three food retailers together claim around 88 percent of the total Swedish food market but the competition on the food market is high. The companies want to control the market and increase their market shares and therefore they are in need of creating advantages against each other and other competing companies (Internet, Coop hållbarhetsredovisning 2014, 2015). However, an environment that is competitive affects each of the retailers, as they need to be equally good or better than the other competitive retailers. ICA, Coop and Axfood are therefore using creative or entrepreneurial CR aggressiveness approach but to be successful also in the future; all three food retailers need to focus more on stakeholder communication to keep up the entepreneural and creative CR (Ansoff & McDonnell, 1990; Heikkurinen, 2010). Through use of creative and entrepreneurial CR approaches ICA, Coop and Axfood can find new and develop new techniques of image differentiation with CR

8 Conclusions

This chapter intends to address the study's research questions presented in chapter one. This study aims to study food retailers' CR strategy for image differentiation. The study provides an overview of Strategic CR and image differentiation.

Every day food retailers make decisions about how the company will reach their customers. Customers have increased their knowledge about environmental responsibility and because of this aspect the customers have demand for sustainable products (Heikkurinen, 2010). A food retailer can choose to use the customer demand to create an opportunity to differentiate the company's image through strategic CR and thereby differentiate away from other competitive companies and thereby gain market shares.

This study aims to illustrate how Swedish food retailers use strategic CR for image differentiation with special emphasis on environmental responsibility. The study has a qualitatvive approach and illustrates to clarify that the Swedish food retailers right now are just in the beginning of their enforcement of strategic CR. ICA is the only food retailer, wich has a business strategy which is the same as the environmental strategy and if Coop and Axfood want to have a more effective output of their CR efforts they are in need of a business strategy which is the same as their environmental strategy (Heikkurinen, 2010). ICA and Axfood are two companies, which may be harmed in the future due to the fact that their strategic CR, which is communicated through their sustainability reports stress that they collaborate with organizations which have nothing to do with food.

Heikkurinen (2010) stresses that if a company differentate their image through CR they can increase the customers' loyalty. However theories have emphasized that it takes time for a company to change their short-term perspectives to more long-term dittos as many companies' business strategies' are focused on short-term and financial perspectives (Porter & Kramer, 2011). Nevertheless the companies' sustainability reports all emphasize that the demand for sustainable products over time increases and sooner or later all companies will need to practice CR. Therefore working with CR matters is a necessary strategy if the company wants to be able to compete with other retailers on the food market in the long run (Heikkurinen, 2010).

Suggestion for future research is to investigate how retailers are using strategic CR for image differentiation but increasing the numbers of retailers and make a study, which includes more than three food retailers to enable to generalization. Interviews to investigate which strategic CR approach the different companies use as method could also be another alternative for future studies in the topic. A future research, with long-term focus, could also be an alternative since it will create an opportunity to explore how a company changes and develops their business strategy over a longer period of time and how it reacts or proacts to change based on its environmental and stakeholders' expectations.

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