Ye Olde CSR:
The Historic Roots of Corporate Social Responsibility in Norway

Abstract
This essay traces the roots of corporate social responsibility (CSR) in Norway. It is argued that a basic tenet of CSR, an orientation toward the concerns of stakeholders, has a long history in Norwegian business, predating the modern CSR movement. The essay underscores certain qualities of the Norwegian business system and the Norwegian political culture in order to explain how this stakeholder orientation grew and how CSR is perceived and practiced today. Corporatism and dialog are traits which position Norwegian businesses well to address CSR in a globalized economy. Present-day examples of companies and practices are provided to illustrate key features of Norwegian CSR, as it has developed over the course of more than 150 years.

This version is accepted and will be appearing as:

Research has shown how the term corporate social responsibility (CSR) can be translated and interpreted in different ways in different countries according to their own historical context, where the size, age and the legitimacy of business in society all play a role (Argandoña & Hoivik, 2009). While the Scandinavian countries certainly share several traits and often are discussed as a whole (e.g., Gjølberg, 2009; McCallin & Webb, 2004; Morsing et al., 2007), it is also important to acknowledge the differences between these countries. Despite having an active state, it took the Norwegian authorities many years before they became really engaged with the modern CSR agenda. The first white paper on CSR, “Corporate Social Responsibility in a Global Economy,” was published in 2009 (Ministry of Foreign Affairs, 2009), eight years after the European Union published its green paper “Corporate social responsibility: A business contribution to sustainable development” (Commission of the European Communities, 2001). In Denmark in 1995, the government called for the support of business for a CSR agenda (Morsing et al., 2007), whereas in Norway CSR largely has been tied to internationally-oriented goals and the political agenda of promoting “global welfare-capitalism” (Midttun et al., 2006). The title of the white paper mentioned is itself indicative, along with the fact that it was the Ministry of Foreign Affairs that issued the publication.

In this essay, we will investigate the claim that Norwegian companies have a particular tradition of dialog and negotiation (Morsing et al., 2007). More precisely, we will argue that it is possible to find historical traces of a stakeholder perspective (Freeman, 1984; Rhenman, 1968) that does not separate financial and social values or concerns. The boundaries between business and society are seen in a different light than they are, for instance, in the US. According to William C. Frederick (2006) who traced the story of CSR in the US, CSR started to emerge in the mid 20th century and
Corporate Social Responsibility in Norway

was followed by decades of cycles of acceptance and rejection. The doctrine of CSR in the US “serves corporate interests and goals” and therefore is an “integral part of the free-enterprise market economy” (Frederick, 2006:7). As will be shown, the Norwegian perspective evolved differently and started much earlier. Our basic research question is: What historical factors can help explain the current understanding and practice of CSR in Norway?

We will proceed to answer this question by structuring the essay more or less chronologically, focusing on historical development and what we see as the key aspects needed to understand present practice. Along the way, we can contrast these aspects through a comparison with other countries, particularly the US where possible. We will start by discussing how early paternalism was shaped and influenced by the economic, social and political system and culture in Norway. We also highlight two distinct bases for business legitimacy based respectively on pious Christianity and early forms of philanthropy. Another section follows with a focus on paternalism during the industrial period and a debate about industrial welfare measures. Finally, we will analyze the establishment of a peculiar corporative political culture and an economic system that has been called the Norwegian model. The last part of the essay focuses first on the globalization processes and the introduction of the present CSR concept in Norway, before presenting examples of integrated practices that are seen in relationship to the heritage of “business responsibility” in Norway. Our arguments are then summed up in a conclusion.

Early Paternalism

The most important point in a discussion of the development of CSR in Norway is that the country is and has always been dominated by small and medium size companies. Today, only about 3 % of the approximately 100,000 active
Norwegian companies can be characterized as large (Bøhren, 2011). Sweden, Denmark, and Finland, on the other hand, have several huge companies with well-known brands like Ikea, Volvo, Nokia, and Lego. Going back to the pre-industrialized period, the economy of Norway was largely agricultural, being based on farming, hunting, fishing and timber, at scales insufficient to foster the creation of or otherwise support large companies. Thus Norway set itself apart from continental Europe (Bjørkvik, 1998; Hodne & Grytten, 2000). While there was a Norwegian aristocracy, much of the nobility was considered poor by contemporary European standards. This relative poverty prevented Norwegian nobility from amassing power in a matter similar to their continental counterparts. From the late 17th century and through much of the 18th century, the nobility consisted of fewer than 100 persons out of an estimated total population of 440,000 (Thue, 2008). This, we argue, has had implications for the development of a rather egalitarian society that later would influence the understanding and practice of CSR.

That being said, the inception of mining activities in the 1620s contributed to the emergence of the first larger companies in Norway. These companies in turn created small communities to support their mining operations. By 1769, for instance, the mining community of Kongsberg had evolved into the second largest city in Norway. The Norwegian mining companies were known to pay good wages. Furthermore, the primarily German office workers in Kongsberg introduced several social arrangements imported from their home country, including free medical care, pension schemes, and paid sick leave (Helleberg, 2000; S. Sogner, 1998).

At certain periods of time, the mining companies were “everything” to their local communities. In the city of Røros, the mining company assumed financial responsibility for the construction and maintenance of the city church, bridges, roads,
schools, and houses for the parish clerks and for the poor. The mining company also paid the salaries of the priests, the organ players, the town doctors and midwives, the watchmen, police, and the city overseer (Sundt, 1858/1975). When the sociologist Eilert Sundt visited the city in 1851, he noted that the working conditions were harder than before and that skepticism had spread among the workers:

I am convinced that [the management] not only treats the workers humanly, but also have been thinking of ways to improve their interests, first and foremost through attempts to ease their at times hard and dangerous work. On the other hand, I also eagerly had to listen to how some of the most steady and honest workers admitted that while the mill gave them the opportunity to earn a living, … this work also affected their health, and although they did earn more than their fathers, they also departed earlier than them. And this is no idle complaint. … And as brave and reasonable as I mostly found these men, they did in general reveal a not inconsiderable suspicion towards the mill, as if this through its superiority of insight and power really attempted to enrich itself on the workers behalf [Author’s translation] (Sundt, 1858/1975).

What Sundt witnessed was the combined effect of a harsher economic climate and a starting radicalization of the work force. Norwegian trade and industry experienced severe difficulties in the aftermath of the Napoleonic wars, with the economic elite largely wiped out by bankruptcies. The Norwegian constitution, ratified in 1814, also changed the landscape, for instance, by forbidding the introduction of new titles of nobility. The constitution also stipulated that rural areas be granted greater representation in political bodies, to compensate for their distance from the center of power; it was thought that those living in the capital would have better access to the politicians. When viewed as a whole, the new constitution led to changes in the
business system that previously had laid a foundation for Norway’s robust upper middle class. In its place arose a new bourgeoisie, with education as its base and a political orientation that gave Norway one of the most liberal and democratic constitutions in Europe (Sejersted, 1993; Thue, 2008).

The 1814 Norwegian Constitution did not seek to place any restrictions on trade, but the market economy system which developed in its wake was portrayed as a form of publicly-staged capitalism; that is, the system was established through the initiative of public-sector employees (Slagstad, 2001). Free trade was seen as just one tool available to the government in an ongoing modernization project (Sørensen, 2003). Frederik Stang, the first Norwegian prime minister, who served from 1873–1880, declared that market liberalism required refinement, so that it could be brought in line with a form of ethics more strongly centered on the broader needs of society (Slagstad, 2001). Today we would call such measures the seeds of CSR. In contrast to the US, the drivers were government directives, rather than the business leaders’ voluntary efforts.

During this period, Norwegian companies were often family-owned, and many had an informal management approach based on personal contact. The management style has often been called patriarchal; the manager was seen to act as a father figure for the workers, shielding them from the workings of the free market system (Hodne, 1981; Ibsen, 1996). At the societal level, the spirit of the times was also characterized by paternalism. The humble loyalty on offer from the lower rungs of society was expected to be rewarded by protection and assistance from above. This would eventually change when industrialization led to the creation of larger companies and the personal relationship between employer and employees grew weaker (Pryser, 1991; Smith, 2003).
The emergence of a new economic society was heralded in the 1840s, and this was partly the result of the new technologies adopted in the farming, shipping, fishing and timber industries. However, despite these developments, no large companies were established. The mid-19th century instead saw the beginnings of several characteristics that have dominated the Norwegian economic system ever since: namely, the establishment of several small companies with local roots, and a robust middle class with a strong preference for democracy that can be traced back to the spirit of 1814 (Hodne & Grytten, 2000; Sejersted, 1993; Thue, 2008).

**Business Legitimacy**

The business community could find its moral legitimacy in the gospel of the pietistic Hauge Movement, which was somewhat similar to the Quaker movement in the UK (e.g., Rowlinson & Hassard, 1993). The Hauge movement enjoyed wider acceptance and increased levels of political support from the second quarter of the 19th century. Preacher Hans Nielsen Hauge (1771–1824) and his followers chastised the conspicuous consumption of the rich. The movement’s followers instead expected trade and industry to have a higher purpose, beyond profit seeking—namely, to render service to God through hard work and by being good stewards of his creation. Hauge defined the responsibilities of employers in the following way: “The employees are never subjects, but subordinates. … If the employer does not provide his subordinates with fair salaries, food and clothing in due time, the employer is a thief” [Author’s translation] (Hauge, 1804).

Through their determination and hard work, Hauge’s followers came to exert great influence over Norwegian business during the early portions of the 19th century (Gilje & Rasmussen, 2003; Sejersted, 1993). Even today, some influence from the
Hauge Movement is detectable in western Norway, particularly in the fishing, textile, wharf and furniture industries (Grytten, 2010).

The democratic revolutions occurring on the continent, and the anger stemming from social ills, contributed to the nascent Thrane Movement.¹ This first labor movement was perceived as being so threatening to business and the bourgeois class that it led to the establishment of a counter-strategy. Social welfare measures were introduced in an effort to staunch the radicalization of the working class. In the cities of Kristiania (later re-named Oslo) and Tønsberg, worker housing was built alongside public baths (Seip, 1998). Philanthropic and non-political societies were established to educate and integrate the working classes into bourgeois society. Communication was intended to create cross-class bonds and increase worker comfort and satisfaction. Philanthropists from the bourgeois class took on the roles of guardians of and benefactors for poor families. This system was to provide a measure of moral satisfaction for the business classes and material comfort for the poor (Seip, 1998:212).

Still, despite the establishment of some early philanthropic societies, there was no large-scale Norwegian tradition of philanthropy analogous to what developed in, for instance, the US and Sweden (e.g., Braunerhjelm & Skogh, 2004; Bremner, 1988). While many European countries had a feudal tradition of noblesse oblige, this did not resonate in an egalitarian Norwegian society, where, as already mentioned, nobility had by and large been absent (Christensen, 2003).

It is worth noting, too, that the Norwegian public met many philanthropic gestures with skepticism. One example proves particularly illustrative: When a sawmill donated NOK 10,000 to a pension fund for retired workers, an employee wrote a letter to the editor of the city newspaper: “This is surely a great gift, but it also
illustrated that you [the sawmill] have profited well” (Bull, 1972:204). The worker argued that the money should have been handed to the workers directly.

Later, there were also those within business circles who saw philanthropy as an unsatisfactory means of providing a foundation for society. Johan Throne Holst, the CEO of the chocolate company Freia, argued that seeing to worker welfare directly was greatly preferred, saying:

We cannot build the future of society on philanthropy. A sound society cannot be created based on gifts. On the contrary, such a foundation can be created by practical idealism with a clear goal, using the strength of having created good living conditions for the workers. [Author’s translation] (Throne Holst, 1914:6)

Another factor working against a tradition of typical philanthropic activities of industrial magnates like Andrew Carnegie (1889) was that Norwegian business was not characterized by the out-sized personalities typical in other countries. This can be traced in part to the fact that Norwegian companies were largely either publicly owned or administered as co-ops. The district authorities had a strong position, while central economic authority was weak and under-developed (Kjelstadli, 1998). This was in contrast to the US, where the business leaders in the mid 1930s even lobbied Congress for a “five-percent amendment” (Frederick, 2006: 9) that gave companies a tax break for making charitable contributions. This has never occurred in Norway, even to this day.

Some forms of industrialization did occur but were undertaken with assistance from Swedish financiers, with the Norwegian government eventually only taking on a more central role later in the development process. Norwegian business did not benefit from the same perceived legitimacy compared to Swedish business. These
factors combined to relegate business in Norway to the role of junior partner, subordinate to the Norwegian government. While Swedish big business represented a sphere of power in its own right, Norwegian capitalists had to join and participate in the political sphere in order to capitalize on any national strategies (Sejersted, 2003).

**Paternalism and Resistance**

During the early period of industrialization, several factory towns were established in Norway, similar to the mining cities of Kongsberg and Røros. Much attention has been focused on the town of Rjukan, which was developed in a similar fashion by Norsk Hydro in 1905. The company established a fertilizer production site making use of hydroelectric power. The proclaimed philosophy of the company founder Sam Eyde was that the company should help develop the modern society. A current employee expressed it this way:

Rjukan had 300 inhabitants, and during a period of two-three years, this number had increased to 11 000. So obviously ... Hydro had the responsibility of solving both social problems and its own problems. So Hydro built the whole society, built houses, built roads, built hospitals, built schools, built everything. It was a type of CSR activity that goes way beyond what you normally think about today [Author’s translation] (personal communication, quoted in Ihlen, 2007:75).

Hydro was called a “social industrial company” contributing to a vigorous society based on more or less altruistic motives. When French investors visited the city together with Eyde, they were supposedly a little shocked by the high housing standards that the workers were offered (Hodne & Grytten, 2000; Ibsen, 1998; Ofstad, 2009). Also, when one of the worker’s unions lacked money for a banner, Hydro co-sponsored this. At the same time, however, the relations between employee and
employer were not always idyllic and workers could be fired without explanation (Andersen, 2005).

The second reason for factory towns was a pragmatic need for infrastructure. Since no infrastructure had existed previously, the companies assumed responsibilities out of rational self-interest, in order to operate efficiently. The textile manufacturing company A/S Dale was one such example. The company was established outside Bergen in 1879, and built not just roads and houses in the local community, but also funded the construction of the local church and covered half the salary costs for a police officer (Ibsen, 1996).

While these social measures can be seen as pragmatic necessities, they were also important political tools to prevent the radicalization of workers. The strategy was successful, as companies such as Fossekleven Tekstilfabrik were not unionized until the 1930s (Hagemann, 1998). On the other hand, companies such as the aforementioned A/S Dale recognized and supported unions early on, even going so far as to financially support the building of a union meeting hall (Ibsen, 1996). This, again, points forward to how a climate of mutual recognition, cooperation and compromise would later come to dominate Norwegian economic life; although conflicts, sometimes violent, certainly were a part of the picture. After downsizing in the 1930s, Hydro was also accused of ignoring its social responsibility (Andersen, 2005).

In the late 19th century and at the beginning of the 20th century, several managers sought new forms of giving business legitimacy in society based on solidarity and community values. Throne Holst, CEO of Freia, expressed it this way: “More and more, the business community is reaching the understanding that productivity can only increase through solidarity, through even greater common
interests among workers and managers” [Author’s translation] (Throne Holst, quoted in Ibsen, 1996:229). Among the measures adopted by Freia were: the building of housing for workers (1912), the introduction of a profit sharing scheme (1916), health care services (1917), a 48-hour work week (1918), and the provision of 14 days paid vacation (1920). The company later experimented with stock options for workers (1928). This combination of care and control was clearly meant to help workers gain entry to the respected classes of citizenry by providing them with a cultural education and enabling them to be increasingly self-sufficient (Ibsen, 1998).

Throne Holst wanted to give capitalism a human face, and Freia appeared to be a better workplace than many others. Still, as the unions pointed out, the company owner could fire workers at will. Instead of a share of the profits, the workers wanted a company council, and a share of the means of production and some control of the working conditions. When the artist Edvard Munch was hired in 1921 to decorate the workers’ cafeteria, this was criticized in the leading Labour paper: “while the workers are kept at starving wages, huge amounts of capital are invested in costly paintings that in time can be sold for great profits” [Author’s translation] (Ibsen, 1996; 1998:97).

Historians have also identified a notion of “business honor” in this period. Examples are given of how some business people went beyond the law and used personal means to rescue faltering businesses where they owned shares. This helped their long-term interests by building a reputation needed to form new alliances and obtain credit in what has been called “an open and international capitalism” (K. Sogn, 2002:251).

Still, the anchor points of the traditional paternalistic system had already been weakening for a while. For instance, the new body of social legislation passed in 1889
lessened the ability of companies to influence the schools they had established. Increased manufacturing regulations were introduced in 1892, alongside legislation pertaining to child labor, and, two years later, accident insurance (Bull, 1972; Hagemann, 1998; Hodne, 1981). The early democratization process, the absence of a powerful nobility, and the relative robustness of the lower middle class combined, are helping to explain why paternalism in Norway took on a different shape as compared to the other Nordic nation-states (Sejersted, 1993).

Paternalism did, however, survive for a longer period in some factory towns. In Ålvik, a small town in Kvam County, it took on rather peculiar forms. The management of Bjølvefossen, the primary employer for the town through the 1950s, issued statements where they urged workers to paint their houses during springtime instead of devoting time to gardening. Management also prescribed that the employees’ boat sheds should be painted in “610 red” rather than other colors (Fossåskaret, 2009). Just as interestingly, during the period 1949–1959, the company paid NOK 12 million in taxes, earned NOK 3 million in profits, and spent NOK 14 million on social projects and other cultural measures. What makes this case stand out even more is that considerations of reputation management seemed to play little to no role in the company’s decision-making process. The social work was hardly promoted and the products Bjølvefossen manufactured were largely destined for export; in other words, the social measures were not motivated by a technical-economic rationality. Instead, the company developed and managed large swaths of Ålvik’s industrial sector, as the government had little formal presence in the town (Fossåskaret, 2009).

Establishing the Norwegian Model

US big business have vigorously defended the concept of free markets and
rejected any government involvement, particularly in the 1970s and 1980s during the Reagan Presidency. But already in the 19th century corporate America had succeeded in favoring private enterprise and removing regulations despite heavy criticism of monopolistic tendencies, environmental damage and wage slavery (Perrow, 2002). A largely negative view of the state and a belief in individualism and democratic pluralism became commonplace and remains dominant (Moon & Vogel, 2008). In Europe, however, the development was somewhat different. This had, in part, to do with how European companies tended to remain small, but also how a focus on societal well-being was forced upon them by both the state and the church. Discussions centered on the role of business in society and its responsibilities fell out of the public sphere after 1920, as the European social welfare systems began to take shape (Halme et al., 2009).

A critical view of the state could certainly be found among Norwegian business people too, as they argued against increasing social engagement on the part of the government. Some suggested that it was business that should take on the role of societal pillar, assuming several social welfare obligations (Ibsen, 1996; Knutsen, 1994; Sejersted, 2003). Such thoughts were likely linked to the fact that the financial and industrial elite were no longer able to claim legitimacy by pointing to tradition or custom (Christensen, 2003). During the 1930s in particular, the feeling was that business had not done enough to address economic crises. Instead, businesses were perceived as being self-serving, and incapable of devising or implementing effective public welfare measures. They were similarly unable to argue that the measures already in place satisfactorily addressed the needs of society. This created an opening for the adoption of several government-sponsored public welfare initiatives (Sejersted, 2003).
Preceding this development, however, were some key events that separate Norway from other countries and still today influence the political and economic landscape: First of all, the relationship between management and employees was fundamentally changed with the establishment of a national workers’ union and a national employers’ federation in 1899 and 1900, respectively. These two organizations fostered a form of quiet diplomacy between themselves, and their efforts represented the start of a co-operative form of development that reached a critical mass prior to the outbreak of World War I. It was a form of corporatism that implied a recognition of the balance that needed to be struck between conflicting and common interests. The idea of cooperation has been crucial ever since in balancing relations between management and employees in Norway (Kjelstadli, 1998).

Furthermore, in 1935, a new era was signaled when the national union and the employers’ federation reached an agreement on the regulation of relations between management and employees, establishing rules for conflict resolution (Ibsen, 1996). This agreement is often presented as a compromise, rather than a negotiated agreement between workers and management (e.g., Trygstad & Lismoen, 2008). The agreement clearly had positive consequences for business, as it provided an air of legitimacy to their social efforts and further cemented the existing social order (Sejersted, 2003). Both sides were viewed as social partners.

A second major incident also occurred in 1935 when the Labour Party and the Farmer’s Party toppled the government. The Labour Party had, by this point in its history, abandoned its revolutionary policies and recognized the validity and legality of Parliamentarianism. The revised platform of the Labour Party asserted that social renewal should replace the old liberalism, which had demanded a clear separation between economy and politics (Kjelstadli, 1998). The plan to lead the country out of
economic crisis called for economic modernization led by the state. New legislation secured standards including the 8-hour working day; 9 days paid vacation, and introduced prohibitions on the unwarranted firing of workers. Subsequent legislative efforts developed social welfare measures such as unemployment benefits and paid sick leave (Lange, 1998). Taken as a whole, these efforts resulted in workers being less reliant on companies for their general welfare and facilitated the institutionalization of additional aspects of social welfare.

The period immediately following World War II established economic growth and increased production as important goals. The new CEO of Freia, the son of the previous CEO, argued that business had an immutable responsibility in this regard. He also pointed out how business had to adopt a long-term perspective:

A business can never have itself as a goal. Its societal legitimacy must at all times be judged by its ability to serve the interests of consumers. The goal of business endeavors must therefore be to fulfill this role by increasing efficiency and making continuous improvements. Only by having this goal in mind can the business sector and the individual companies create the basis for continuous economic development and for increasing wealth for all [Author’s translation] (Freia, 1948:20).

The coalition government in power in Norway after the World War II created a program in cooperation with the business sector to rebuild the nation. With the program’s inception, the business sector was able to rely on a continuous cooperative legislative climate first put in place in 1935 (Thue, 2008). Different terms have been used to describe the system that was developed, such as “bargaining economy”, “mixed administration”, “the Labour Party state”, and “democratic capitalism” (Hernes, 1978; Sejersted, 1993; Whitley, 1999). The state took an increasingly active
Corporation Social Responsibility in Norway

role, as the industrialization of the nation was seen as important to rebuild the country. During the 1960s, for instance, the government was the sole or majority owner of three of the largest Norwegian companies—Norsk Hydro, Årdal og Sunndal Verk, and Norsk jernverk (Engelstad et al., 2003). This was followed up with the creation of the oil company Statoil, after oil was found in the North Sea.

In the period lasting until the 1980s, the system was characterized by extensive public-private cooperation, particularly with regard to industrial policy (Bull, 1995; Sejersted, 1993; Slagstad, 2001; Østerud et al., 2003). It can also be argued that this political culture of cooperation encompassed non-governmental organizations in for instance the environmental field. Hence, many Norwegian businesses have considerable experience dialoguing with NGOs and others (Eriksen et al., 2003; Morsing et al., 2007).

In parallel the welfare state continued to expand, and the government integrated several initiatives first introduced by private business after World War II. Labour Party politicians in particular were skeptical about leaving worker welfare in the hands of business, and even regarded it as a hidden power grab, meant to increase the dependence of workers on their employers (Ibsen, 1996). The Norwegian model instead sought to emphasize welfare, social security and full employment through negotiations between the state and the business sector. In many ways, this model incorporated many of the social issues often linked to CSR through collective agreements, public policies and legislation (Trygstad & Lismoen, 2008). In 1972, all companies with an excess of 200 employees were mandated to institute a general assembly, with one third of representatives elected by the workers. In 1998, a new Accounting Act mandated that all companies report on the environmental impact of their activities, in addition to general reporting on questions of health and safety.
(Grenness, 2003; Munkelien et al., 2005). As of the time of writing, revisions to the Accounting Act are under way, demanding that greater efforts be made to report on how business lives up to CSR when going global (Ministry of Finance, 2010; Thue, 2008). If CSR is defined as what a corporation does beyond the law (e.g., Commission of the European Communities, 2001), then clearly, much of what would be labeled CSR in the US and other places only applies to Norwegian companies abroad or when they are sourcing from other developing countries.

**The Globalized Responsibility**

When Hydro announced that it would shut down its plant in Rjukan in 1987, the state engaged in negotiations that let the company transfer energy from the town’s hydroelectric power plant to the coast. In return, Hydro had to improve a district road, put a large sum (80 million NOK) into a local business fund, and establish a business park to create new jobs in the district (Hansen, 2006). The Norwegian economic and political system was gradually reformed, with more elements of the market model being introduced to the public sector. In Europe in general, the discussion of CSR resurfaced during the 1990s. One important reason for this was the privatization of public enterprises occurring in several European countries (Halme et al., 2009). Strict ethical codes for corporations were placed on the agenda in the mid 1990s (e.g., Kvåle, 2007; K. Sogner, 2003). Searching a database of the largest Norwegian newspapers shows that the first time that the term CSR was mentioned was in 1999 in the business daily *Dagens Næringsliv.*

During the 2000s, the general understanding of CSR in Norway and throughout Europe was expanded by new demands beyond local borders. These included human rights, child labor laws, worker rights, and anti-corruption measures. The single most important factor, however, was the wave of globalization which
helped multinational corporations understand their role as the dominant economic institution, and perhaps as the dominant institution in society in general (Korten, 2001; NHO, 2001). Globalization has been important to the Norwegian economy, and investments have gradually been redirected toward new regions and countries (Jones, 2005; Kolstad et al., 2008). In some of these regions, companies are faced with widespread corruption, and many of the countries they now operate in are typified by a deficit of democracy. The oft-cited watershed moment occurred in 1995 (Ihlen, 2007), when the military regime of Nigeria executed environmental activists engaged in protests against Shell’s activities in the country. At least two Norwegian companies had business in Nigeria at the time, and both garnered criticism for not being seen to have protested strongly enough (Leer-Salvesen, 1998).

In 1998 the Norwegian government invited Norwegian businesses to participate in a new forum—KOMPakt—to consult the government on the particular ethical challenges facing Norwegian businesses operating abroad (Heradstveit, 1998). A white paper on human rights and business was issued, in which the government clarified its position and charged that Norwegian companies should consider human rights in their business dealings, and adhere to the same human rights standards abroad as they would observe domestically (Ministry of Foreign Affairs, 2000).

Increased globalization has been accompanied by huge developments in communication technologies, as well as a new type of activism, potentially bringing negative media attention to businesses. Activities in one corner of the world are no longer kept from the public eye, as had been possible previously (Ihlen, 2007). One example of these impacts can be seen in how the Norwegian oil and gas industry has garnered criticism for its business dealings in places such as Iran, Libya and Azerbaijan. Such engagement has however often been sanctioned by the Norwegian
government, an expression of their faith in dialog as a tool, and their belief that trade engagement will further both dialog and democracy (Solheim, 2007).

Europe has gradually seen a shift toward explicit CSR (Matten & Moon, 2008), but has been practiced as part of a wider institutional framework for relations between business and society. Business has not had the same independent role in Europe as in the US. As mentioned already, Norway and several other countries have also been shown to have a generally more positive view of the state. In spite of the political views of Norwegian business leaders, they traditionally supported strong regulation of the work environment, and advocated continued cooperation between trade unions and the employer’s federation (Engelstad et al., 2003). Conversely, Norwegian labor unions have remained skeptical of CSR, which is seen as a US phenomenon meant to suppress union representation and political clout (Hodneland, 2009). Unions have also pointed to the danger of replacing existing legislation with voluntary CSR, as promoted elsewhere.

One can distinguish between countries when looking at how companies view their interdependence, either as “business in society” or “business and society”. Linguistically this becomes evident when one looks how CSR is translated into the local language. In Norway the adjective “social” has been replaced by “societal”, thus adopting a macro perspective which is more in line with the traditional way of thinking as outlined above. However, very recent changes to the state-business sector dynamic have seen business assume a more self-defining role in Norway, echoing similar developments elsewhere. Whereas the government previously attempted to manage and control the business development through industrial policy, now, however, growth and profit have become prime motivators. The state has become weaker as an institution, but maintains a strong presence as a capitalist actor seeking a
return on investments by holding many shares or even a majority in most large companies (Argandoña & Hoivik, 2009; Engelstad et al., 2003; Ihlen, 2011). It has been argued that even the large, publicly-owned, companies now operate with their own development and best interests at heart, rather than those of society (Christensen et al., 2003; Slagstad, 2001; K. Sogner, 2003). Essentially, while the government can encourage Norwegian businesses to behave ethically and with social responsibility abroad, it will not intervene directly to force a withdrawal in conflict situations.

**Present Day Examples**

A contemporary example highlighting the importance of a value based managerial vision can be seen with Stormberg, a Norwegian outdoor and sports clothing producer. Established in 1998 and currently employing approximately 138 individuals, the company has an estimated annual turnover of USD $40 million. Stormberg’s approach to CSR is inspired by its founder, Mr. Steinar J. Olsen, who created an organization-wide value-based identity for the company. He transferred and embedded his personal societal motivations and visions into his company by sharing responsibility with his employees. He adopted a broadly caring participatory decision-making process, for example when hiring new employees who have either been drug addicts or spent time in prison. Another example is the arrangement where customers can return used sports clothes which are then recycled or donated to groups in need. With a focus on a consensus-driven participatory decision making process the company utilizes a both top-down and bottom-up approach when discussing issues related to CSR, for example worker conditions in its Chinese factories, CO₂ reduction or alternative forms of sourcing (replacing cotton with environmentally more friendly bamboo fibers) (Hoivik & Melé, 2009).

The second example is a company that initiated a process meant to embed
greater and updated awareness of “social responsibility” by using the ISO 26000 process standard. The process adopted is of particular interest in this case as the advantages inherent to the Norwegian style of management were visible. A stakeholder dialogue with employees, customers and suppliers was carried out (Hoivik, 2011). The internal processes involved engaging employees in a participative dialog. This served both to enhance understanding of CSR and to show how this can be better linked to personal moral capabilities and values. In the course of the process, all the stakeholders’ interests, rights and general conceptions of social justice were made explicit, discussed and exemplified by using their personally experienced practical every day examples. This method of knowledge sharing and knowledge creation is more easily accomplished when a dialog about ethical values and social responsibility is used as part of organizational development. It is also rather typical for these types of small and medium-sized enterprises not bound by hierarchical structures.

A very similar process of developing and embedding ethical values in an organization was carried out in a public sector organization in 1999. When the management of the municipality of Asker decided to launch such a process, it was clear from the start that this had to be a bottom up process of accessing existing ethical and social awareness among its 250 employees using dialogue based workshops. A stakeholder questionnaire supplied additional information (Hoivik, 2002). This last example illustrates our claim that dialogue and involvement with employees is deeply ingrained in organizational settings, both in the private and public sector of Norway.

Whether it is a modern form of paternalism or the spirit of cooperation and dialogue based partnering with employees, the strength of the Norwegian approach
lies in seeing business as having a decisive role in society. The reasons often given
are not maximization of profit, but making profit by means of building social and
ethical expertise in the entire workforce. When Stormberg, for example, removes
barriers in the job market by employing the so-called unemployable, broad social
benefits accrue to all of society and its members. While the Norwegian legislation
demands adherence to social laws, benefiting the individual, there is still space left for
companies like the ones described above to differentiate themselves by being socially
innovative and thus doing good in society. That is the Norwegian re-interpretation of
social responsibility into responsibility of business in society (‘samfunnsansvar’). As
the white paper of the Norwegian government demands, business can do even more in
a globalized world, or in other words even more beyond its own national borders.
However, a cautious note is required here. Examples of how CSR is perceived and
acted upon in Norway can serve only as an illustration, as each and every organization
has to choose a process that fits its own culture.

Conclusion

Throughout this essay we have pointed to certain aspects of the Norwegian
business system and political culture that has readied Norwegian business for the CSR
agenda, well before the modern day term was introduced into business language. In
the following section we will abandon the chronological perspective and highlight six
of the key themes that run through this history.

First, there is a striking difference between Norway and the US in particular in
the popular view of the state and the role that the state should take on. While a free-
market enterprise economy in the US positions the government outside the CSR
agenda (Frederick, 2006; Moon & Vogel, 2008), the CSR agenda in Norway has
largely been driven by the government. Furthermore, many of the largest companies
in Norway today are at least partly publicly owned. Norway has been called a state-friendly society and this attitude has also been found among business people. An active government has long been perceived as a positive force for the formation of a welfare state. This is in contrast to the individualism of the US approach (Moon & Vogel, 2008).

Another important cultural difference is that Norwegian business institutions are not considered to be hubs of society, as is often the case from an Anglo-American perspective. Business is instead considered to be one of many institutions functioning in society, and is not always seen as the most important (Byrkjeflot, 2003). Indeed, business has often been eyed with skepticism. Throughout this essay we have also pointed to how industrial welfare measures and philanthropic gestures have been criticized.

A third decisive factor is the way in which the social and political culture has fostered a climate for compromise and negotiations. The Norwegian political system, based on corporatism, dialog and social-democratic government, has given trade unions sufficient influence to limit work place conflicts. Norwegian businesses are often arenas for negotiation, and Norwegian management is characterized by a form of compromise in resolving conflicts between workers and employers. Cooperation, consensus, participation and power sharing have been important keywords, and the model has given employees huge influence. While relations have been strained at times, an underlying understanding of shared interests has prevailed in many companies. Hence terms like “the Hydro family” have been used (Lie, 2005).

The motives for this type of management have been called idealistic, rooted in a particular understanding of human nature and democracy, and are at least in part seen as instrumental to the ultimate success of the Norwegian business sector with a
culturally acceptable management style. Thus, it has been observed that Norwegian managers have considerable experience with stakeholder dialog, negotiation, and listening to criticism, all of which are increasingly seen as crucial to CSR (Grenness, 2003; Morsing et al., 2007; Thue, 2008). In this way, Norwegian business can draw on a historical tradition that grants it a competitive advantage in an increasingly globalized and internationalized world (Byrkjeflot, 2003; Gjølberg, 2009; Morsing et al., 2007).

A fourth factor mentioned throughout the essay is size. As noted, Norwegian business is still typified by a prevalence of small companies, as 95% of its companies retain fewer than 20 employees. On the Fortune Global 500-list for 2011, there is one Norwegian company and 132 from the US (Fortune Magazine, 2012). The small size of the majority of Norwegian businesses has meant that the distance between employees and management remains bridgeable, and that formal democratic systems have not always been necessary (Engelstad et al., 2003). At the same time, many small businesses are firmly embedded in their local communities, and often practice a form of stakeholder orientation without necessarily labeling it as CSR or an equivalent Norwegian term. CSR as such is therefore regarded as “old news”, as many managers feel they already consider the needs of their communities and employees in their decision-making, while the rest is embedded in the legislation (Byrkjeflot, 2003).

A fifth factor related to the latter, is that the small units have generally lacked economic power. Combined with a strong middle class and a lack of nobility, this has resulted in a lack of a philanthropic tradition. While many have included philanthropy when describing CSR (e.g., Carroll, 1991), this has not been an important part of social responsibility in Norway. Just across the border, in Sweden, the situation is
Corporate Social Responsibility in Norway

different (Braunerhjelm & Skogh, 2004).

Finally, a sixth factor that we want to highlight is the role of the welfare state and legislation as compared to other countries. Norway has already passed a body of legislation that includes several aspects often discussed in connection with voluntary CSR, such as workers’ rights, environmental issues, working conditions, and security (Grenness, 2003; Munkelien et al., 2005). Thus, there is often no call for additional voluntary measures.

All the factors laid out above are important in understanding the phenomenon of Norwegian CSR and “Societal Responsibility” (Norwegian: ’samfunnsansvar’). National business systems, national culture, political system, financial system, education, and professional systems influence perceptions of CSR, and how the concept is translated into the national context.

This essay illustrates that corporate social responsibility, as an ethical rather than a managerial concept, has been a part of business consciousness in Norway for a long time (Argandoña & Hoivik, 2009). In Norway, we can clearly see how the concept of CSR, or a wider sense of responsibility on the part of the business community to, for and in society, has evolved over time. This has certainly not been a linear progressive process; tensions have been duly noted. Still, we would maintain that Norwegian businesses have had a chance to develop some competencies that are required by the modern CSR agenda and its stakeholder orientation. There has been a clear dependence on cultural, political and socio-economic drivers at critical junctures. Furthermore, if implementation of CSR continues to be presented only as an instrument meant to help businesses achieve and secure “a license to operate”, while remaining in good public standing, some essential elements are left overlooked. To be competitive does not mean to be alike. Therefore,
there is not—and probably cannot be—a universal model of CSR without taking the local historically developed context into consideration.
Footnote

1 The movement took its name from its founder, Marcus Møller Thrane (14 October 1817–30 April 1890), a Norwegian author and journalist who emerged as a leader of the first Norwegian labor movement. It was this labor movement which later became known as the Thrane Movement (Norwegian: “Thranebevegelsen”).
References


Corporate Social Responsibility in Norway


Oslo: Gyldendal akademisk.
Chrisophersen, N. Christie & K. Petersen (Eds.), Eilert Sundt verker i utvalg (pp. 5-71). Oslo: Gyldendal.