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Can stakeholder partnerships in a civil regulated environmental practice, create sustainability?

The phenomenon of Forest Stewardship Council meets practice in Sveaskog and IKEA.

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Abstract

Forest Stewardship Council (FSC) is a good example of a civil regulated environmental labelling-initiative. It is also an arena for different organisations interesting in sustainable forestry to work and handle forestry issues. FSC has allowed many private initiatives to move ahead of poor national and international environmental legislation. Instead they have turned towards the market with consumer pressure and in co-operation with companies. The sustainable forestry initiative has become a part of organisations' 'Environmental Responsibility' which is a part of their 'Corporate Social Responsibility' (CSR) work. The aim of my thesis is to describe the phenomenon of FSC, both practically and theoretically, from a stakeholder approach. I have picked out two companies which are heavily involved in the FSC practice, IKEA and Sveaskog. The two companies are important players in shaping and developing FSC. The different practices are handled as two separate case-studies. A third case-study explores FSC both on national and international basis. The following research question will be answered: *From a stakeholder view, how does FSC works in practice?* To describe these three forestry practices is a contribution in itself. I will also use an analysing tool inspired by stakeholder theory to make the studies' stakeholder partnerships as clear as possible. With the knowledge exposed in answering the first question I will further ask: *Can stakeholder partnerships in a civil regulated environmental practice, create sustainability?* Kemp's (2005) five dimensions for sustainability improve the understanding. Every dimension will be followed by an interpretation from my forestry practice in the previous chapter. Both IKEA and Sveaskog drives an ambitious work to create sustainable business, which will be analysed through an ethical-, social-, nature-philosophic-, economic- and legal perspective of the sustainability concept.

The thesis is analysed by an explorative methodological approach with qualitative data, since it best can encapsulate the essence of the complexity which constitutes the answers to the research questions. Each case study will be described in separate texts which make up multiple realities mentally constructed by ourselves.

The analysis shows, both for Sveaskog and IKEA, that stakeholder partnerships generate a number of things. The partnerships generate constructive interaction where new and experienced ideas are born; obligations, processes and responsibilities for their stakeholder engagement; and environmental and social benefits in terms of FSC and other civil regulations and what environmental and social benefits the work leads to. But my description and analysis of the practice and the stakeholder analysis do not answer the general question of the thesis: *Can stakeholder partnerships create sustainability?*

When going through the critical voices from the five dimensions of sustainability, the task of creating sustainability seems to be impossible. I have confronted the five dimensions with environmental and social responsibility practice in Sveaskog and IKEA, and found substantial efforts in each and every dimension of sustainability. This practical work seems hopeful, whether there is sustainability or not, a serious ambition and extensive goals sometimes makes a difference.

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1 Introduction

1.1 Introduction

This thesis is not only part of my environmental science studies, it is also part of my own “journey” to explore the benefits of eco- and social labelling. It will focus on three different stakeholders: *consumers* (or customers), *companies* (corporate level) and *NGOs*. NGOs are acting as “pressure groups” against different companies and their activities; and as inspiration for consumers to act (consumer pressure). Sometimes the other two stakeholders, consumers and companies, do act on their own for own reasons. This stakeholder view did develop during my undergraduate studies in business administration, which I already had written a bachelor thesis: “*Social and Eco-labelling within the consumer market – good for whom?*” In that thesis, I looked at the Swedish practice of social- and eco-labelling by focusing into two NGOs and four companies: “Rättvismärkt” (Fair Trade Labelling Organisation) and two coffee-makers: Löfbergs Lila AB and Bergstrands Kaffe AB as well as Forest Stewardship Council (FSC) and IKEA. A small portion was spend on internal labelling in “Indiska Magasinet AB”; a clothing/furnishing company. Further more, in the following thesis, my knowledge in human ecological (eco-philosophy) field of environmental science will also have an influence.

In this thesis, I will go deeper into civil regulated environmental practice, by trying to understand the developing process and establishment of a specific eco-label, the *Forest Stewardship Council* (FSC). Today, FSC is one of the most “developed” civil regulated environmental standards existing. With help of the stakeholder approach, I will look more specifically into the different actors in order to understand these developing processes concerning forest labelling. Vogel (2005), in his book states that *Environmental Responsibility*, is part of *Corporate Social Responsibility (CSR)*. The term “Environmental responsible”, according to Vogel (2005) is a “multidimensional” and complex practice among large corporations. The environmental responsible practice can involve, for instance, natural resource management, recycling, marketing of environmentally friendly products, pollution control, etc. (ibid.). But there is no consensus of “satisfactorily practice” for Western companies acting in developing countries concerning environmental responsibility. Labour standards on the other hand have developed such consensus supported by UN and ILO declarations and conventions. The corporate environmental responsibility primarily affects business practices in developed countries (West/North) in comparison to labour standards, which has much more focused on developing countries (South). The regulation on environmental issues are also rather many, which makes it even more difficult to understand what is ‘corporate virtue’ and what is ‘public policy’ (ibid).

The conceptual and theoretical framework in chapter 2 will show a history of environmental concern – an environmental line and the phenomenon of FSC is introduced in its historical context. An empirical case-study about FSC and forestry practice in Sveaskog and IKEA constitute chapter three and chapter four will show a reflection about sustainability linked to the previous described practice in the case studies. Can stakeholder partnerships in a civil regulated environmental practice, create sustainability? The thesis tries to sort out that statement or question.

1.2 Purpose, research design and research question

FSC is a good example of a civil regulated environmental labelling-initiative. The aim of my thesis is to describe the phenomenon of FSC, both practically and theoretically, from a stakeholder approach. Further, I intend to use this knowledge to look at stakeholder partnerships. The research will assess if stakeholder partnerships within this civil regulated environmental labelling practice create sustainability. I have, therefore, constructed the following two research questions:

- 1) “From a stakeholder view, how does FSC work in practice?” and
- 2) “Can stakeholder partnerships in a civil regulated environmental practice, create sustainability?”

I will apply a case study to assess how the phenomenon is working. FSC is a member-based organisation. I will look at the organisation and explain the member’s different goals and reasons for involvement in the FSC. Then, I will go more into practices at the company level. I have picked out two companies which are heavily involved in the FSC practice, IKEA and Sveaskog. I will look into these companies as two different cases, since they are important players in shaping and developing FSC.

IKEA, Sveaskog and the FSC have different perspectives and purposes with their civil regulated environmental forestry practice. The development of the FSC has worked as an arena for sustainable forestry practices, with many of the companies stakeholders involved including several NGOs. Therefore, it is interesting to analyse this from a stakeholder perspective.

My thesis will also analyse and discuss sustainability from a more theory driven perspective and discuss the concept of *sustainability* to get a deeper understanding of why so much effort is put on the development of this civil regulated environmental practice.

Furthermore, I will analyse the forestry practice from a stakeholder view in chapter three and the dimensions of sustainability in a combined manner and outline my conclusions in chapter four.

1.3 Methodological discussion

General methodological discussion

I have chosen to use qualitative research methodology in my thesis. I believe that qualitative data can best encapsulate the essence, and in a way the complex results in order to answer my research questions. According to Merriam (1988), qualitative data are characterised by detailed descriptions of activities, people, interactions and observed behaviors. Direct quotes from individuals showing their experiences, attitudes, opinions and thoughts are considered qualitative data, which also for example parts from notes, letters, registers and case studies.

Baxter & Eyles (1997) uses Lincoln and Guba (1985) in order to identify four criteria in evaluating qualitative research. They have studied poor designs and findings of qualitative researchers mostly in geography. It is crucial for a paper based on in-depth interviews and

texts, to deal with many of these criteria in order to accomplish meaningful inference (ibid). Therefore, I will use some of Lincoln and Guba's definitions, assumptions and practices to satisfy these criteria.

In the first of the four criteria, Lincoln and Guba (1985), talk about *credibility*. In my thesis, I will handle the credibility issue by creating narratives/texts about the phenomena of FSC. These narratives are built upon sources from NGOs and companies working with FSC, as well as researchers studying this phenomenon. As NGO sources, I will use information from World Wide Fund for Nature (WWF), Swedish Society for Nature Conservation, Forest Stewardship Council International (FSC International) and Swedish FSC. Further, the information from two companies, namely IKEA and Sveaskog will be used. Cashore et al. (2004) with the title: "*Governing Through Markets*" deals with the FSC phenomenon in both broad general terms and in more detail or specific contextual terms and constitute a very credible source. So also Vogel (2005): "*The Market for Virtue*" which is a much more critical contributor to the topic.

Baxter & Eyles (1997) indicated that credibility is:

"... based on the assumption that there is no single reality but rather multiple realities mentally constructed by ourselves" (Baxter & Eyles 1997, p. 512). I therefore plan to construct these cases based on different stakeholders with "different realities" to illuminate this outcome. One of Lincoln & Guba's (1985) useful practices to satisfy the credibility criteria is purposeful samplings. My narratives with information from certain stakeholders are selected with one purpose in mind, to find good and varied examples of FSC in practice. 'Purposeful samplings' are also a question of looking at different objects the same way. This technique suit the methodological theory with purposeful samplings in order to reach credible outcomes.

Both Lincoln & Guba (1985) and Alvesson & Sköldberg (1994) describe triangulation as a technique where a mix of different methods can be a way to achieve credibility and better conclusions. Looking at FSC, qualitative data as well as quantitative data can be used to create a much more trustworthy description of for example measures on different species (biodiversity) within a forest. Qualitative data may describe customers' appreciation over how their purchases support sustainable forestry. Although this thesis is a strict qualitative study, I employ triangulation using different qualitative methods. Another useful methodological technique is 'member check' (Lincoln & Guba, 1985). This strategy amounts to enhance credibility by ascertain if a particular analytical construction or hypothesis is adequate to the group from which the data were collected or observed. In my case, the member check strategy will depend on how fast the thesis will develop. Because of the time consuming dilemma with interviews and the work after such method, I have decided to leave out my interviewing ambitions. I will work with the intention to eliminate the credibility risk, in such cases.

An analysing tool

I will also include some stakeholder theories, used in different analytic sections as a more descriptive parts of my FSC practices. My idea is to find a description and analysing tool from stakeholder theory as part of the theoretical framework. To avoid repeating this tool in the practical descriptions and analyses, I choose to present it below in this methodological chapter. The description part shows that one important common denominator of the work with FSC and environmental and social issues are different stakeholder partnerships. Both

companies and FSC uses these stakeholder partnerships to carry on improvements both for environmental as well as social responsibility within forestry and wooden merchandise. How these partnerships proceed (where Sveaskog and IKEA only constitute to a little part) is crucial for the whole phenomena of FSC, which is the purpose of this thesis to search and find out. I consider these stakeholder partnerships as crucial for the environmental and social improvements of the world forests in general and the credibility of the work towards the two companies' and the FSC organisations' stakeholders.

“The dynamic political, social, economical and ecological environment and the interconnectedness of each of its elements provides a compulsion towards what is known as stakeholder partnership building” (Andriof, 2001, p. 215).

Today, partnerships consisting of different stakeholders are join together specifically to accomplish social benefits in joint actions. According to Andriof (2001) the trend in companies (businesses) and the society is moving towards a more proactive engagement in “corporate citizenship-related challenges” from a history of more “reactive compliance-oriented management” of social issues. Corporations are engaging their stakeholders as political partners and see them as valuable resources for the long-term survival of their business. Andriof (2001) in his article desires to contribute to the theory in the process of building stakeholder partnership. He therefore creates a framework for analysing stakeholder partnership building. The stakeholder partnership building, he states, is connected to “Corporate Social Responsibility” and “corporate social performance”. It is also connected to the management process of power relationship, which is a combination between power and legitimacy. Further, the partnership building and its legitimacy is characterising by the pact within the partnership. Finally, it is also dependent on the sequence of events over time set in a social risk management context (Ibid).

By exemplifying the framework of “stakeholder partnership building” he has developed an analysing grid with the following headline.

Case Study	Purpose	Pact	Power relations	Process of development
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Figure 1.1 “The four Ps of stakeholder partnership building” (Andriof , 2001, p. 237).

Gao and Zhang (2001), in their article, investigated how organisations engage stakeholders in social auditing through a comparative analysis of social auditing processes baesd on reports from different organisations. They have also developed an analysing grid for a stakeholder analysis.

	Purpose	Organisati ons	Stakeholder group	Stakeholder engagement approach
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Figure 1.2 “A comparison of stakeholder engagement approaches in social auditing” (Gao and Zhang , 2001, p. 252).

Concerning the stakeholder partnerships within Sveaskog, IKEA and the FSC organisation, I have chosen to construct my own description for both respective company’s more general information and its stakeholder description. In the stakeholders part I took my inspiration

from the findings of Andriof (2001), “partnership building”. Further, I will also use Gao’s and Zhang’s (2001) ‘stakeholder engagement’. The author’s cases above, developed in a Corporate Social Responsibility context, can very well be compared with responsible forestry, FSC and business involved in ‘sustainable development’ with ‘triple bottom line’ thinking (Elkington 1997). Based on the above indicated grids, I developed stakeholder partnership grid to analyse FSC the two companies, Sveaskog and IKEA. There is a difference between these two case-study companies. Sveaskog is working in a business-to-business relationship (B2B) and IKEA is working in a business-to-consumer relationship (B2C).

Stakeholder group	Purpose	Interaction	Stakeholder engagement	Environmental and social benefits
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Figure 1.3 My own stakeholder partnership building grid.

Within my constructed grid, there is also FSC analysis, but FSC is a platform for establishing a worldwide standard for responsibility forest management and have lots of other members and actors out of Sveaskog and IKEA. I therefore have to make yet another design of that analysis, using the same components.

Credibility discussion

The topic of my theses project is discovered through my interests in IKEA and their environmental practice. I understand the importance of FSC, as a good example of an environmental labelling initiative with ambitions to cover the whole world’s forests and the majority of forest lands in every country instead of being marginalised only reaching a few. Could FSC make an environmental difference, I wonder? Covering the practice of FSC is a huge task. Through very large and informative homepages of FSC International, FSC Sweden, IKEA and Sveaskog I have found much useful information. Further, important NGO:s involved in FSC, was useful in providing information, such as WWF, Swedish Society of Nature Conservation, and so on. There are several articles in different books about Corporate Social Responsibility, mentioning FSC. In 2004, Cashore et al was publishing the book “Governig Through Markets”, a four year project by three researches from Yale University, focusing in FSC in five developed countries in North America and Europe. This book, based on information from about 27 pages of references, was a very helpful and creatable source to me.

I have tried to put a lot of effort in describing the FSC practice so the reader themselves, could create an understanding for the phenomena of FSC exemplified in the practices of Sveaskog and IKEA. My ambitions was therefore to create meaning with the texts.

The credibility in my three case-studies, as already mentioned, are built upon collected data from homepages and various sustainability reports from each organisation. Further, different NGO:s involved in the development of FSC is also a main contributor. The third-part certification of FSC, involves elements of external auditing where many operational mistakes and opposite views are brought into light. Some of my sources mention these difficulties. Some of these mistakes are also revealed in the sustainable reports. I have been aware of the risk of relying too much on the companies own information. Therefore, I have looked at these sources with sceptical eyes. Through books and articles I have gained an informative and critical supplement about the practice of FSC, although I have kept the positive attitude in the

language that surrounds sustainability reports from Sveaskog and IKEA, as well as FSC. I believe in their approach, to constantly approve the civil regulated processes. That idea is shown in my tone of the thesis.

2 Conceptual & theoretical framework

2.1 General Environmental line

To understand the phenomena of Forest Stewardship Council (FSC) as well as different stakeholders involved in the initiative, it is important to mention things that have happened before and during the FSC development within this field. M. A. Hajer (1995) describes the politics of “sustainable development” in his book *The Politics of Environmental Discourse*. He points out the mentality shift that appeared when images from the Apollo space program were reached the world, picturing the globe as a fragile ball floating around the endless universe of darkness. The fragile image of the globe during the 70s became an icon of a “comprehensive political effort” (Hajer 1995, p. 8). Some of these conclusions are also articulated by “the World Commission on Environment and Development (WECD)” in the publication *Our Common Future* (1987). Elkington (1997) looks more into consumer pressure and gives a great deal of the credit to Rachel Carson’s *Silent Spring* (1962). Carson turned the praised chemical industry into a demon, he calls.

The author of *Reinvent Eden* (2004), Carolyn Merchant, also presents the same picture of Carson’s influence. Merchant emphasises how controversial *Silent Spring* was at the time. In a time of actions against dangerous hazards of nuclear weapons and radioactive fallout, Carson caused people to react even against the far more common dangerous chemical subsidies. She pictured the industry, very rhetoric, as “man’s war against nature” (ibid.). Carson was able to turn the chemical industries into wretched companies in front of ordinary people as well as environmentalists, but most of all redefine the whole “mainstream progressive narrative” (ibid p. 187). She revealed the cause of the activities by the chemical industry, for example pesticides that had disruptive effects on the food:

“...we have allowed these chemicals to be used with little or no advanced investigation of their effect on soil, water, and man himself. Future generations are unlikely to condone our lack of prudent concern for the integrity of the natural world that supports all life” (Carson 1970, p. 13).

Merchant seems throughout the entire book, never be able to enough suppress the importance of turning the ideas of nature, progress and what is considered to be environmental acceptable, in order to reach sustainability.

The Apollo program and Rachel Carson was two important environmental spokes’ persons during the 60s, and the fragile dependence on nature became international and national politics in the 70s. To see the world as one integrating whole and focus on the biosphere was the common denominator during “The United Nations Conference on Human Environment” in Stockholm 1972. The conference led, among other things, to two reports: *Limits to Growth* (1972) and *Blueprint for Survival* (1972).

It is also important to look at these politics through a market-driven consumers perspective and their attitudes. Society’s understanding of the importance of environmental changes is described by Elkington (2001 & 1997) as different “waves” in the environmental movement. This paradigm shift or “waves of social and political change” consists of environmental pressure. According to Elkington (2001) first took place in 1969-1973 after the western

society's reactions on several key happenings (Silent Spring, Apollo, etc.). After such happenings, new environmental legislation was formed in many western countries. The second wave came about in 1988-1991; when society's impact on the ozone layer was questioned (Elkington 2001). On the political arena the UN report by the WCED: *Our Common Future* (1987), also called the Brundtland Report, became the centre-piece of the environmental politics at that time but also during the whole 90s (Hajer 1995). Later many national environmental policy plans were developed based on the spirit of this Report. They were mainly from Western Europe like the Dutch *National Milieubeleidsplan* (1989) and the British: *This Common Inheritance* (1990) (Hajer 1995).

"...both start from the recognition that the state of the environment calls for an integrated approach and outline a national strategy of bureaucratic regulatory management of the environmental problem, carefully positioning themselves within the context of the perspective of 'sustainable development' as proposed by Our Common Future" (ibid. 1995, p. 9).

The second wave of environmental pressure, faced by many market-leading companies, was a different kind of challenge as compared to regulatory threats. Leading international companies were questioned about their business in areas they knew little about. Elkington (2001) raises up examples like the impact on tropical forest cover in cacao-farming, dolphin deaths linked to the fishing of tuna-fish, stratospheric effects on different products, and so on. It was in this period many companies started to carry out "environmental auditing" including social, ethical and fair-trade issues (ibid). This attracts the attention of commercial standard-setting organisations such as BS 7570 (British Standard Institution) and ISO 14000 (International Standard Organisation). Law making processes have followed after these waves (Gillberg 1999; Elkington 2001).

Today, a new wave is running as from the millennium shift. This wave is, according to Elkington (2001), a "Triple Bottom Line" approach which means a sustainable business approach where economical, environmental and social aspects should be seriously considered in a sustainable manner. Furthermore, the new wave is also value-driven or value-based. Pruzan (1998) describes that values-based perspectives characteristics like finding other languages than money, listen to stakeholders, being socially responsible, let employees (co-workers) personal values harmonise with company values, and etc. A process within organisations becomes less hierarchy managed. Ordinary co-workers expect to act more independently and take more responsibility framed by the values of the company (Elkington 2001). However, different states have created environment protected legislations that have made insignificant impact on bad environmental practices from corporations around the world. The Swedish government "the green image", for instance, has remained in the law books and poorly affected practice. But the changed environmental pressure has somehow brought the environmental issues to the marketplace (Gillberg 1999). Many times throughout history, companies have acted defensively to such external regulatory threats. Delaying new laws and heavy lobbying activities are still common techniques (Elkington 2001). Gillberg (1999) already sees, in the late nineties, the new shift towards voluntary agreements:

"We seem to be entering into a new "environmental" paradigm where the market force is used as a major force for change and where voluntarily agreements, such as certification, have a larger impact than any legally binding document or convention has ever had" (Gillberg 1999 p. 108).

The sustainable community has in recent years put a lot of effort and resources concerning standard-setting. Elkington (2001) seems not entirely positive towards these standards. The variety is too large with competing standards, and critiques talk about a "tick box" mentality;

meaning that the standards sometimes encapsulate ideas within existing processes instead of thinking outside “the box”. There are standards for everything from employee rights and environmental management systems to corporate sustainability reporting, and stakeholder engagements, such as GRI, ISO 14000, EMAS, FSC, SA 8000, AA 1000, MSC, and etc. In spite of this fact, Elkington (2001) has learned the great value of these standards.

“I have learned that some of the most useful outcomes flow from the standard-setting processes, rather than the standards themselves. The necessity to debate what a standard is for, and how it should be developed, applied and verified, spurs engagement between a wide range of business, government, NGO and other stakeholders” (ibid. p. 157).

From a business perspective, looking at this consumer movement, Elkington (2001) talks about internalisation as “a process which a company internalizes externalities previously imposed on other economic actors, society or the natural environment” (ibid. p. 145). With this in mind, it is easier to see companies environmental problems, one can call them environmental costs, as the company’s own cost instead of letting the government, other organisations, or the nature itself (environment) pay the price.

2.2 FSC as a phenomenon

In this thesis I want to present a practice inspired picture of the FSC phenomenon. Perhaps those stories will give a more optimistic view of using FSC than for example Vogel (2005). The conclusion from Vogel concerning voluntary standards in Forestry is very modest. He claims:

“In, sum voluntary standards appear to have had a measurable impact on preserving old-growth forests in North America, a modest impact on improving forestry practices in North America and Europe, a limited impact on temperate forest practices outside North America and Europe, and no impact on curing rate of tropical forest destruction. At the same time, the cost of these improvements has also been relatively modest.” (ibid. p. 121).

Looking at the processes which lead to the establishment of FSC, I will depict what was the prerequisite for the FSC, the “sustainable development” discussion and consumer pressure that made companies lose money and image.

“A number of key trends have coalesced to produce increasing interest in non-state market-driven governance systems generally and within forestry specifically” (Cashore et al 2004, p. 9)

Within many private corporations, much attention has been given towards quality improvement. Early on, quality tools such as ISO 9000 and many others have helped improving companies’ status. And when social responsibility and environmentally friendly demands influenced these companies, new standards like ISO 14001 was developed to deal with these issues. But, as environmental and social standards, such as ISO 14001, are more of internal environmental tools there is always a credibility dilemma, even though, auditing by an independent third party has become more commonly. Large NGOs like World Wide Fund for Nature (WWF), Greenpeace, Save the Children, Friends of the Earth, Amnesty International, and others have learned the effect of progressive co-operation with “serious corporations”. From the NGO perspective, the power of large corporations can make a difference in the developing countries, where environmental damage and inhumane labour conditions are common. This is why these NGOs in recent years have started business groups

and co-operations with corporations to prevent phenomena like child labour, bad forestry, illegal logging, etc.

Looking at the area of forestry, merchandising of wood, etc., a three-part sustainable forestry standard was needed. Vogel (2005) talks about how the issue of tropical deforestation took root in Europe during the late 1980s, where 95 percent of the Dutch market, agreed to import tropical timber only from sustainable managed forest. One can read similar stories from Britain (ibid.). In the United States the Rainforest Action Network (RAN) worked very actively in changing forestry practices among retailers focused on protecting tropical rainforest and later also old-growth forests (ibid.). There were similar actions by a coalition of NGOs for campaigns to end sales of paper products made from endangered forests and to increase sales of recycled paper (ibid.). Based on these types of activities and negotiations among foresters, scientists, and industry in the following several years, the Forest Stewardship Council (FSC) was established in 1993 and began operations three years later (ibid.).

Because of the early involvement of NGOs in the process of creating such a standard, Forest Stewardship Council (FSC) and its criteria of became a relatively radical one, from an environmental and socially point of view. I will later describe this in more detail.

3 Empirical study

Throughout the thesis, I have intentions to be contextual and not separate the phenomenon from its practice. The FSC organisation itself will show that even if the purpose of the labelling system is general in the world, local agreements are needed as forestry differs throughout the world. What is considered the most crucial differences between industry and NGOs from an ecological, social and economical point of view in the northern part of Sweden, is perhaps less important in Malaysia. Therefore, I will apply three different case-studies that built upon different practices of the FSC.

3.1 Forest Stewardship Council (FSC)

The following information about FSC will be taken from FSC International homepage (available: 2006-04-18), Cashore et al (2004): “*Governing Through Markets*” which is written during three-and-a-half-year based on an enormous amount of sources including 200 interviews. Further sources are Vogel (2005), Micheletti (2003), Elkington (2001) and Cliffe (2005).

3.1.1 FSC – general information

Forest Stewardship Council (FSC) is a worldwide forestry standard that promotes environmentally responsible, social beneficial and economically viable forest management systems. Principles and criterias have been developed, stating what responsible forestry is. Forestry actors, from big corporations with lots of managers down to the smallest forest holder, have a voluntary choice to accept the rules and procedures of the system and meet the terms of FSC. Therefore, the FSC Initiative and also the power, lies within the markets own supply chain.

According to FSC International, the labelling organisation of FSC was founded in request of consumers demand. The destruction and degradation of the world’s forests was reaching the public awareness.

The FSC can also be seen as an international body which accredits certification organisations. As a result the FSC can guarantee the authenticity of their claims linked to their principles and criteria. Cashore et al (2004) sees the phenomenon of FSC as a new type of institution that also can be described as a “non-state market-driven” governance system. This is something else than traditional state-centered authority (upholding environmental legislation). Vogel (2005) sees FSC as the most ambitious example of the privatisation of environmental governance on a global level.

The early history of FSC

In the eighties Mr. Kwisthout had a moral dilemma in not finding any material that could guarantee him to make bagpipes out of tropical hardwood without supporting the destruction of the rainforests. Environmental groups at that time, tried to promote boycotts of tropical

timber. The bagpipe-maker, who depended on this wood, was very worried. It had to be a way to reach companies or landowners that practiced forestry in a responsible manner¹. A group of timber users, traders and representatives of environmental and human-rights organisations met in California (USA) in 1990 to discuss how they could combine their interests to improve global forest management. They all needed an honest and credible system for identifying well-managed forests. The meeting concluded that an umbrella-organisation was needed and they named the initiative Forest Stewardship Council. In three years, NGOs and other stakeholders investigated whether there is an existed widespread support towards a future global certification system covering all kinds of natural forests and plantations. It all led to the FSC Founding Assembly in October 1993.

The organisation of FSC

Forest Stewardship Council (FSC) as an international network has a purpose to promote responsible management of the world forests. Within this system (arena), different stakeholders interested in responsible forestry matters co-operate with one another. NGOs, forest owners, managers, forest products manufactures, local communities and other interest groups have the same access, voice and vote in the democratic, inclusive and transparent system.

The highest decision-making body in FSC is *The General Assembly* of FSC Members. It consists of three equal chambers: environmental, social and economic chamber. Each chamber has equally representatives from the economical north and south. Members must demonstrate an active commitment to FSC and its principles and criteria. The members in the *social chamber* as well as the *environmental chamber* support forest management and believe in delivering forest products to the market in a way that not infringe other stakeholders. These members are non-profit groups, indigenous people associations, unions, researchers, academics, technical institutions and some individuals that have demonstrated commitments to socially or environmental beneficial forestry. The third *economic chamber* consists of organisations and individuals with commercial interests for example employees, certification bodies, industry and trade associations, wholesalers, retailers, traders, consumer associations, and consulting companies that has demonstrated active commitment to implementing FSC Principles and Criteria in their operations.

The Board of Directors is accountable to the FSC members. The board consists of nine individuals elected from each of the chambers in a three year election period. *The Executive Director* is the highest responsible person that runs the organisation on daily basis. Her/his office, the FSC head office, is located in Bonn, Germany.

It is also important to write about the organisation's *accreditation program*. This is one of the organisations main purposes where independence of the governance structure can be ensured. According to Forest Stewardship Council (2006-04-18), the program provides mainly tree services. That is accreditation of:

- (1) Certification Bodies, with the purpose to assure credible certification bodies that are competent and independent in providing certification services according to FSC Standards. The accredited certification bodies are allowed to provide two types of certifications: Forest Management and Chain of Custody. To guarantee sustain

¹ From Cashore et al (2004)

compliance with the requirements of FSC, the organisation monitors these accredited certification bodies regularly.

- (2) FSC National Initiatives, with the purpose to control, help and coordinate regional offices and make sure they operate consistently and in line with FSC requirements. The National Initiatives are according to FSC the foundation of FSC's global network.
- (3) National Standards, with the purpose to find a balance between live up to the FSC requirement and remain consistent with integrity. At the same time, also find local designs and compatibility to the local situation. It is a consultative process to work on such standard which sooner or later leads to an acceptable accreditation by FSC. So far 23 national or sub-national standards have been accredited. Once a national standard is accepted all local and international certification bodies must use the standard in their accreditation process.

One of the fundamentals of Forest Stewardship Council is their *ten principles and criteria* for responsible forest management. They apply to all tropical, temperate and boreal forests. Many of these principles and criteria also apply to plantations and partially replanted forests. Factors like the intensity and scale, uniqueness of the affected resources as well as the relative ecological fragility of the specific forest will be considered. Interpretation difficulties and local differences will be addressed in national and local forest stewardship standards.

1. *Compliance with laws and FSC principles*
2. *Tenure and use rights and responsibilities*
3. *Indigenous peoples' rights*
4. *Community relations and worker's rights*
5. *Multiple benefits from the forest*
6. *Assessment of environmental impact*
7. *Management planning*
8. *Monitoring and assessment of management impact*
9. *Maintenance of high conservation value forests*
10. *Responsible management of plantations*

Major failures in any principle will normally disqualify a candidate, the FSC organisation says. Individual certifiers will take such actions. They will base such decisions on the importance and consequences of the failure and to which degree each criterion is satisfied.

Beside the FSC's accreditation functions also manage its *Chain of Custody standard* for manufacturers and processors of forest products. It is a credible tracking system for certified wood and wood products. The tracking starts all the way from a specific certified forest through trade and manufacturing businesses to retailers committed to the FSC and finally reaches the retailer's customers.

With *the FSC brand* (trademark), they offer credibility and international recognitions to organisations that support responsible forest management. It is a part of the goal to create a market for wood harvest in a social and environmental manner by providing business incentives to support certifications. In a consumer perspective, the trademark helps customers to recognise these products. Today thousands of products carry the FSC mark. Of course, promoting its trademark with activities and customer service is a part of the strategy.

Through national business networks, FSC gathers and supports companies in, for example, 'buyers groups'. The members of such groups have committed themselves to sell only independently certified timber and timber products within three to five years.

Nick Cliffe, the director of Forest Stewardship Council UK Working Group, mentions several reasons why companies desire to certificate their products or material with the FSC label. One reason could be to reach consumers interested in environmental issues. Another could be to use it as a tool in a company's CSR-work (Corporate Social Responsibility). Yet, another could be the reason of product development and keeping up with quality improvement, environmental legislation, and others.

3.1.2 FSC – stakeholder partnership description

In the section below I will analyse the text/practice of the FSC organisation above. In later cases, diagrams are made based on the analysing tool (Table 1.3) showing an analysing grid (see methodological discussion). Because of the difference between FSC stakeholder relations versus IKEA's and Sveaskog's relations, I have recon to make paragraphs instead of a large table in the first FSC study.

Stakeholder group

FSC has attracted participation from a wide range of social, community and indigenous people groups, businesses, corporations, development aid agencies and other public organisations. Some of the biggest NGOs in the world are FSC members such as WWF, Greenpeace and Friends of the Earth. Some of the biggest multinational companies, depending on wood-products, in the world are also connected to the initiative. Examples of these corporations are Home Depot, IKEA B&Q and OBI.

Purpose

Forest Stewardship Council (FSC) is an international network with the purpose to promote responsible management of the world forests.

Interaction

The FSC organisations accredit international standards for responsible forestry, through a consultative process. It accredits independent third party organisations who may certify forest managers and producers of forest products to FSC standards. It organises people and organisations finding solutions to bad forestry practices. It uses its trademark to offer credibility and international recognitions to organisations that support responsible forest management and its further growth. It helps customers around the world to recognise products that support responsible forest management (today several thousands of different products carry the FSC trademark). FSC is also doing promotion activities for responsible forestry as well as customer service

Stakeholder engagement

The whole organisation is a kind of a system for co-working amongst different interested stakeholders in responsible forestry matters. The FSC system can be characterised as democratic, inclusive and transparent. Inclusive as it included NGOs, forest owners, managers, forest products manufactures, local communities and other interest groups have the same access, voice and vote in the system. The members in the *social chamber* as well as the *environmental chamber* support forest management and believe in delivering forest products to the market in a way that not infringe other stakeholders. These members are non-profit groups, indigenous people associations, unions, researchers, academic, technical institutions and some individuals that have demonstrated commitments to socially or environmental beneficial forestry. Dependent on which interest they are involved in, they end up in one of these two chambers. The third *economic chamber* consists of organisations and individuals with commercial interests for example employees, certification bodies, industry and trade associations (with profit or non profit), wholesalers, retailers, traders, consumer associations, and consulting companies that has demonstrated active commitment to implementing FSC Principles and Criteria in their operations.

Benefits Environmental & Social

The accreditation program provides:

1. Certification Bodies, with the purpose to assure credible certification bodies that are competent and independent in providing certification services according to FSC Standards. The accredited certification bodies are allowed to provide two types of certifications: Forest Management and Chain of Custody. To guarantee sustain compliance with the requirements of FSC, the organisation monitors these accredited certification bodies regularly.
2. FSC National Initiatives, with the purpose to control, help and coordinate Regional Offices and make sure they operate consistently and in line with FSC requirements. The National Initiatives are according to FSC the foundation of FSC's global network.
3. National Standards, with the purpose to find a balance between meeting all the FSC requirement and remain consistent with integrity to the FSC requirements and in the same time finding local designs and compatibility to the local situation. It is a consultative process to work on such standard, which sooner or later leads to an acceptable accreditation by FSC. So far, 23 national or sub-national standards have been accredited. Once a national standard is accepted, all local and international certification bodies must use the standard in their accreditation process.

3.2 Sveaskog

The following information about Sveaskog will be taken from Sveaskog's homepage (available: 05-10-2005), Sveaskog sustainable Report 2005, Sveaskog annual report 2005 as well as Cashcore et al (2004).

3.2.1 Sveaskog – sustainable reporting

Sveaskog is Sweden's largest forest owner with 15% of the total Swedish productive forest land. The best way to understand the practice of Sveaskog is to look into the company's first (only) *Sustainable Report of 2005* (previously Sveaskog only made environmental reports). This document communicates with the company's stakeholders as well as reveals how co-operation with other stakeholders are working concerning social and environmental issues. In this way Sveaskog can create credibility for their business by communicating with their customers and society at large.

Sveaskog owns nearly 4.5 million hectares (ha) of land, of which approximately 3.4 million ha is productive forest land. This also makes them one of the biggest corporate forest holders in the world. Other major Sveaskog businesses are production of saw logs; pulpwood and bio-fuel which the company plays a leading role on the Swedish market. The company provides services in "land transaction"; like offering hunting and fishing opportunities and co-operate with nature-based tourism business with local entrepreneurs that use Sveaskog's domains. The company's net sales for year 2005 was 6 155 million SEK. Gunnar Olofsson, the President of Sveaskog, says that the company now prepares for an even more streamlined role as a forest-owning company and with the vision of developing forest values. Therefore Sveaskog has disposal some businesses like selling the industrial operations AssiDomän Cartonboard. According to Sveaskog's strategy, the company will in the future even more develop its timber business towards increasing value rather than volume. This focus set the company apart from other forest companies with a more industrial focus.

Sveaskog has, under quite some time, complemented their financial targets with environmental objectives. In 2005 the company also presented a new "code of conduct" with social objectives. Gunnar Olofsson, the president of the company, speaks of Sveaskog as a company willing to take "the opportunity to develop a sustainable society". The company's vision is to contribute to long-term sustainable development by leading the way in the utilisation of forest values. Sveaskog wants to achieve value-creating co-operation between forestry, the reindeer industry, nature-based tourism, hunting, fishing and outdoor activities, objectives that partly form the social aspects of the company's strategy. And this will be done by careful consideration for the natural and cultural values of the forest. Sveaskog's large holdings of forest puts the company in a rather unique situation. The company wants to use the holdings to set an example of responsibility, clear commitments for economy, environment and social responsibility.

Further more, Sveaskog want to more quickly reduce climate-affecting emissions by increasing the use of biomass for production of heat, electricity and vehicle fuel. They have adopted the UN Global Compact and are participators of the Swedish government's "Global Responsibility" initiative (Sv. "Globalt Ansvar"). Sveaskog has adopted a code of conduct

that clarifies their responsibility and the importance of ethical and responsible attitudes. This work forms the basis of Sveaskog’s first Sustainability Report.

Sveaskog intend to lead the way in the development of sustainable use of the forest’s various natural resources and works towards the realisation of nationally adopted environmental objectives. Sveaskog has developed measurable social and environmental objectives and targets. This will make their responsibility much more clear towards employees, customers and other stakeholders.

One of the major reasons why Sveaskog among other actors in the Swedish forestry industry, first became interested in domestic sustainable forestry standards such as the FSC, was because of the momentum the FSC created in some of Sveaskog’s key export markets. Forest product purchasers in UK and Germany were making commitments to support the FSC and therefore created a supply chain pressure. The Swedish forest industry and private (as well as corporate) landowners who dependent on the export was forced to evaluate this pressure. In September 1997, Sveaskog and other industrial forest companies agreed to support the FSC and certify their entire forestland according to its criteria. But, private landowners came to the opposite conclusion not to supporting the FSC.

To reach environmental objects through a market-based solution such as certification through FSC, during the early nineties was suitable for Sweden’s forest industry including Sveaskog (AssiDomän). Because the government’s privatisation of AssiDomän, the dismantling of timber pricing controls, and Sweden’s entry into the European Union all worked to create a climate friendly to market-based solutions to environmental problems.

3.2.2 Sveaskog – stakeholder partnership description

In this section, I will describe some of Sveaskog’s stakeholder partnership building with the purpose to reveal the relationship between the stakeholder and Sveaskog. I once again will use my stakeholder partnership grid as shown in figure 1.3. With the help of information from *Sveaskog’s sustainable report 2005*, *Sveaskog’s homepage* and other secondary data, I have carefully picked out the most important stakeholder of Sveaskog. For each stakeholder I have presented the stakeholder purpose, how the interaction and engagement look like, and what environmental and social benefits it generates.

Stakeholder Group	Purpose	Interaction	Stakeholder engagement	Environmental and social benefits	Sveaskog
Employees	To give all employees a stimulating and responsible job in a working environment characterised by respect and confidence in each individual employee.	Shared-values, extensive participation and knowledge what the Sveaskog’s vision means for the company and his or her own work.	All employees have a responsibility and duty to comply with the code of conduct, and the policies and guidelines that govern Sveaskog’s operations.	Sustainability secured by Certification (FSC, Sveaskog ‘Code of Conduct’, ISO 14001) plus that the employees assure that activities will live up to ambitious environmental objectives.	

Customers	To meet customers' expectations and preferences (customer value).	Long-term business to business relationship in providing forest values.	In dialogue with customers. Sveaskog develop their operations in order to integrate with customers' own manufacture. (Using Customer Satisfaction Survey for their customer dialogue).	Sustainability secured by Certification (FSC, Sveaskog 'Code of Conduct', ISO 14001).
Sveaskog suppliers	To lead the way in the utilisation of forest values (including economic growth and returns)	Sveaskog continuously buys timber from some 8.000 private forest owners. They also import a smaller amount of saw-logs from the Baltic states and Russia.	Dialogue, learning process, compliance, working together for improving supplier standards (Using Satisfied Suppliers Index for their suppliers' dialogue).	Sustainability secured by Certification (FSC, Sveaskog 'Code of Conduct', ISO 14001).
Contractors	The contractors support Sveaskog's core business, in their forestry operations with focus on silviculture, timber harvest, sales of wood raw material, etc.	Relationship on contract basis	Dialogue and learning process, compliance, working together to create 'forest values'. (Developed new methods & routines for logging, in order to ensure professionalism, high ethics & encourage development in contract companies)	Sustainability secured by Certification (FSC, Sveaskog 'Code of Conduct', ISO 14001).
Politicians	To live up to the owner's (the Swedish state) guidelines and maintain & develop the forest land as a national resource. Sveaskog shall act independently. To handle the forests in an exemplary manner from both a production and environmental viewpoint. To strengthen private farming and forestry. Contribute to employment & development in rural parts of Sweden.	Forum Sveaskog (for example) are local meetings for customers, politicians, environmentalists, authorities, suppliers and local residents, etc. Dialogue, especially on a local level, can in this way increase. Politicians and officials representing the state ownership are influenced in Sveaskog's business strategies.	To be an independent player and contribute to increased competition in the timber market; To help developing a sustainable society and take responsibility and act in a professional way with high ethics. To encourage the exchange of information with local communities including politicians. To have ongoing dialogue and consultations.	Sveaskog will be perceived by the stakeholders as an open, competent, reliable forest company that combines professionalism, environmental awareness and social responsibility. To handle the forests in an exemplary manner, has led to high environmental objects and daily progress such as the decision to set aside 20% of all forest land to balance the production. Or socially to hold extensive consultation with Sami representatives and reindeer industry.
General Public	To increase knowledge about Sveaskog, provide greater transparency; obtain opinions & questions from people interested in the forest. To explain the reality in which Sveaskog operates. To co-operate with schools & universities in order to guarantee the recruitment base. To offer purchasing opportunities for add-on purchasing of land. To facilitate outdoor	Sveaskog arrange consultations and dialogue meetings (such as 'Forum Sveaskog'); co-operates with schools and university courses; aims to be more visible and clear in the market and the community through excursions, seminars, conferences and exhibitions. Provide permission and co-operation with entrepreneurs in tourism & outdoor	Secure 'the right of public access', which is provided by law, as well as complements in co-operation with local entrepreneurs; Further initiate work designed to develop more and new forms for local dialogue; Increase the amount of meetings such as 'Forum Sveaskog'; Offer re-allocation & add-on purchasing opportunities for land in order to strengthen private farming and	Provides the general public with knowledge about Sveaskog's operation, objectives for 'forest values' and offer forest with greater biodiversity. Through especially the eco-parks, offer special nature experience with or without instructive nature experiences.

	activities, providing instructive nature experience in eco-parks.	activities.	forestry in the forests and countryside.	
WWF (NGO)	Sveaskog needs WWF in the progress of forest values such as increased biological diversity and in order to reach high environmental objectives. Sveaskog & WWF form a powerful voice about forests for life for the future.	A long-term partnership (since 1997). Co-operation on forest projects like 'Partnerships for living forests' (five projects)	Dialogue with partner (WWF). The NGO provide project ideas and expertise while Sveaskog provides funding, lands for the projects and also with expertise.	Through a number of project promoting and developing sustainable forestry concerning for example responsible timber trade, forest-water projects, international policy work, etc.
FSC (A non-profit member-organisation.) (global & regional)	Sveaskog make efforts to contribute to sustainable development. FSC promote and audit forestry complying with the FSC criteria.	To receive guidelines for environmentally appropriate, socially beneficial and economically viable forest management. FSC provides these guidelines and promote forestry	Alliance where Sveaskog is as an active member. Accrediting and providing external auditing making shore that environmentally, socially and economically objectives will be reached.	Examples of general objectives are to protect forest key habitats present on Sveaskog's property as well as red listed species outside of key habitats. Socially to guarantee that "Public's right of access" maintains, etc.
Swedish Partnership for Global Responsibility	To conduct Sveaskog in accordance with basic international norms. To promote responsible corporate citizenship.	Sveaskog is a member since 2005. An exchange of experiences in social and environmental responsibility. Form the starting point for companies' work with Corporate Social Responsibility (CSR)	Alliance, The organisation provides policy dialogue and networks	Progress within areas encapsulated by the Global Compacts 10 universal principles about the work towards human- and labour rights, environmental sustainable business practices and anti-corruption.
Reindeer farmers & Sami representatives (local)	To take initiatives for solutions that is based on the needs of both the forest industry and reindeer farming.	Long-term dialogue, extensive consulting.	To show respect for the culture and traditional rights of the Sami people. The company consults the reindeer industry concerning 34.500 hectares of land. (One example is the representation in the central consultation group Forestry-Reindeer Husbandry.)	Make the business and traditions of reindeer farming easier; Avoiding serious conflicts between Sveaskog and these stakeholders; Use soil scarification methods that patronise for example lichen and other, to the stakeholder, important plant species.
Swedish Wetlands Conservation Fund & Swedish Ornithological Society (SOF) '100 wetland projects'	To select wetlands for restoration based on their significance for birdlife. Because of the impotence of water in forests, to preserve and protect forest waters, as a natural part of the conservation effort.	A multi-year co-operation.	To restore hundred wetlands of Sveaskog's forest lands.	The co-operation has led to preserved marsh, bogs, streams, rivers and lakes. Thousands of water-based plant and animal species enrich the forest's biodiversity. They are also of considerable value as they perform ecological services in the environment. The "100 wetlands project" will be one of the largest projects ever in Sweden for wetlands restoration.

<p>Swedish Environmental Protecting Agency</p> <p><i>"Agreement about protecting forests"</i></p>	<p>To classify the nature conservation on Sveaskog's land.</p>	<p>A close co-operation between the county administrative boards in Norrbotten and Västerbotten, the Swedish Environmental Protection Agency and Sveaskog.</p>	<p>To go through Sveaskog's entire forest holdings, in order to classify forests as nature reserves. The county administrative boards in Norrbotten and Västerbotten and the Swedish Environmental Protection Agency will help Sveaskog completing this task.</p>	<p>In Norrbotten and Västerbotten Sveaskog will set aside 220 out of 550 forest areas for nature reserves. In Götaland they will set aside 143 areas of forest lands for nature reserves. To sell 20 of these future reserves, totalling over 3,200 ha, to the Swedish Environmental Protection Agency</p>
<p>Hunters</p>	<p>To provide recreational values to hunters. To create a good balance where game herds are big enough to be attractive to hunters, while gamefeeding damage in the forest can be kept at a reasonable level. To maintain an ongoing dialogue and consultations with hunters. Offer hunt leaders a training arranged by the Swedish Association for Hunting and Wildlife Management.</p>	<p>Dialogues with representatives and actives of the Swedish hunting society, is prioritised. Approximately 27,000 people hunt today on Sveaskog's lands in 3,200 hunting teams.</p>	<p>To facilitate the hunting society and offer education opportunities like game herds attractive to hunters. To work actively with game management, including educational and feed production activities to both create an attractive game herd as well reduce game damage in the forest.</p>	<p>Attractive game herds within reason have been maintained. In the crown forest areas, game management and feed producing measures will be tested on a larger scale and in co-operation with game research. Sveaskog offers hunting permissions on their forest lands to hunters and provide positive forest values.</p>
<p>Tourist entrepreneurs</p>	<p>To make Sveaskog's own forest land more accessible for enjoyment and recreation. To conduct extended operations within the area nature-based tourism, recreation and experiences. To create more profitable forest-based businesses with the subsidiary Sveaskog Naturupplevelser AB on state lands.</p>	<p>Through dialog, co-operation and information will Sveaskog help these stakeholders to create and uphold sustainable businesses. Through Sveaskog Naturupplevelser AB as well as other forums for dialogue, the company interact in a professional & effective manner.</p>	<p>Sveaskog Naturupplevelser AB will make it easier for local entrepreneurs to set up financially viable companies within nature-based tourism on state lands. Through an array of localisation services such as providing maps and signs, improved road maintenance, etc, allow even more people to go to the forest, to hike, pick berries or otherwise enjoy the Swedish countryside.</p>	<p>To offer forest values to the public. To show the impact Sveaskog's environmental work has on forest lands. To create a positive and valuable experiences in the forest. To create job-opportunities in rural parts of Sweden.</p>

Figure 3.2 Some of Sveaskog's stakeholder partnership buildings.

3.3 IKEA

The following information about IKEA will be taken from Bergmark (2004), IKEA Group (2004a), IKEA Group (2004b), IKEA Group (2005a), IKEA Group (2005b), IKEA Group (2006), IKEA Groups homepage (available: 06-12-2005), Torekull (1999), Zucher (2003), WWF homepage (available 05-22-2005) and WWF (2006).

3.3.1 IKEA – sustainable reporting

The largest home furnishing corporation in the world, IKEA, sells products as well as develop and purchase IKEA products in relationship with its suppliers. *“The IKEA vision is to create a better everyday life for the many people. Their business idea is: “to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them”². During the financial year 2005, IKEA had a turnover of 14.8 billion euros (138 billion SEK) which is 15 percent better than the year before. Approximately 410 million people visited at least one of IKEA’s 220 stores in 33 countries (September 2005). One of IKEA’s identities is laid within its products, a product range consisting of approx. 9.500 products, produced in 53 countries where China, Poland, Sweden, Italy and Germany is the larges. 84.000 co-workers work within IKEA in 44 countries. Further, IKEA purchases products from 1300 suppliers including IKEAs own Swedwood Group consisting of 35 industrial units (13.000 co-workers). Further more, the organisation operate all these purchases from 46 trading service offices in 32 countries and distribute the products to IKEAs 28 distribution centres in 16 countries.*

IKEA has over a decade, had a genuine concern about social and environmental issues. It lies within the company’s mission, to create a better everyday life for the many people. Thomas Bergmark, Environmental Manager at the IKEA Social and Environmental Affairs, talks about IKEAs social and environmental issues towards four different stakeholder groups:

(1) customers, (2) suppliers, (3) community and (4) co-workers. To act in a responsible manner towards these four stakeholder groupings is crucial to IKEA. Although, trying to convert all IKEA’s activities to act and think in a responsible manner, when dealing with a turnover of 15 billion euros, is a huge organisational task. It affects a lot off factories and people in different situations, not just within the IKEA, and therefore the converting process takes a lot of time. Despite this challenge, IKEA wants to make a difference to the world by doing business in a responsible manner, Bergmark says.

There is no conflict between good business and a good company says the president of IKEA Group, Anders Dahlvig:

“By making demands on suppliers with regard to environmental and social responsibility and by helping them meet these demands, our business relationship contributes to a better every-day life for the people manufacturing IKEA products. Better working conditions leads to more efficient production and better productivity. In this way suppliers can produce at a lower cost and IKEA can sell at lower prices in its stores”³.

² IKEA Group 2006, p. 8

³ IKEA Social & Environmental report F.Y. 2004

A typical way of working within IKEA is practicing resource focus or practicing concentration. This is developed by the founder, Ingvar Kamprad. He means that you can't do everything everywhere at the same time. This is important in order to reach success. Anders Dahlvig talks about "many small steps forward" in order to change minds and break habits and eventually reach difficult setup goals and make real progress. IKEA works hard with this idea in trade, within industries and in society at large. In the social and environmental field, IKEA has worked for example with a three year long strategy called Social & Environmental Strategy for year 2002–2005. In the strategy, six large areas were identified to work with in this concentration of practice. The areas are: *Good housekeeping (1), Products & Materials (2), Forestry (3), Stores (4), Transport & Warehousing (5),* and finally *Suppliers (6)*.

The work with IKEA's code of conduct, *IWAY (The IKEA Way on Purchasing Home Furnishing Products)*, has been a central process in the social and environmental work. Fulfilling one level in the policy and the striving for a higher standard has become the driving force. Already in the 1980s, IKEA started to put some pressure and demands on their suppliers in order to live up to certain regulations on chemicals. At that time, the social and environmental work wasn't prioritised and *IWAY* didn't exist. IKEA adopted the first environmental policy in 1990 on a preliminary one-year trial. The following year the board fully approved the environmental policy. In 1992 an action plan was made; it's purpose was to make the policy an operational reality. Since then, much has happened. IKEA has developed staircase methods for suppliers (and others) who can improve themselves over time, reaching to a very high standard concerning social and environmental issues. As already mentioned, this is one of the strategies to take "many small steps forward".

IWAY consists of three documents:

- (1) "The IKEA Way on Purchasing Home Furnishing Products" (*IWAY*),
- (2) "The IKEA Way on Preventing Child Labour" and
- (3) "The *IWAY* Standard".

The third document, the *IWAY* Standard, is a minimum standard in order to become a supplier to IKEA and start the process towards higher standards mentioned above. I will now describe IKEA's view and work focusing on forestry. Even in the forestry field, the forest holder needs to live up to *IWAY*. After this process, IKEA forces the forest holder to gradually improve both environmentally and socially towards the FSC standard (see figure 3.1).

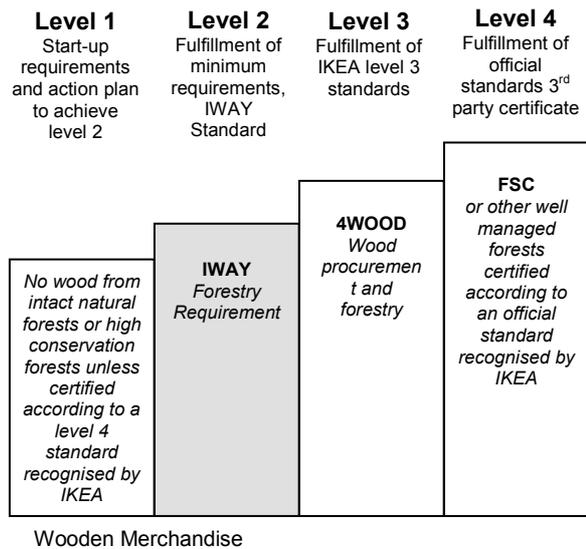


Figure 3.3 IKEA's Staircase Model defines a 4-step approach aimed for improving the suppliers overall performance in Wooden Merchandise. (This figure is a simplified version of a picture taken from Social and Environmental Report 2003, p. 42).

For IKEA, wood as a material has many outstanding qualities from both functional as well as an environmental point of view. Wood is renewable, recyclable and biodegradable. IKEA uses wood in 50 % of their products. Even for packaging and printed matter, the material consists of wood fibre. The condition for wood to be environmentally good, is that it originates from responsible managed forests. Because of this, forestry has become a very big issue for IKEA.

IKEA learn by listening to several NGOs. There are many reasons for this. One is to accomplish the goal of reaching the community in social and environmental issues. Another is to learn from these organisations because they have lots of knowledge and experience in specific areas. IKEA work with various NGOs like Greenpeace, World Fund of Nature (WWF), Save the children and the United Nations Children's Fund (UNICEF) in different ways. In the case of WWF, IKEA work on several forestry projects, but also in a dialogue manner, whereas Greenpeace only convey a dialogue with the company in the matter of forestry.

Early on, IKEA learned the importance of these NGOs, and their role to maintain a trustworthy and professional forestry production. IKEA became a founding member of the Forest Stewardship Council (FSC) and a member of the working group for the Swedish FSC criteria. WWF, supported by the World Bank, has from the beginning of the international organisation of FSC, identified important part of these criteria. Since then, IKEA has closely cooperated with WWF in a comprehensive partnership.

In 2002, this cooperation between IKEA and WWF started to improve. In their common yearning to secure forest resources for the generations to come, they carried through a new concentration of practice in a three year period (2002-2005), in prioritised regions of the world's forests. Both organisations states that the use of the natural resources, in this case wood, must be managed in a "*considerate, efficient and long-term economically sound use*"⁴. According to IKEA's forest action plan, these projects are important steps. IKEA do, besides

⁴ WWF International homepage [2006-04-24].

the long run aim to source all wood in the IKEA range from verified well-managed forests, tracing activities with the so called Forest Tracing System, monitoring and extensive Auditing, as well as running projects and educate, Bergmark indicates.

The first three years of projects between the two resulted in training, certification and responsible forest management. For instance, in China and Russia hundreds of individuals were trained and in Romania and Bulgaria 700 persons. Another very important project was to produce toolkits to identify particularly important forest areas, HCVF (High Conservation Value Forests). The co-operation between WWF and IKEA in concrete projects did cause progress. 17 timber companies in Russia with 12 million hectares of forests did join the WWF’s Global Forest & Trade Network, committed themselves to responsible forest management and counteract illegal logging and trade. In a project in Romania 7,000 ha forest was certified and that outcome influenced the Romanian state agree on certifying 1 million ha of forest in a well responsible forest manner. In Latvia, forest owners and forest managers is now able to study responsible forestry in five demonstration forests that was build up by WWF and IKEA during the period.

The forest conservation toolkits, developed by WWF and IKEA where both organisations brought their different expertise into the projects, was developed within the three year time period and were tested in countries like Russia, China and Romania. It is in fact three toolkits divided into tree parts, covering different areas.

3.3.2 IKEA – stakeholder partnership description

I will once more describe some partnership buildings, this time to IKEA. What is the purpose of the relationship, how does the interaction appear, how does the engagement look like and what are the environmental and social benefits? The grid is from figure 1.3 above. The sources for my information in the table are taken from *IKEA’s sustainable report 2005, Sveaskog’s homepage* and other secondary data. I have carefully picked out the most important stakeholder to Sveaskog.

Stakeholder Group	Purpose	Interaction	Stakeholder engagement	Environmental and social benefits	IKEA
Customers	To create customer value.	The IKEA store (and before: preparation through Internet, Catalogue and IKEA family)	Dialogue/ Interaction (direct/indirect inside the store. Using Customer Satisfaction Index)	Sustainability secured by Certification (IWAY, FSC, Organic). Changing attitudes	
Co-workers (employees)	Giving people the opportunity to grow and take responsibility.	Shared-values, day-to-day work, internal training	Dialogue, learning process, balancing responsibility and freedom to act.	Environmental and social improvements caused by Certification (IWAY, FSC, Organic). Changing attitudes, Gaining knowledge	
IKEA suppliers	Secure good working condition and the protection of the environment – for doing good business.	Long term mutual co-operation Training and certification	Dialogue, learning process, compliance, working together for improving supplier standards	Sustainability secured by Certification (IWAY, FSC, Organic). Changing attitudes, Gaining knowledge.	

			Present main focus: Child labour & Forestry
WWF (NGO)	Promoting responsible forestry. Important steps in implementing IKEA's forest action plan & in achieving WWF's conservation targets.	A partnership on global as well as local level – co-operation on Forest Projects	Dialogue with partner to share their experiences and accomplish more than IKEA could have done by itself.
FSC (A non-profit member-organisation.) (global & regional)	Strives to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.	A membership and co-operation dealing with issues concerning sustainable forestry management.	Alliance where IKEA is as an active member. Provide accredited wood to IKEA, so they could reach their objectives.
Global Compact	To promote responsible corporate citizenship among the worlds business society.	A membership since 2005. An exchange of experiences in social and environmental responsibility	Alliance, The organisation provides policy dialogue, training and networks
UNICEF Child projects	To improve children's right, education and health on prioritised projects. To prevent child labour in the industry.	Working together in partnership on several projects. Have created the IKEA WAY on Preventing Child Labour.	Dialogue and learning process on a global level as well as working on selected projects to prevent child labour as well as local projects to improve children's situation.
Global Forest Watch (GFW) Support mapping natural forests	To map intact natural forests. To maintain sustainable wood purchases.	IKEA supports the organisation's mapping projects in several countries.	Global Forest Watch supports IKEA in their forestry management. IKEA helps funding this non-profit organisation.
Save The Children "IWAY Preventing Child Labour"	To prevent child labour in the industry. Save the children facilitate IKEA maintaining a clear focus on the best interest of the child.	Working jointly both on global and local level, and have a long relationship.	Dialogue and learning process on a global level as well as locally on selected projects.
PHO, RECAN Collecting aluminum cans in Poland	To improve the amount of recycled aluminum cans in Poland. Funding money to poor Polish children.	Co-workers from RECAN and IKEA working together on this local project. PHO receive funds.	Polish IKEA co-worker's provides commitment to the project as well as providing valuable space to can-machines.
SLU*, Yayasan Sabah, RBJ** "Sow a Seed" in Borneo	To rehabilitate burned and degraded rainforest in the state of Sabah in Borneo. To show customers	A relationship (SLU) and jointly working (IKEA and Yayasan Sabah).	IKEA ensures planting & maintenance of the forest, protected it from logging (in 50years). Yayasan
			Carry out a series of projects contributing to the development of global toolkits on forestry issues and promoting responsible forestry on the ground in priority regions.
			Expand accredit sustainable forestry throughout the world, by setting third-part certification on forestry and logging.
			Progress within areas encapsulated by the Global Compacts 10 universal principles about the work towards human- and labour rights, environmental sustainable business practices and anti-corruption.
			Keeps children out of industry as well as setting examples for dealing with these issues. Contribute to the children and their community improving their situation.
			Finding Natural forests help society/industry to carry on responsible forestry. The rich biodiversity may be speared plus long-term benefits from forests.
			Keeps children out of industry as well as setting examples for industry dealing with these issues. Help children within these projects to improve their lives.
			Spare nature & city-dumps from some aluminum. Changing attitudes towards recycling. Help children in Poland improve their lives.
			Rehabilitate 18.500 hectares of low-land rainforest. Make shore nobody makes any logging within 50 years.



Figure 3.4 Some of IKEA's stakeholder partnership buildings.

3.4 Final reflection

The thesis is partly about building relationship. So are the work of the two companies and the process of FSC. Building relationships in order to cope with problems to find solutions and perhaps create sustainability. As indicated in the first chapter the aim of my thesis is to describe the phenomenon of FSC from a both practical and theoretical perspective with help of these two research questions.

“From a stakeholder view, how does FSC works in practice? and
 “Can stakeholder partnerships in a civil regulated environmental practice, create sustainability?”

In section 3.1 – 3.3, I have described three different practices with the help of different cases of FSC, Sveaskog and IKEA. In section 3.4, the first research question was handled: From a stakeholder view, how does FSC works in practice? I have noticed that the FSC organisation works as an arena for other organisations including NGOs, unions, and interested parties in sustainable forestry. Through co-operation with NGOs and the FSC organisation, new experiments and practices are shared between IKEA, Sveaskog and these NGOs, which sometimes have consequences in the whole world of forestry and sometimes create more local understanding. Based on these insights, I will analyse the second research question. To me, the sustainability discussion has to involve more philosophic and ethic discussions.

FSC is an international network, which purpose is to promote responsible management of the world's forests. IKEA is a B2C (Business-to-Consumer) company, which is working with FSC as a certification standard in order to secure their products in the IKEA supply chain as well as being trustworthy against their end-users (consumers/customers). Sveaskog is a B2B company, selling wood materials to other business companies like IKEA. For Sveaskog, the FSC certification standard gives legitimacy to the company's supply chain, in relation to potential partners. For both IKEA and Sveaskog, FSC is not enough as an environmental standard. IKEA has developed IWAY, its 'code of conduct', and Sveaskog has also developed a 'code of conduct'. Sveaskog is also ISO 14001 certified. The analysis from a stakeholder view shows that both IKEA and Sveaskog have a much broader sustainability developing processes than just FSC certification. Although, FSC certification is very important for both companies, the social and environmental benefits for each company do have its limitation regarding FSC. Comparing the two companies, the stakeholder view is very contextualised and different. IKEA is very business oriented as a global actor developing their own products for end-users. The mission for Sveaskog is broader than just their core business. For both companies, *sustainability* will be a key concept. In the next chapter, I will expand the meaning of sustainability by include a more nature-philosophic perspective, so as to more deeply answer the second research question.

4 Reflections of the sustainability dimensions

In this chapter, I will add some personal reflection around the concept of sustainability in order to assess if forest certification and the practice of FSC, Sveaskog and IKEA can be revealed in eco-philosophic, philosophic and political discussions below. My reflections are inspired by thinkers of philosophy, eco-philosophy and others dealing with our relationships towards the nature as well as the development of the world and aspects of the phenomenon of sustainability. Thinkers like Kristensson Ugglå (2002), Jonas (1979) and Von Wright (1993) are directly picked up from my previous Eco-philosophy courses while others are picked out for this thesis. One of these ‘similar thinkers’ is Kemp (2005). His thoughts of the sustainable conception is complemented by thoughts from Our common future (1987), Vogel (2005) and Elkington (1997) to help understand Kemp's different dimensions.

The ‘sustainability’ conception seems today both frequently used and most accepted in society in general. What does the conception mean and is there any room or scope for different degrees of ‘sustainability’ or different ambitions? When dealing with companies it is important how customers, suppliers and citizens in the nearby society experience this sustainability. There are lots of examples where the stakes for sustainability is more talk than constructive and effective sustainability work. Which aspects on sustainability lay within this conception?

In “Världsmedborgaren” (the World Citizen) (2005), Kemp's reflections concern the idea of sustainability. He indicates that, Our Common Future was the first major report that made the conception of sustainability as the solid idea for future long-term development for mankind. He also sees the conception as something ambiguous and not especially simple. This conception can be seen through many dimensions. In fact, Kemp put forward five of them.

(1) *The ethical dimension*

Without ethics, the demand for sustainable development is unfounded. It's the silent condition for the meaning of the argument, Kemp says. The discussion of environment and education has moved in the direction of mediating science insights about environmental issues and away from political approaches to the environment. A consequence is that we have moved away from the ethics (Kemp, 2005).

The ethical dimension definition is not just about what individuals may need living today, but what future existing individuals may need in a distant future. The whole dimension is built upon the idea of the relationship between today living individuals/societies and tomorrows individuals/societies, where the people living tomorrow are the ones praising or condemning our performance which to them happened long ago. This idea is a central argument of the Brundtland-report. The conclusion from this discussion according to Kemp, is that the conception of sustainability is meaningful only if we find it purposeful to ask what we are obligated towards not existing generation. It is meaningful if responsibility and guilt not only can burden somebody now living (in our age), but also in a distant age. Sustainability, through an ethical viewpoint, is therefore about a far distance and a far location (ibid).

Bengt Kristensson Ugglå is inspired by Paul Ricoeur. In his book: “*Slaget om verkligheten*” (The Battle about reality) (2002), he says that what the interpretation does for the complexity of the problem, has to do with which human view one belongs to. Our idea about reality always is bound up with what adoption we make about the human. Which capacities are we

willing to ascribe a person, he asks? In society today, everyone talks about humanism, humanistic values and humanistic leadership. But today, important science fields like nature science, philosophy and economics have different anthropologies separated from each other. Uggla therefore subscribes to the picture of the human autonomy, human insights about human's *dignity*, *integrity* and *vulnerability*. According to Uggla, these three principles comprise in a relationship of tensions, and from a societal prospect are about principles like *responsibility*, *solidarity* and *justice*. These principles of human conditions make us vulnerable and dependent on trust (Uggla 2002).

Uggla (2002) wants to change the traditional human notion common to all mankind. He seeks to, in a constructive manner, specify a possible post-humanistic approach. The general 'humanity' notion, the one making the human (in singular) the orientation point for the existence, with all their difficulties to make justice to the other (you) as well as accepting the legitimacy for anonymous institutions (third person), can be developed to something opposite, a 'confidence' notation which offers a starting-point for a humanism in first, second and third person. In that way, confidence can show possibilities and necessities of a different and richer knowledge of the human and her reality, than the traditional humanism. This confidence notations show a socio-culture infrastructure that allows speaking to as well as being directly spoken to or being mentioned within different personal 'pronouns'. In a networking society as we now are living in, organisations and businesses no longer gets organised as central powered regulated hierarchies. Instead, individuals rather can be seen as nodes in a network and needs indispensable, a fundamental knowledge about the confidence (the post-humanistic one).

This (new post-humanistic) confidence also contains that these human relations common to all mankind, can be seen in an *ethical landscape*. All the change of different personal 'pronouns' described above inspired by Paul Ricoeur, can also be described as 'the solidarity of communication ethics'. Ricoeur's own distinct ethics is built upon the vision about 'the good life' with and for the other in fair institutions. The confidence concept is built upon similar structure of three forms. To make these forms more clear, I will implement the theory on the practice of IKEA and Sveaskog. The first, *Self-esteem*, is about the idea that a human with self-esteem and capacity to take responsibility for her/his actions. Looking at IKEA, the company urges the individual co-workers to take personal responsibility to gain self-esteem and learn from mistakes. Through education the co-worker develops skills in environmental issues for example developing an environmental culture of no waste. Sveaskog works mostly with environmental targets and key figures on an institutional manner. Although, working with Nature Conservation in such large scale as the company does, and improving more effectively cultivation with as much environmental consideration as possible, demands individual environmental responsibility in all everyday activities.

The second, *care for the other*, is about the idea of having close, dialogic relationship of sensitivity, face-to-face. Looking at IKEA and environmental progress, the co-workers try in every way to co-operate and improve environmental progress inspiring each other, relationships with supplier workers as well as individual customers. Sveaskog's employees seeks to achieve a value-creating (even biodiversity values) co-operation in dialogue between supplier individuals, NGO:s representatives, Sami, reindeer farmers, tourist entrepreneurs, hunters, etc.

The third, *fairness*, is about the idea of having an institutional dimension of the ethics not just related to a dialogic you, but also dealing with a fair distribution of both rights and obligations

to each and everyone. A clear example of securing fair distributions in IKEA is the IWAY (IKEA code of conduct), which clearly defines what is acceptable and what isn't, among IKEA's suppliers. IWAY is partly built upon international UN conventions and IKEA is devoted to secure every supplier and their individuals. FSC works in a similar way. Sveaskog's code of conduct and FSC-audits are other examples of this.

(2) The social dimension

The second dimension of sustainability, according to Kemp (2005), is the social conception. This focus of social justice and the fact that it can not be upheld until tomorrow, it has to be taken care of today. FSC's as well as Sveaskog's social dimensions makes sure that local communities and traditional disregarded citizens like natives and others, favors by the forestry activities. In similar ways, IKEA is dealing with complicated social issues like child labour, illegal logging, etc with methods of dealing with social justice. Education expenses, giving ways of improving peoples own situation by providing fair loans and business opportunities, etc. is a few of their methods. Zadek (2004) talks about "the five stages of organisational learning" when looking at a company's ability to provide Corporate Social Responsible (CSR) where social justice is a part. In "the defensive stage" (1), the company apply short-term thinking, defending itself from attacks on an organisation's reputation. In "the compliance stage" (2), the company apply mitigation of erosion of economic value and comply with sustainable demands. In "the managerial stage" (3), the company implant CSR concepts in the organisation's core management processes by integrating responsible business practices into daily operations. In "the strategic stage" (4), the company integrates the concepts more strategically and process oriented to achieve competing advantages. In "the civil stage" (5), the company seeks to promote broad industry participation in corporate responsibility to improve long-term economic growth through collective actions.

How can the companies in practice secure social justice with Zadek's five stages? The both companies has integrated responsible business practices into their daily operations (managerial stage) involving every co-worker/employee. Daily operations is conducted by the companies "code of conducts", built upon UN conventions and international law to secure social justice for people directly effected by the companies products or activities. Further, the two companies have very much integrated the concepts more strategically (strategic stage). IKEA's and Sveaskog's have both worked with these issues for a long time which more or less have converted their missions and visions as well as operational control, towards a strategic "triple bottom line" thinking. Because of their work, IKEA and Sveaskog have created shared values among others working with these issues on social justice, even within respectively business area. Further more, the companies has developed good examples and toolkits to achieve broad industry participation for social change (civil stage). They also have been proactive in organising social change projects with partners, such as Indian projects preventing child labour in the carpet industry and illegal logging in Russia (civil stage).

(3) The nature-philosophic dimension

The nature-philosophic dimension presupposes that nature is vulnerable and there are limits for how much interference the nature can stand, before future generations will be affected by more problematic and poorer living conditions (Kemp, 2005). As already mentioned *Our common future* (1987) became the centre-piece of the environmental politics in the 80s and 90s linking well-being and elevating sustainable development to global ethics. The report concluded that long-term environmental objects was needed, and a general fundamental swift

in attitudes, providing legal means needed to happen, and so on. A long-term agenda for sustainable development was also set up.

Von Wright (1993) is disputing the Brundtland report. Sustainable development according to the Brundtland report does in one hand proclaim about every area that fails and fall short but on the same time proclaim about economic growth and increased standards of living in the developed (industry) countries. Further, the report talks about development of high technology industry, new toys and everything else that basically overflow our homes in increased speed, says von Wright. The argument of the report is that the two opposite trends, sustainability and economic growth, presupposes each other instead of struggling with one another. We need to be even richer before we can help the poor people and without any growth, there will be none evening-out of our prosperity, von Wright provokes. In his book, *The Myth of progress* (1993), the philosopher von Wright is questioning the whole technocratic progress. Knowledge is today linked with science and technologic objectives and von Wright questioning whether this increase of “the instrumental value of science” and peoples power above nature, is equal to progress and increasing of “good”?

Even Hans Jonas (1979), talks about human technical inventions at the nature’s expense. By questioning the frames of the old ethics when new technologies and objects are so rapidly changing, these ethical frames can no longer encapsulate them. Increased collective actions have changed the ethics for the acting individual as well as the collective action itself. The vulnerability of nature gave rise to the science of ecology and did, according to Jonas, change our own picture about ourselves as a casual factor in a bigger system of things. Because of the negative change in nature (even climate), our own human action has change. Because of an object, the biosphere itself has been added to our responsibility because of the power we possess over it. Jonas expands therefore his principle of responsibility from the ethic of vicinity (neighborhood) to the ethics of distance in space and time.

What impact has the nature-philosophic conception of sustainability on IKEA and Sveaskog? The practice of FSC in Sveaskog as well as IKEA is built upon the idea of leaving forests with large bio-diversity and special ecological values, untouched. Sveaskog, as a large forest-land owner, has even further expanded these principals to create unique old-growing and non-productive forest lands. This is one way to create a sustainable environment in selected communities. IKEA works hard with two fundamental energy shifts in today’s society. The first, to only purchase renewable (green) electricity. The second, to only transport goods on railways (and ships). In the first case, with renewable electricity, innovative solutions, local agreements with solar cells, wind power, and so on, have increased the level of renewable energy purchased and the company increases it step by step. In the same way they do much to cut existing energy consumption. The second energy shifts is a constant struggle, to cross different railway trails at a new country border and create new local solutions. This task is even more difficult. IKEA’s struggles have influenced the “European Union Commission” to find solutions within Europe.

(4) The economic dimension

The economic dimension focus on the idea that “sustainable development” must be operational and demands economical practice and theory (Kemp, 2005). John Elkington (1997) speaks about ‘The triple bottom line’ of 21st century business. Early on, emerging environmental issues, what Elkington sees as an environmental bottom line, became quickly a much more complicated task. Today, a combined focus with equal importance on economic

prosperity, environmental quality and social justice are needed. Brundtland's report, *Our common future*, showed us examples of what a sustainable corporation might look like. An image that even today is of current interest and development. The companies were suggested to conserve and use nature and natural resources for future generations, respect a range of human rights and seek to attain human welfare indicators (Elkington 1997).

To make sustainable development operational, there is a need for "triple bottom line" reporting, a reporting that easily can be compared with others involved in the same business. The UN Global Compact, a business initiative to promote sustainable development, has chosen the guide-lines of GRI (Global Reporting Initiative). This long-term international process involves different stakeholders with different claims of what information is needed. GRI encourage transparency in annual reports, both on economically, ecologically and socially (triple bottom line) issues. Every organisation is free to form and behave in what way they prefer. The GRI-guidelines is clearly defined to guide in what way different outcomes could be describe in terms of sustainability progress (www.gri.org). Looking at IKEA, the company is an active member in Global Compact, while Sveaskog has joined 'Globalt Ansvar (Sv. global responsibility) which is a Swedish national initiative built upon the guidelines of Global Compact. Both IKEA and Sveaskog uses GRI guidelines when reporting their financial, environmental and social results.

(5) *The legal dimension*

The legal dimension shows that modern human rights not just encapsulate warfare, but everything that affects law principles for a good life on earth (Kemp, 2005). In sustainable practices today, two separate legal strategies drives sustainable progress. Vogel (2005) writes about these two legal strategies: civil regulation contra government regulation. According to Vogel the civil regulation has produced important changes in companies practices for example: reducing child labour and improvement in health and safety in the clothing industry in developing countries; increased prices for some agricultural farmers and producers in developing countries; a reduction of the quantity of wood products solid in the US and Europe produced from tropical, old-growth, and endangered forests; a decrease in greenhouse gas emissions or in their rate of growth; etc. According to Vogel there is on the same time a large gap between discourse and practice regarding codes and voluntary standards. He thinks that the shortcomings of civil regulations are still substantial. Therefore, there is a role for both voluntary and legally binding standards, although they do not necessarily have to converge, Vogel (2005) says. He still thinks government regulations are necessary for improving corporate behavior, such as sustainability issues.

"Civil and government regulation both have a legitimate role to play in improving public welfare. The former reflects the potential of the market for virtue; the latter recognises its limits. (ibid, p.173)

Both Sveaskog and IKEA are driven by several civil regulated environmental and social standards such as FSC, ISO 14001, their own code of conducts, etc. Looking at IKEA, the government regulation was one of the main reasons for increased environmental concern in the eighties (limit-value for formaldehyde). Today, some countries have much more strict and detailed governmental regulations than others. Offering home furnishing products in Japan, a county with detailed environmental regulations, has affected almost every product in the IKEA product range. Sveaskog is also forced to act within the governmental regulations. But, in difference to Vogel, IKEA try to reach third-part civil regulated standards in almost every field of the company's activities. Whether there is a supplier producing the bookshelf Billy, or Swedish meatballs, these standards matters says the company. Just imagine how many people

get awareness and developing skills about environmental sustainability thanks to IKEA. When the IKEA long-term goal of sourcing all IKEA wood and fibre of well managed third-part certification such as FSC, a legal sustainable dimension is somewhat fulfilled. Sveaskog is another good example. To set aside 20 percent of the productive forest land for nature conservation is an ambitious goal of civil regulation and as part of the FSC practice.

5 Concluded findings

5.1 Final conclusion

In this last chapter of my thesis, I allow myself to look back on the previous chapters reflecting over my main question of the thesis: Can stakeholder partnerships in a civil regulated environmental practice, create sustainability?

In chapter two, I have pictured a conceptual and theoretical framework. The first part showed key happenings in the past of environmental progress were covered. Elkington, for example, talks about three different waves of environmental pressure, where this thesis is about the third one, a “triple bottom line” approach where economical, environmental and social aspects should be serious considered. Here standards and civil regulations are vital. The second problem discussion was about the phenomenon of FSC. Her I introduced the history behind the label. Already at this stage, it was obvious that FSC can’t be separated from other environmental and social responsibility work and standards.

In chapter three, I have developed a description of the FSC-practice. Forest Stewardship Council (FSC) can be seen as an international network which purpose is to promote responsible management of the world forests. But to understand how FSC works in practice, I chose two companies: Sveaskog and IKEA that uses FSC as a strategic environmental standard. My texts show that FSC is just a part of the company’s environmental and social civil regulation. The case-studies have showed that one important common denominator of the work with FSC and environmental and social issues are different stakeholder partnerships.

Therefore, in chapter 1.3, I have developed an analysis tool/model to see how different factors, such as purpose, interaction, stakeholder engagement and environmental and social benefits, works between the companies and their stakeholders. The analysis shows, both for Sveaskog and IKEA, that stakeholder partnerships generate a number of things. The partnerships generate constructive interaction where new and experienced ideas are born; obligations, processes and responsibilities for their stakeholder engagement; and environmental and social benefits in terms of FSC and other civil regulations and what environmental and social benefits the work leads to. But my description of the practice and the stakeholder analysis do not answer the general question of the thesis: Can stakeholder partnerships create sustainability?

In chapter four, I do take a more theoretical approach inspired by previous eco-philosophic studies, and consider the concept of sustainability. Using the five dimensions of sustainability from Kemp (2005), a more complex view of the conception occurs. I have chosen to appear critical voices, in the ethical dimension by Ricoeur about self-esteem, care for the other and fairness in terms of just institutions; in the nature-philosophic dimension by von Wright about “the myth of progress” and Hans Jonas where he expands the ethic of vicinity (neighborhood) to the ethics of distance in space and time. Even in the three other dimensions I have chosen critical thinkers, not from a philosophic view-point, but more pragmatically. Pragmatically voices in the social dimension, shows that environmental and social progress needs to go beyond compliance; the economic dimension talks about a balanced “triple bottom line” approach whereas in the legal dimension Vogel says that “shortcomings of civil regulations are still substantial”. When going through the critical voices from the five dimensions of

sustainability, the task of creating sustainability seems to be impossible. Despite of this fact, I have confronted the five dimensions with environmental and social responsibility practice in Sveaskog and IKEA, and found substantial efforts in each and every dimension of sustainability. This practical work seems hopeful to me, whether there is sustainability or not, a serious ambition and extensive goals sometimes makes a difference. Anders Dahlvig, the president and CEO of IKEA Group gets the final word in this matter:

“We know how difficult it is to change minds and break habits, but we believe that progress can be made and goals can be reached by moving forward step by step ... and with each one we learn, improve and raise our ambitions” (IKEA S&E Report 2005, p. 7).

5.2 Contributions of the thesis

The first chapter of this thesis gives a brief retrospect over the environmental discussion in the past. I wrote that, much environmental work today is about standards. This historic retrospect from the 60s until today, is a contribution in it self to the reader.

Next contribution is the answering of my first research question. I can show a practice with three good cases, where a multifaceted picture of FSC and the companies environmental and social work is described. These cases ends up in a stakeholder analysis, where the importance of seeing FSC in a broader environmental and social perspective is emphasised.

Yet another contribution is about the main research question (and the thesis title). I have further developed the concept of “sustainability” and made reflection around what it means in my practice.

I did further give the reader a comprehensive survey, what FSC is about, how it was established and where it is going in the future. This knowledge was important just before the case-studies of the two companies.

5.3 Future research

In the future, there are many researching threads near the area of civil regulation in companies.

One could involve an even more business oriented approach to companies involved in environmental responsible issues. Anders Dahlvig in IKEA, talks about “sustainable business”. A future research in that area could be, to concentrate on a Swedish company’s supply chain. How does the company think they can develop their business in an even more sustainable way? Can they increase the amount and multitude of, for example high profile environmental friendly products such as organic coffee? How does the coffee farmer in Costa Rica work with their organic coffee. How can they improve their business, to develop even more organic products and improve their situation socially? Does the farmer have knowledge about how the European roaster company works in terms of organic coffee? What does IKEA thinks about the Swedish roaster and their organic products. In what why can IKEA use the roaster to create sustainable business? How can IKEA change minds and break habits?

Another thread for future research could be to, even more concentrating the reaseach on environmental science and perhaps biological aspects on FSC. One could follow the certification process in different areas in Sweden and find out in what why they improve the environment, the social aspect of a community and so on. How can Sveaskog's eco-parks contribute to an increased biodiversity? Futher, one could travel to a tropical certified forest making similar reseaches on bio-diversity, social progress and problems with the certification quality.

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