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Corporate social responsibility in the beverage industry – a case study of Carlsberg

The article explores how the Carlsberg Group understands corporate social responsibility and what measures it takes to implement it within the company. The case study is based on an analysis of a number of academic sources and qualitative research in the form of individual in-depth interviews. In total, 15 valid interviews with high- and low-ranking CG employees were conducted. The results show that in the last 10 years Carlsberg has intensified its CSR efforts, which it seems to be treating strategically rather than instrumentally, and that the way it conceptualizes and implements this idea strongly reflects the spirit of Danish national culture. They also give insight into how CG employees perceive those initiatives. The article thus contributes to the sparse literature on CSR and the relatively small body of case studies in the beverage industry.

Keywords: beverage industry, corporate social responsibility, Carlsberg, national culture

JEL classification: J8, Q56, Q58

Introduction

The concept of corporate social responsibility is relatively recent, originating around the 1950s and rapidly evolving since then [Low, 2016]. Literature provides numerous definitions of CSR, which shows the vast development of this idea throughout the years; from a purely philanthropic endeavor, it evolved into an attempt to integrate environmental, social, economic, and ethical considerations into business practice [Jones et al., 2013]. Among the various companies actively involved in CSR initiatives, increasingly many operate in the beverage industry; one of them is the Carlsberg Group – famous brewing company headquartered in Denmark.

The purpose of the article is to explore how the CG perceives CSR and what measures it takes to implement it within the company. The study also aims to broaden the knowledge on CSR in the beverage industry. As the research addresses only descriptive questions, a case study was carried out [Yin, 2014] on the CG and its approach to CSR. In addition, individual in-depth interviews with high- and low-ranking CG employees were conducted and transcribed by one of the authors, an employee of the Polish subsidiary of Carlsberg. The study attempts to answer the following research questions:

RQ1: How do Carlsberg management and non-managerial employees perceive its CSR initiatives?

RQ2: How has Carlsberg's CSR strategy evolved over the last decade?

RQ3: How does Danish national culture affect Carlsberg's conceptualization of CSR?

The structure of the paper is as follows. First, a theoretical background is provided, reviewing the empirical literature on the concept of CSR, the Danish culture, and the beverage industry. In subsequent sections, the focus is on the chosen company and its CSR initiatives, which are discussed from a theoretical and a practical point of view, drawing on the individual in-depth interviews. Finally, conclusions are presented.

1. Theoretical background

1.1. Conceptualization of corporate social responsibility

The concept of corporate social responsibility is widely discussed in the literature. Countless explanations have already been proposed, and many of them offer different interpretations [McWilliams et al., 2006]. One of its popular early definitions came from Carroll [1979], who placed CSR within a broader concept of corporate social performance, i.e., an integration of "corporate social responsibility, corporate social responsiveness, and social issues", and identified its four main components: economic, legal, ethical, and discretionary (philanthropic), which can be depicted in the form of the Pyramid of Corporate Social Responsibility [Carroll, 1991; Wartick, Cochran, 1985; Swanson, 1995].

Companies may treat CSR either instrumentally or strategically. Those that take the latter, holistic approach, place social responsibility at the core of their operations and strategic planning [Werther, Chandler, 2005]. This entails a long-term commitment to creating business value not just for shareholders but for all stakeholders. In turn, the instrumental approach treats economic gain as the only reason for engaging in socially responsible actions and focuses on short-term initiatives that maximize profits [Garriga, Melé, 2004].

Two distinct aspects of practicing and reporting on CSR can be identified – explicit and implicit. The former comprises corporate policies, strategies, or programs that address chosen social issues for which companies propose to take responsibility, whereas the latter refers to the underlying values, norms, and rules that inform the role that companies take on "within the wider formal and informal institutions for society's interests and concerns" [Matten, Moon, 2008].

1.2. Danish national culture

Since the first World Happiness Report was released in 2012, Denmark has been consistently ranked among the top three happiest countries of 155 countries surveyed [Country Economy]. Some of the factors contributing to the general happiness of Danes may be government stability, low perceived levels of public corruption, or broad access to education and health care [Helweg-Larsen, 2018]. Denmark is also among the most gender-equal countries globally, with one of the smallest pay gaps. Moreover, it strongly encourages a healthy work-life balance; the official workweek is 37 hours long, and every employee is entitled to five weeks of paid vacation per year [Denmark].

Another factor contributing to the general content of the Danish citizens may be the popularity of *hygge* – practices promoting a mood of coziness, wellness, and contentment, also understood as the very experience of joy and comfort, which finds its expression in an intimate form of socialization reflective of Denmark's egalitarian culture [Linnet, 2011]. Community involvement is a significant part of the Danish way of life, and at its core lies equality among all citizens. The societal norm prescribed by the law of Jante, or a "code of modesty", which states that one should not consider oneself more valuable than others, is still observed by many Danes; as a result, the needs of the group are generally put before those of the individual [Cappelen, Dahlberg, 2017].

Among the Scandinavian countries, Denmark is considered to be a "first mover" when it comes to CSR [Vallentin, 2015]. This may be a reflection of its long tradition of active involvement of the state and strong social capital [Persson, 2008]. Moreover, of the various norms imposed by the Danish government, placing value on trust and networks plays a crucial part both in building social capital and in CSR [Putnam, 2007].

1.3. The beverage industry

The beverage industry manufactures drinks products, such as bottled water, soft, energy, and alcoholic drinks, as well as milk, nutritional, coffee, and tea products. It consists of two major subcategories: the alcoholic beverage industry (which includes distilled spirits, wine, cider, and beer) and the non-alcoholic beverage

industry (which includes soft drinks, juices, water, coffee, tea, and syrups) [Fluid Handling]. The whole industry employs several million people worldwide, and each kind of beverage grosses several billion dollars of revenue annually [Franson, 2012].

The beverage industry is continuously growing, and it is constantly challenged by its customers, who demand more functional and healthy products [Grumezescu, Holban, 2019, p. 19]. This makes it an industry ripe for CSR opportunities, which is especially true for the brewing sector, currently under pressure to adopt a policy of responsible use of resources in the production process (minimizing water and energy use, wastewater discharge, and gas emissions, introducing sustainable packaging, etc.) [Kawa, Łuczyk, 2015]. CSR initiatives undertaken by beer producers include commitment to foster responsible drinking and address the industry's repercussions on the market, the community, the environment, and the workplace [Jones et al., 2013].

2. Carlsberg Group

The Carlsberg Group is a multinational brewery established in 1847 by J.C. Jacobsen. It owns more than 140 brands of beer, employs over 40,000 people across Europe and Asia, and is one of the largest brewery groups in the world. It is widely recognized for its CSR actions, epitomized by the motto "brewing for a better today and tomorrow" [CG, 2020]. Its core CSR initiative is the "Together towards zero" program, launched in 2017 and based on four fundamental targets: zero carbon footprint (limiting carbon emissions), zero water waste (reducing water use), zero irresponsible drinking (providing alcohol-free brews), and zero-accident culture (reducing accident rate) [CSR, 2020, p. 7].

In order to eliminate carbon emissions from the breweries, the CG has undertaken various initiatives, such as switching to fully renewable electricity, eliminating coal use, and adopting new production technologies [CSR, 2020, p. 12]. It is also limiting the climate impacts of packaging by investing in innovative solutions and promoting recycling. From 2015 to 2019 it cut emissions from cans by ca. 17%, by reducing their weight and using more recycled materials [CSR, 2020, p. 16]. Moreover, it supports bottle return systems and recycling initiatives. In 2019, their Baltika brewery launched a program to operate 10,000 recycling containers all over Russia. Another interesting example of an environmentally friendly initiative is the Snap Pack technology, which cuts the use of plastic by almost 76% per multipack by replacing plastic rings or shrink-wrap with glue dots that hold packs of cans together. The CG is also working on a sustainable alternative for beer bottles – the Green Fiber Bottle made from wood fiber [CSR, 2020, p. 17].

The CG is also actively working to limit the amount of water used at the breweries. In order to do so, it combines continued efficiency upgrades with investments in recycling wastewater. Some of the highlights of its efforts in 2020 include installing new bottle washers in a brewery in Vietnam, which helped to significantly cut water use, and implementing better water management practices in a brewery in China. In 2020, it began constructing a new water-recycling plant in Denmark, which will halve water consumption at the brewery and cut the amount used to produce each hectoliter of beer from 2.9 hl to 1.4 hl [CSR, 2020, p. 22].

Another part of the CG's ambitious CSR plan includes eliminating irresponsible drinking. The group strives to enable, inform, and encourage its customers to drink responsibly. It uses its product labels to warn against drinking while driving, pregnant, or underage, and constantly increases its offer of alcohol-free brews. On the Global Beer Responsibility Day in 2020 in Malaysia, in cooperation with ride-hailing services, it launched an annual campaign to discourage drunk driving by offering discounted rides home from 7 pm to midnight. It also uses alcolocks (locks preventing people from driving when over the legal blood alcohol limit) in almost half of the company vehicles [CSR, 2020, pp. 27–32].

The CG treats the health and safety of its employees very seriously, which is why it strives to have zero accidents by 2030. By introducing its life-saving rules, it distilled safety standards into five simple principles concerning road traffic, work at height or in confined spaces, and work with machinery with moving parts or with electricity. By ensuring that the rules are widely communicated and applied, it significantly decreased accident rates. From 2015 to 2020, its employee accident rate dropped by 55% [CSR, 2020, pp. 37–38].

3. Qualitative study

3.1. Methodology and research sample

Individual in-depth interviews were conducted with 15 employees of the Carlsberg Group who work in various positions either in Polish or Danish branches. The participants included data protection analysts, senior managers responsible for business development, sustainability managers, an IT legal director, corporate affairs department employees, internal financial control representatives, customer-to-cash representatives, source-to-pay department members, legal and compliance officers, and interns. The interviews were not anonymous.

The interviews were conducted by telephone between June and December 2020. For convenience purposes, they were transcribed and analyzed using

MAXQDA, a program for qualitative data analysis. The interviews revolved around 10 main questions:

1. How do you understand the concept of corporate social responsibility?
2. How do you perceive the implementation of particular CSR practices?
3. What are the obstacles to the implementation of CSR practices?
4. Do you perceive any changes in the perception and implementation of CSR practices in the last decade?
5. How do low-level employees react to CSR initiatives?
6. Do you identify with the CSR strategy?
7. What motivates you to take part in CSR initiatives?
8. Have you ever offered your own suggestions regarding CSR practices?
9. Do you see an influence of Danish culture on CSR practice?
10. Do you think that Carlsberg embodies Danish national values?

3.2. Results

All study participants were able to easily describe in their own words the meaning CSR has for them (e.g. "responsibility of a corporate entity to its environment", "responsibility that goes beyond compliance with strictly legal requirements and encompasses both ethical corporate conduct at the level of employees and corporate strategy and engagement with various stakeholders", "awareness and going the extra mile on the part of the corporation and the people connected to it"). Many participants stressed that engaging in CSR initiatives should entail doing more than is required – "going the extra mile".

Most of the participants agreed that the CG implements CSR practices rather smoothly; however, a few of them pointed out that there is still room for improvement ("[We have achieved] a partial success, we are still on the road to spectacular breakthroughs, the awareness has increased but it still could be better", "There is more and more awareness around these topics and depending on the location and aspect, CSR is more or less advanced. The same company operates differently in developed versus developing countries. In developed countries, child labor and health and safety regulations are more advanced than in developing ones. […] In my view, there is still a lot to do everywhere when it comes to the use of resources, environmental impact, and gender and racial discrimination").

When asked about obstacles to the implementation of CSR practices, most participants pointed to high costs and insufficient resources ("It is always difficult to assess the financial impact of implementing all new practices, not only CSR, and money plays a very big role in any business"). Another factor mentioned several times was the attitude of employees, who may not understand the purpose of CSR initiatives and thus be unwilling to engage in them ("CSR is about awareness, and people in the organization are aware of certain initiatives, but I am not sure they

know why we do that and what CSR actually is", "Sometimes it is difficult to change the way our employees think", "Opposition to change among employees is difficult to overcome"). According to many participants, low-level employees show mixed reactions to various CSR initiatives, as some do not fully comprehend the reasons behind them ("They are mostly happy to participate. The only issue is that some might not understand why the initiatives even exist", "Low-level employees are often engaged in low-key initiatives that in my opinion are rarely worth the trouble, but it gives them a feeling of contribution to something bigger, as well as reinforces the bond with the company and colleagues. I am afraid that high-level initiatives are either unknown to or not understood by them").

The majority of participants have seen significant changes in perception and implementation of CSR initiatives between 2010 and 2020. Many noticed social changes, especially in customer expectations ("Customers are more and more conscious; it is no longer possible to thrive if the company is supporting beliefs that are contrary to what is expected by society", "I see that CSR initiatives are now 'fashionable'. With the advent of social media, it has become an easy way for companies to advertise and show their human side after years of being demonized in films, books, video games, and the like. On the other hand, social awareness and the regulatory landscape have changed and many CSR activities are no longer initiated by companies themselves, but rather in response to a social or legal demand"). Some participants notice a very complex change in CSR practice ("It is massive. Couldn't be bigger! Action on sustainability has turned from a 'low-hanging fruit', an easy win that also brings cost benefits, into complex technical and cultural challenges which are often costly and difficult to implement. […] CSR has evolved from the right thing to do, led by a handful of individuals, into something that excites our marketers, to which everyone contributes, and which is proving to be the most compelling reason for attracting talent").

The vast majority of participants identify with the CSR strategy, even if they are not directly involved in any CSR initiatives. Some even treat it as their obligation to lead by example ("I believe I have a responsibility aside from my job description to portray Carlsberg in a way that commends its corporate values regarding stakeholders and the environment in general"). Most claim to have personal motivation for engaging in CSR actions ("Many points related to CSR are close to my ethical values and moral core and I am glad to support them", "I believe everyone has social, economic, and environmental responsibilities to the world we live in. This is why we commit to philanthropic initiatives when we can, constantly educate ourselves about how to be kinder to our planet, and so on").

However, not many employees admit offering their own suggestions regarding CSR, as they see themselves primarily as participants. As a result, most low-level employees either have not had the opportunity to offer their own sugges-

tions, or had their suggestions disregarded. This is well explained by one of the employees directly involved in CSR policies ("I have been addressing the issues of sustainability for the past six years and during that time we asked our employees for ideas. This can be tough, as without technical expertise or the budget to buy expensive, cutting-edge equipment, those ideas can bring relatively insignificant gains in terms of, e.g., carbon or water efficiency. But you have to look beyond that and celebrate every idea that comes forward, because it signals something deeper – the embeddedness of the concept of sustainability within the company, a burning desire to contribute, and a change of culture").

The last two questions concerned the perceived influence of Danish national culture and values on Carlsberg and its attitude toward CSR. Many participants think that the company and the way it practices CSR is a reflection of Danish culture ("Through our work culture, environmentally conscious practices, approach to customers and employees, but also through our beers we promote the Danish 'way of life'. As Denmark ranks as one of the happiest countries in the world, it is something we should do on every possible occasion", "I think that Danish people are very environmentally conscious, so it has a big impact on us, being a Danish company. Even if most of our employees are not Danish now, the core, the 'soul' of Carlsberg, is still very much Danish. It can be seen in our approach to employees, their well-being, development, sense of belonging. And the same goes for CSR practices", "I think Carlsberg is one of Denmark's biggest exports to the world. Over the years, it has immersed itself in the global market as not just an alcohol producer, but a Danish alcohol producer in every possible sense. The simple rebrand of the trademark beer as 'Danish Pilsner' refers to its importance as a pioneer in the brewing industry and to its place in Danish culture"). Some participants, however, see Carlsberg as a global rather than a national company ("I actually don't perceive the CSR initiatives as 'typically Danish', but rather reflecting Carlsberg's strategy or values as a global company", "[Danish national values] certainly have an impact, but I think every country Carlsberg is present in adds some of its culture and values to it", "I believe Carlsberg aims to be [an embodiment of Danish national values] as well as a global brand").

Conclusions

The way corporate social responsibility is practiced at Carlsberg has undergone significant changes from 2010 to 2020. Customer expectations of the entire beverage industry have been continuously growing over the last decade; as a result, the practices of beverage producers have evolved as well. The CG invests more and more capital and resources in its CSR initiatives, and since 2017 it has

been making steady progress towards the targets of its "Together towards zero" program. The qualitative study indicates that it is taking a strategic approach to CSR, placing it at the heart of its values, and that the way it understands and implements it strongly reflects Danish national culture and values, such as enjoyment of simplicity in life and social interactions, or *hygge*, respect for employee rights, or environmentally conscious practices. Being a global brand, however, it also strives to be inclusive of all cultures.

The interviews – all the more so as they were conducted by an employee of Carlsberg equipped with an insider's knowledge – provided a significant contribution to the existing literature. However, although the study yielded some insightful results, it is important to point out its limitations. As all interviewees were CG employees, they may be considered not entirely objective. Moreover, the length of the article allowed to discuss only some of Carlsberg's CSR initiatives. Nevertheless, it is the sincere hope of the authors that this article will add value to the existing knowledge base.

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