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An analysis of corporate responses to regulatory failure

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Elin Jönsson

Abstract

The present study analyses the state of a corporation's risk regulation regime, in the light of allegations of unethical and illegal business conduct. By focusing on the field of corporate social responsibility, the study draws on official documents to analyse the regime, and conducts a thematic analysis that focuses on its fundamental stages: standard-setting, monitoring, and enforcement. The findings bring the regulatory expansion within each stage into light, as new initiatives and units have been developed in the aftermath of the allegations. It is furthermore argued that the new regime in place to manage risks of the first order (explicit risks) *simultaneously* manages risks of the second order (implicit risks). By discussing this duality in relation to the state of the regulatory landscape, the study suggests that the process of responsibilisation amplifies the trend towards 'the risk management of everything'.

Keywords: regulation; risk management; regulatory failure; governmentality; CSR

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1. Introduction

In the last decades, criminological research has drawn all the more attention to the field of 'corporate crime', namely the "crimes committed in the interests of business" (Schoultz & Flyghed 2016:185). The literature within the field offers several examples of cases in which multinational and transnational corporations initiate or facilitate social and environmental harm, in their own pursuit for profit (see e.g. Friedrichs 2010; Tombs & Whyte 2014). Because of the risks that such corporations pose to the communities in which they operate, it has been recognized that they bear responsibility for implementing measures to prevent harm against the 'public good' (see Dam & Scholtens 2012:233-234). This notion is captured by the concept 'Corporate Social Responsibility' (CSR), which denotes that corporations ought to manage their business in a manner that secures not only private, but also public, interest (see Garsten & Jacobsson 2011:428). This new 'social position' follows the altered political perception of corporations as being accountable and responsive subjects, expected to take responsibility for their activities, rather than simply being objects of state-imposed control (see Lindgren 2007:249). Since CSR is predominantly managed through voluntary measures that exceeds corporations' legal responsibilities, such as internal 'codes of conduct' and ethical frameworks (see Banerjee 2006:60), it directs attention to the manner in which corporations have become a new site of control (cf. Engdahl & Larsson 2015:533).

These developments shed light upon the transformations within the regulatory landscape. The concept 'regulation' captures forms of "intentional activity that seeks to control, direct or influence the flow of events" within a given area (Crawford 2006:452). The primary target of regulation is to manage negative outcomes of otherwise socially valued activities – such as conducting business (Hörnqvist 2015:355). However, the last decades have been characterised by a regulatory shift; rather than remaining within the control apparatus of the sovereign state, modern day regulation operates through a wide array of public, private and hybrid actors (Crawford 2006:450). The multiplicity of regulatory actors and techniques thus put the emphasis on 'governance' rather than 'government' (Haines 2011:8,10), which is illustrated by the way in which corporations develop self-regulatory measures to prevent social and environmental harm, through the concept of CSR.

Taking this new corporate position as a point of departure, the present study seeks to analyse how CSR is managed in the aftermath of a 'regulatory failure', that is, a failure to sufficiently regulate risk (see Baldwin, Cave & Lodge 2011:85). The failure is represented by the Uzbek affair, in which a Swedish telephone company and mobile network operator

(TeliaSonera, hereafter Telia) completed unethical and possibly illegal monetary transactions in Uzbekistan. In the months following the disclosure, the corporation was heavily scrutinised in the media, and national prosecutors classify the transactions as bribery. The criminal investigation is, at the time of writing, still ongoing (Schoultz & Flyghed 2016:187). One of the corporation's remedies for the failure to secure socially responsible business practices has been regulatory expansion:

> In the last few years we have understood the depth of the unethical and possibly illegal business practices in region Eurasia. […] To remediate the issues we have worked extensively with analysing our risks, investigating potential fraud and corruption schemes, training employees and building a culture where no one is afraid of speaking up when they see potential or actual corrupt practices (Annual & Sustainability Report 2015:76).

This is not an unexpected response on Telia's behalf; the problem-solving nature of regulation suggests that regulatory measures expand after a crisis, as the organisation's legitimacy and reputation is openly questioned and re-negotiated (Haines 2011:52-53; Power 2007:35). This expansion will be the focal point for the present study, which draws on a 'risk regulation regime' approach. As an analytical construct, the concept 'regime' draws attention to how risk is regulated within a particular domain (Hood, Rothstein & Baldwin 2001:7-8). Here, the domain under study is Telia; a self-regulating actor with the ability of constructing its own regulatory regime, in accordance with the corporation's interests and internal arrangements (cf. ibid). The aim of the present study is thus to analyse the state of Telia's risk regulation regime in the years following the Uzbek affair. This is achieved by conducting a thematic analysis, which focuses on the three essential stages of a regulatory regime: standard-setting, monitoring, and enforcement (see ibid:21). The basis of the analysis consists of official documents, published by Telia. Given the nature of this empirical source, the study does not seek to examine Telia's regime 'in practice', but instead focuses on the 'front stage' performance of this regime (cf. Goffman 2014:98). The research question is:

How has corporate social responsibility been inserted into Telia's 'front stage regime' for risk regulation, in the aftermath of the Uzbek affair?

By answering this question, the ambition of this study is to further the knowledge on corporate responses to regulatory failure. Because of the dispersal of power and control within

the regulatory landscape, this study sides with Braithwaite (2003) suggesting that criminology must widen its scope to account for sites of monitoring and enforcement *beyond* the branch of criminal justice and traditional means of crime control. In the present study, this is achieved by analysing how a corporation (Telia) functions as a self-regulatory body, which can only be understood by taking the transformations within the wider regulatory landscape into account.

2. Background

This chapter offers a description of Telia with particular emphasis on the corporation's operations in Uzbekistan, followed by a section regarding the ways in which CSR is primarily regulated in a Swedish setting.

2.1 The Telia case

The corporation TeliaSonera arose through the merging of two state-owned enterprises: Swedish Telia and Finnish Sonera. At the time of writing, Telia Company claims to be the fifth largest telecom operator in Europe, as their business activities expand well beyond the Nordic market (Telia 2017a). Both the Swedish and the Finnish state are shareholders in Telia Company, but the Swedish state is the principal shareholder with 37,3 per cent of the corporation's shares (Telia 2017b). In 2007, TeliaSonera began to conduct business in Eurasia, primarily in Uzbekistan; a country with one of the highest levels of corruption, and the lowest amounts of respect for human rights, in the world (Schoultz & Flyghed 2016:187). A few years later, in September 2012, a Swedish journalistic TV-show presented that TeliaSonera had completed monetary transactions to a 'local Uzbek partner', with the purpose of obtaining 3G licences (ibid). This 'local partner' was revealed to be a small corporation based in Gibraltar, owned by a woman with close ties to the daughter of the president of Uzbekistan, Gulnara Karimova. According to leaked documentation, Karimova holds control over the Uzbek market and decides which corporations that are allowed to conduct business there. The transactions amount to over 230 million Euros (Bagge & Laurin 2012). In the months following the disclosure, the events were thoroughly covered in national media, as journalists, non-governmental organisations (NGOs), and shareholders have criticised the way TeliaSonera conducts business (see e.g. Ottosson & Svensson 2012; Ledel 2016). Furthermore, a criminal investigation has been initiated, as national prosecutors classified the corporation's actions as bribery. The investigation is, at the time of writing, still on-going (Schoultz & Flyghed 2016:187; TT Nyhetsbyrån 2017).

TeliaSonera has provided several public responses to the allegations of illegal and unethical behaviour, both in the national media and through their own channels (for an analysis of these accounts, see Flyghed & Schoultz 2016). Several members of Telia's internal management were replaced in 2013, as they were perceived as being responsible for the Uzbek affair, amongst those the CEO and the Chairman of the Board (Alestig 2014). In 2015, TeliaSonera announced that the corporation would phase out their business activities in Eurasia all together, and later on in 2016, the corporation declared a name change to Telia Company (hereafter Telia), in order to show that "we are a new company with a positive outlook on the future that we can create for our customers (Telia 2016, my translation).

2.2 Regulating responsible conduct in a Swedish context

The Swedish state governs state-owned enterprises (SOEs) primarily through an annually updated ownership policy, which provides a framework on how to appropriately conduct business. The policy is informed by the OECD guidelines on corporate governance of SOEs (Regeringskansliet 2017:2). One of the targets for corporations like Telia is sustainability, i.e. that corporations ought to conduct business in a way that benefits a sustainable development from an economical, social, and environmental perspective. The purpose of creating sustainable value is to ensure public trust and confidence in the corporation. Increasing levels of profit should therefore be done whilst simultaneously respecting human rights; maintaining high levels of business ethics; working actively against corruption; and so forth. Corporations are, in the policy, described as being important actors for contributing to the Sustainable Development Goals set out by the United Nations (UN). SOEs in particular are therefore expected to identify what they can do to fulfil these goals, thus taking responsibility for social and environmental rights (ibid:4). Furthermore, the Swedish government has published an action plan concerning the relationship between corporations and human rights. The intention behind the plan is to provide a national framework for all corporations on how to work with the UN Guiding Principles on Business and Human Rights in domestic practice (Government Offices of Sweden 2015).

3. Existing research and theoretical setting

This chapter will offer an overview of the previous research and theoretical interpretations that constitute the premise of the present study. It will primarily draw on a governmentality approach to shed light upon the state of the current regulatory landscape, in which Telia is

understood as one actor amongst many. The chapter will also discuss the importance of 'risk' in general, and the emergence of corporate social responsibility (CSR) in particular. However, the chapter begins with expanding upon perhaps *the* most central concept for the present study, which is 'regulation'. Whilst 'social control' denotes exercises of power affecting the flow of events within a given area, regardless of whether this exercise is "purposive or rule-like" or not, 'regulation' captures forms of *intentional* ordering and control (Crawford 2006:452). It thus bears similarities to the concept 'policing', which could generally be defined as organised forms of enforcing rules; preventing and investigating crime; and maintaining social order (see Jones & Newburn 1998:18). Drawing on current research, the two concepts often merge as they might share legal frameworks, regulatory styles, and guiding objectives (Hörnqvist 2015:353-354). The remaining conceptual barrier, contributing to the historical separation between the concepts, lies in the social valuation of the object to be controlled. Whilst policing is concerned with activities harmful in themselves (crimes), regulation manages the negative side-effects of otherwise valued activities (such as conducting business) (ibid:355). Thus, regulation is commonly associated with the ordering of the economic sphere.

3.1 The regulatory landscape

In the current regulatory landscape, it is possible to witness the blurring of traditionally fixed dichotomies such as 'private-public' when analysing the exercise of regulation and control (Garsten & Jacobsson 2011:421). Rather than being limited to state exercises of power and sovereignty, modern regulatory practices operate through state, non-state, and hybrid actors and networks (Crawford 2006:450-451). Regulatory bodies can therefore be understood as 'governments', which by Foucault (1994:81) is broadly defined as constituting "techniques and procedures for directing human behaviour". A multiplicity of agencies – governments – therefore seeks to shape individual and organisational conduct, in line with specific sets of norms to guide the exercise of power (Dean 1999:10-11). The aim of government is therefore not always 'the common good', but rather to achieve "an end which is 'convenient' for each of the things that are to be governed" (Foucault 1991:95). This is illustrated by the way in which regulatory regimes are "fragmented, multi-sourced, and unfocused", as regulatory authority is often shared between the state and civil bodies (Baldwin, Cave & Lodge 2011:8), thus constituting new sites of control and normativity in an increasingly decentralised landscape (Garsten & Jacobsson 2011:425).

To understand the contemporary forms of exercising power, it is possible to draw on a governmentality approach, which directs attention to how acts of governing employ specific 'taken for granted' ways of *thinking about* governing (Dean 1999:16-17). In general, liberalism is brought forth as a distinct rationality for governing (Bacchi 2012:6; Valverde 2017:87-88), but neoliberalism in particular is considered to be *the* rationality of contemporary governmental projects (Dean 1999:150). Within a neoliberal rationality, state intervention in the regulatory landscape is to be minimised (Michalowski & Kramer 2003:42), whilst individual responsibility and freedom of choice is emphasised (Dean 1999:151-152). Neoliberal governments thus encourage processes of de-regulation, primarily within the market and civil society, as these spheres are perceived as relatively autonomous and thus released from external interference (Garland 1997:177). But simultaneously, the commercial and industrial life has witnessed an increase of regulation, which is particularly evident in the rise of internal control systems (Lindgren 2007:242; Power 2007:36). It could therefore be suggested that the main transformation has been *re-regulation*, rather than de-regulation (Clarke 2000:16), as the exercise of control has been shifted from the sovereign state to become a built-in feature within the market itself (Engdahl & Larsson 2015:517). Thus, the logic of self-regulation permeating the corporate sphere is derived from a particular (neoliberal) rationality, rather than being inherent in regulation itself (cf. Stenson 1993:381).

These developments should however not be interpreted as the complete withdrawal of state influence and power. Rather, the state has begun to govern 'at a distance', by forming alliances between the desires and interests of the governed (in this case, organisations) on the one hand, and governmental (state) perceptions of appropriate conduct on the other (see Stenson 1993:377). Instead of understanding power as an expression of a sovereign will, imposed from the top down, the governmentality literature draw on these notions of 'action at a distance' to understand how power becomes translated from the governmental authority to the governed subject (Garland 1997:182). Thus, the nation state decides on the ends of government, whilst others (both individuals and organisations) are expected to take responsibility for fulfilling these ends, thus partaking in the governing of oneself (Aas 2013:153). This process is known as 'responsibilisation', and captures the way in which state power has been redistributed to become all the more connected to non-state actors and agencies (see Banerjee 2008:68-68). Traditional means of state regulation has therefore, to a large extent, been abandoned on behalf of a growing influence of market mechanisms and self-regulation (Garland 1997:183-184), and thus, the role of the new regulatory state is "steering rather than rowing" (Aas 2013:170).

Governmentality therefore deviates from 'sovereignty' and 'discipline' with regards to their objectives. Whilst sovereign power seeks to *exercise authority* over subjects, and disciplinary power engages in the *ordering* of subjects, governmental power perceives subjects as *resources to be optimised*, and thus as a means of achieving governmental ends (Dean 1999:20). Governing therefore occurs with the least amount of coercion, as power operates *through* the actors' interests and sense of autonomy (Valverde 2017:81,88). As a result, freedom is a prerequisite for the exercise of governmental power, as it allows control to operate through self-steering mechanisms and thus rule "private" spaces without breaching the governed actors' sense of autonomy (Miller & Rose 1990:18). As it is less overt than other forms of power, governmental power generates less resistance amongst the governed (O'Malley 1992:254). It could therefore be suggested that in the regulatory landscape, the state withdraws *and* extends its power at the same time, as it assigns the responsibility for monitoring and control in the hands of – for example – private firms (cf. Engdahl & Larsson 2015:530). These developments furthermore offer a backdrop to the increase in compliance-oriented means of regulation, whilst coercive means have been abandoned, as voluntary guidelines, codes of conduct, and similar 'soft law' initiatives have been developed to support organisational self-regulation (Garsten & Jacobsson 2011:425). Modern-day regulation is therefore characterised by 'governance', rather than 'government' (Haines 2011:10), since power is not limited to the state, but instead dispersed throughout society (Aas 2013:154).

3.2 The importance of risk

Regulation is innately about the management of *risk* (Haines 2011:31). A risk can generally be defined as the likelihood of a particular event, which is perceived as a harm or danger in relation to the interests and interpretations of involved actors and organisations. Thus, the meaning of 'risk' varies in accordance with the logics of specific domains (Baldwin, Cave & Lodge 2011:86; Ericson & Haggerty 1997:4), which fosters different approaches to risk regulation. In general, risk regulation consists of three essential stages: standard-setting (the process of setting targets within an organisation); monitoring (the observance of the pursuit of the pre-defined targets); and enforcement (the modification of behaviour in cases of deviances) (Hood, Rothstein & Baldwin 2001:23ff). Taken together, these stages can be conceptualised as constituting a 'risk regulation regime', which refers to the regulatory system in place to manage risk within a particular policy domain (see ibid:8). Thus, neither 'risk' nor 'regime' can be understood as self-evident constructs, as they must be defined and designed in accordance with organisational interests.

The process of managing risk is permeated by an actuarial way of reasoning, as the potential of negative outcomes – such as illegal or harmful behaviour – must be assessed and measured, as a means of making risk predictable (Garland 1997:182). Risk is therefore a central aspect of governmentality, because the process of responsibilisation is facilitated through technologies of risk calculation and actuarial reasoning (Dean 1999:166). As the purpose of risk regulation is to solve the 'problem' that the risk represents, it has an inherent instrumental nature and is characterised by a proactive mentality (Garland 1997:182; Haines 2011:24), meaning that regulatory practices are always 'in the making' (Levi-Faur 2011:5). Governmentality is therefore characterised by an optimistic political vision, as the proactive mentality suggests that a domain could always be regulated in a more effective (better) manner. Thus, "reality is, in some way or another, programmable" (Miller & Rose 1990:4).

It has been suggested that the contemporary society is characterised by a heightened awareness of risk, primarily because of human conduct and technological developments, which is usually conceptualised by the thesis of advanced modernity as a 'risk society' (Hood, Rothstein & Baldwin 2001:3-4). As the tolerance for risk decreases, regulation has become perceived as the solution to uncertainty and insecurity (Clarke 2000:10), because regulation "creates the vision of technical mastery over threats (Haines 2011:3). The normalisation of the risk paradigm is understood as the driving force and key rationale supporting the expansion of regulation, primarily within the private sector. Corporations have thus become more anxious about managing insecurities and irregularities within their own field of activity (Lindgren 2007:244). Therefore, the concern might not lie in obtaining something that is 'good' for business, but rather with preventing events that are perceived to harm it (see Ericson & Haggerty 1997:86). Drawing further on Ericson and Haggerty (1997:94), "liberalism and risk society goes hand in hand", as the heightened importance of risk provides an interest for increases in self-regulation. These developments might therefore underscore the notion that risk management has come to be "core values" for contemporary corporate governance (see Power 2007:60).

Drawing on his observations of the audit risk model, Power (2004) suggests that there has been an important change during the late 20th century, in the way auditors interpret and manage risk. Rather than being concerned with risks of the first order alone, such as mistakes and misstatements in the reporting process, auditors have increasingly become concerned with risks of the second order, that is, "financial and reputational losses to auditors themselves" (ibid:58). Thus:

> those agencies traditionally charged with handling […] primary risks on behalf of others, such as professions, insurers and government, are focusing increasingly on their own risks with a view to avoiding responsibility, blame and financial penalty. This is the problem underlying the idea of 'the risk management of everything', namely that there is an ongoing shift in society in the balance between primary and secondary risk management, with a marked growth in the latter (Power 2004:59-60)

Drawing on this quotation, risks of the first order can be understood as the explicit, expected, and manifest risks that regulators are charged with handling, whilst risks of the second order are the implicit, unexpected, and latent risks relating to the regulator's own position. The shifting balance between the two – leading up to 'the risk management of everything' – is not only noticeable in the audit profession, but also within corporations, since reputation (a risk of the second order) has grown as a particular "corporate sensibility" since the late 1990s (Power 2007:129). This could be attributed to the rise of stakeholder influence, and the processes of amplification through global media and the legal system. It has been suggested that corporations experience a sense of vulnerability, supporting the development of internal control systems (Power 2004:61). Corporate risk management can therefore be understood as characterised by a sense of defensiveness, as corporations must be responsive to external perceptions of their activities (ibid:63; see Lindgren 2007:249). Thus, as they take on the role as regulators, corporations must manage their responsibilities with regards to risk management, whilst simultaneously allowing their own business to grow (cf. Hutter & Lloyd-Bostock 2013:398).

3.3 The emergence of CSR

The meaning of the concept 'Corporate Social Responsibility' (CSR) is often redefined by corporations and stakeholders alike, to fit with their own agendas and interests (Shamir 2005:230), thus leading to a wide array of potential definitions of what CSR entails. Nevertheless, all definitions stem from the idea that corporations have a responsibility for the 'public good', given the risks they pose to the communities in which they operate (Dam & Scholtens 2012:233-234). Concerns about CSR became particularly popular in the 2000s (Bittle & Snider 2013:178), but have actually existed ever since corporations began to operate across national boundaries and in legal grey areas, due to industrialisation and globalisation (Banerjee 2008:66; Garsten & Jacobsson 2011:428). Corporate misbehaviour has become all the more visible through the global media and NGOs, thus facilitating a wave of criticism against the social and environmental impact of corporate conduct (Göthberg 2011:3,7). The

criminological literature offers several examples of the ways in which corporations have initiated or facilitated violations against the human rights and the environment through their business activities (e.g. Friedrichs 2010; Tombs & Whyte 2014). The extent of such violations could be caused by the fact that multinational and transnational corporations are often either under-regulated, or simply unregulated (Bittle & Snider 2013:179). The task of securing the human and environmental rights that might be at risk in corporate pursuits for profit has traditionally been an obligation of the nation state (Robert 2003:255), but corporations have in the last decades claimed the role of being socially and environmentally responsible (Bittle & Snider 2013:178; Göthberg 2011:3). These developments could be understood in the light of the current regulatory landscape, in which corporations are expected to embrace responsibility for their activities (see Lindgren 2007:249). Thus, to reform the relationship between corporations and communities by limiting the negative side-effect of business (Heath 2011:726,729), corporations align their activities with the contexts in which they operate (Göthberg 2011:8). This shift illustrate the way in which modern corporations are forced to think "outside in" (Power 2007:134), and to "speak the language of social responsibility" (Shamir 2005:231) as a particular mentality for risk management.

In terms of regulatory strategy, the rise of CSR follows the general trend of compliance-based regulation, as practices often share voluntariness as a common feature. Social and environmental responsibilities are therefore primarily regulated through self-regulatory measures, as they often exceed corporations' legal responsibilities (Banerjee 2008:60; Dam & Scholtens 2012:234). This is illustrated by the notion that none of the international codes of conduct concerning CSR are legally enforceable (Banerjee 2008:62-63). Given their extra-legal character then, CSR regulation generally falls within the realm of 'soft law', as they require corporations to *voluntarily* assume responsibility (the case of Sweden is, as described in the 'Background' section, somewhat of an exception to this notion) (see Muchlinski 2003:38). The lack of coercion and enforcement in the field of corporate harms and illegalities has been criticised by scholars suggesting that corporations have the ability to operate "beyond the law" (Tombs & Whyte 2003:9). As multinational corporations have the ability to act as autonomous regulators, their position of power is further established (Muchlinski 2003:36-37), suggesting that the position of the nation state might be weakening in comparison (Roberts 2003:255). This discussion ties into the notion that multinational corporations have become 'too big to fail', as they are the main players in the economy upon which the wellbeing of nation states rests. This implies that sanctions and enforcement cannot be too severe (Sjöberg 2009:162). However, Gond et al. (2011:645) suggest that relying on

pressures within the market to set demands on corporations *complements* the existing legal framework, rather then displaces it. Thus, what appear to be instances of state inactivity might not "equate to a retreat by the state but rather an active engagement by government to define the rules and mechanisms shaping the new mode of governance" (ibid). This suggestion resonates with the notion of 'action at a distance', and illustrates once again that the regulatory landscape might be characterised by re-regulation rather than de-regulation.

3.4 Features of socially responsible regulation

As touched upon earlier, the emergence of CSR regulation is often understood as a response to stakeholders – such as the state, consumers, or NGOs – demanding greater corporate accountability (Power 2007:135). But whilst the demands stem from notions of corporate misbehaviour, corporations might avoid referring to the increased awareness of harms and risks themselves. Shamir (2005:241) found that rather than associating CSR regulation with the risks of corporate behaviour, employees and managers spoke of the "changing 'concerns' of consumers or the changing 'needs' of communities". This avoidance of potential conflict is also found by Garsten and Jacobsson (2011:422), suggesting that CSR regulation often becomes depoliticised to instead take on the role of a 'harmony ideology'. Whilst all regulation is ideological – as it seeks to achieve a set of predefined values (Haines 2011:8,17) – CSR regulation is particularly so, as it represents a "normative control apparatus" gaining prominence within the financial sphere (Shamir 2005:422).

Within corporations, engaging in CSR is often presented as a 'win-win' situation, as regulation is suggested to work in the interest of social and environmental responsibility on the one hand, and profitability on the other (Garsten & Jacobsson 2011:424,432). Thus, financial value and social value is perceived as being created simultaneously (Shamir 2005:240). The premise of such a presentation is that by investing in the corporation's brand value, through CSR regulation, the efficiency of corporate operations and profits will increase (Göthberg 2011:8). Discussing the relationship between sustainability and profitability, previous research suggest that concerns about social responsibility are integrated into the corporation in a manner that suits its financial interests (Garsten & Jacobsson 2011:433; Schoultz & Flyghed 2016:196). It is thus unlikely that corporations assume CSR regulation unless it fits the corporation's "profitability criteria" (Banerjee 2008:58). The importance of corporate interest in the regulatory process can be illustrated by drawing on the review conducted by Harjoto and Jo (2011:45-46), finding that the main incentives for developing internal CSR regulation was to strengthen a corporate image as 'good citizens'; secure

management positions; signal the high quality of their products; and reduce conflicts between the corporation and stakeholders. The concept of CSR is therefore suggested to represent a desire for legitimacy (Heath 2011:726), which might particularly be the case for corporations facing allegations of unethical or illegal conduct, as their legitimacy is questioned in the light of the allegations (Hearit 1995:3). Developing CSR regulation might therefore be a means of investing in the corporation, rather than the affected communities:

> The degree to which regulatory controls are imposed on capital is […] more readily comprehensible in terms of the harms that certain crimes cause to the legitimacy of the markets and associated institutions, rather than in terms of the harms that some crimes imply for people, for our water and air quality, for biodiversity, and so on (Tombs & Whyte 2003:11)

Extending the argument above, several scholars emphasise that CSR regulation can be exploited in corporate pursuits for profit. Given the autonomous position of multinational corporations, they have the opportunity to 'greenwash' or 'bluewash' their activities, i.e. paint their corporate image "with the veneer of environmental or social responsibility", without providing evidence of changes to operational practices (van Aaken, Splitter & Seidl 2013:357). Corporate reports concerning CSR might therefore not be more than "token efforts" (Laufer 2003:253), in place to neutralise the risks of harm and illegality attached to corporate conduct (Dam & Scholtens 2012:25). In a similar manner, Roberts (2003:257) highlights that the primary function of CSR regulation is to reaffirm the corporation as a responsible actor, whilst facilitating "business as usual" at the same time. This is furthermore illustrated by Bittle and Snider (2013:182), examining the implementation of a human rights framework for multinational corporations. As operational practices generally remained unchanged, the authors concluded that the corporate support of the framework was primarily rhetorical (ibid). These alleged gaps between CSR regulation in theory and practice illustrate that social and environmental responsibilities are often defined on the basis of corporate, rather than social, interest (Banerjee 2008:52,66-67).

3.5 Summary

Thus far, it has been suggested that the contemporary regulatory landscape can be considered through the lens of governmentality, suggesting that processes of re-regulation can be traced back to the growth of neoliberalism as *the* political rationality. The way that corporations have come to engage more extensively in regulation than before can be understood by

drawing on the responsibilisation thesis, suggesting that responsibility for (and thus power of) risk management has been redistributed amongst non-state actors and agencies. This is illustrated by highlighting the emergence of CSR, which places demands on corporations to align their private business interests with social interests. This new set of risk is – in accordance with the responsibilisation thesis – primarily managed through self-regulation, hence demonstrating how modern day corporations have the ability to act as autonomous regulators partaking in the control of harms and illegalities.

The existing research presented in the final section suggests that CSR regulation might primarily be interpreted along the lines of corporate interest, legitimacy, and reputation. Drawing on the research question of the present study, it can be expected that CSR has been inserted into Telia's risk regulation regime in manner that utilises the concept's rhetorical benefits, since scholars highlight the potential of 'greenwashing' and 'bluewashing'. Thus, whilst it is likely that Telia has emphasised CSR norms in the aftermath of the Uzbek affair, it appears less likely that the corporation has organised their regulatory regime around these norms.

4. Method and material

This chapter offers a description of this study's methodological approach, beginning with a section about the decision to conduct a case study. This is followed by an account of the thematic analysis used in the present study, and a description of the process of coding the material. Thereafter, the material, its limitations, and implications are described. The chapter concludes by highlighting the role of research ethics in relation to the present study.

4.1 The case study approach

This study draws on a single case as the unit of empirical and theoretical analysis. The starting point for this case is the Uzbek affair, which sparked allegations of bribery and led to severe criticism regarding the unethical nature of Telia's activities. Given the corporate misconduct, and the regulatory failure that facilitated it, the present case can be understood as an 'extreme' or 'deviant' case. According to Flyvbjerg (2006:229), extreme cases often "reveal more information because they activate more actors and more basic mechanisms in the situation studied", thus making them an appropriate unit of analysis. However, not all aspects of this case are extreme. Telia's risk regulation regime and the practices that developed in the aftermath of the Uzbek affair – the object of the present study – are in

themselves not extreme or deviant. Instead, Telia's system for risk regulation is rather typical, and not unique to the present case. But given its instrumental, problem-solving nature, regulation often expands and transforms in the aftermath of a crisis or scandal (Haines 2011:24). By analysing regulation in the light of an extreme incident (such as the Uzbek affair), it might be possible to gain more knowledge and understanding about the mechanisms involved in risk regulation, compared to analysing a routine case. As Hutter and Llloyd-Bostock (2013:384) suggest, we should focus on "the insights that 'critical situations' give us into the 'routine and mundane'". The overall premise is thus that by analysing extreme situations, we can gain insight into the underscoring assumptions and features of regulation that are usually overlooked or taken for granted. Naturally, it stands to reason that conducting case studies is not always the appropriate methodological choice – as for all research, it is contingent upon the "problem under study" (Flyvbjerg 2006:266). The fundamental theoretical interest in the present study is to understand how experiences of regulatory failures affect corporate risk regulation, and thus directs research attention to the Uzbek affair and the case of Telia, which is considered to be a suitable unit of analysis.

4.2 Thematic analysis

In the present study, different sets of official documents are analysed through a qualitative textual analysis, with the aim of understanding the state of Telia's risk regulation regime in the aftermath of the Uzbek affair. The analytical strategy is informed by a thematic approach, and draws on themes developed from the theoretical literature about risk regulation. The material (which will be described in detail in the following section) is very heterogenic and covers a vast scope of information, of which a large proportion is of little relevance given the aims of the present study. It would therefore not be suitable to conduct a thematic analysis based on a more grounded approach, in which themes are identified through the researcher discovering patterns in the material itself (see e.g. Fereday & Muir-Cochrane 2006:3-4), as it would have made the analytical process rather unfocused. Whilst the approach employed in this study might limit the researcher's field of vision, it has the advantage of giving the analytical process a "theoretical sensitivity", since the reading of the material is theoretically informed from the outset and throughout (Ryan & Bernard 2003:88). Furthermore, to grasp the state of Telia's regulatory regime, the analytical approach is inspired by the field of governmentality studies, which aim to question seemingly 'taken for granted' acts of governing. A common feature for such studies is to emphasise 'how'-questions, to direct analytical focus towards how governing projects are executed (Dean 1999:21,23). The

process of analysing the material is therefore directed by the aim of uncovering *how* Telia engages in risk regulation, thus placing emphasis on regulatory activities.

In accordance with the aim of the present study, I draw on an analytical model proposing that risk regulation transpires in three fundamental stages: 'standard-setting', 'monitoring', and 'enforcement' (Hood, Rothstein & Baldwin 2001:21). By conducting a thematic analysis, these theoretical stages (or 'themes') were reconstructed on the basis of the material (the chosen sets of documents). Together, these stages constitute the analytical basis of a 'risk regulation regime' (see ibid). Since the risks of interest to the present study fall within the realm of CSR, this is the focal point of the present study, and thus other sets of risk within the corporation are neglected.

The process of analysing the material was inspired by the thematic approach suggested by Braun and Clarke (2006:16ff.). It began rather openly with me skimming through the chosen documents, with the purpose of identifying and sorting out all paragraphs and sections relating to the concepts of 'risk' and 'corporate social responsibility'. This was a means of delimiting the material in accordance with the research interest of the present study. In subsequent readings of the material, I returned to these paragraphs and sections with a greater attention to detail, as I mapped out and loosely coded different regulatory practices within the corporation (such as specific units or programs within Telia). During the following stage of the analysis, I was able to sort these practices into the three stages (or 'themes') within my chosen analytical model: standard-setting; monitoring; enforcement. Whilst it might be presented as somewhat linear, the process of coding and analysing the material was iterative, since I simultaneously worked on the forthcoming analysis. In a few cases, it was not immediately evident to which of the three stages a specific practice belonged to. Working on the analysis and taking theoretical notes on the side therefore helped uncovering the different stages, how they relate to each other, and how they together compose Telia's risk regulation regime.

4.3 Material

The thematic analysis was conducted on four different sets of official documents published by Telia, collected from archives on the corporation's English website (thus potential issues with translation are avoided). Analysing documents is considered particularly suitable for case studies, as they can offer rich descriptions of a single phenomenon or unit of analysis. Drawing on documents can furthermore be a means of tracking development over time (Bowen 2009:29-30). Since the present study seeks to understand how corporate risk

regulation has been transformed in the aftermath of alleged misconduct, documents become a relevant empirical source. However, it should be mentioned that Telia had norms concerning CSR prior 2013 and thus, to some extent, spoke "the language of social responsibility" (Shamir 2005:231) prior to the Uzbek affair. But instead of focusing on Telia's commitment to CSR regulation in the years leading up to the affair, the aim of the present study is to analyse the expansion and development of such regulation in the *aftermath* of the affair. Thus, the material stems from the years 2013, 2014, and 2015.

4.3.1 The documents

The chosen sets of documents are *Annual and Sustainability Reports*; *Interim Reports*; documentation from the *Annual General Meetings*; and a selection of *Press Releases* (see Appendix 1). The Annual and Sustainability Reports function as summaries of Telia's activities in a particular year, and bring forth changes and stability within Telia's organisation and management. The reports include, for example, descriptions of their corporate governance and risk management; information on their sustainability work; and financial statements. The reports also include comments and information provided specifically by the CEO and the Board of Directors, alongside updates from the corporation's auditors. The Interim Reports have a similar structure as the Annual and Sustainability Reports, but they are published quarterly instead of annually. In these reports, the reader obtains information about significant events in that quarter. They mainly include financial statements and information about developments in Telia's different markets, but they also contain comments from the CEO and particular sections concerning current risks and uncertainties that the corporation is facing.

All shareholders in Telia are invited to the Annual General Meetings (AGMs). The meetings constitute the highest decision-making forums within the corporation's governance structure, as the shareholders are able to receive information about and vote on various questions (e.g. concerning the remuneration to the Board of Directors). Each meeting is accompanied by a specific AGM Document, which includes the agenda of the meeting and information about the present management. It is also possible to obtain e.g. the speeches delivered by the CEO and the Chairman of the Board; the protocol of the meeting; and the auditors' statement. These documents – particularly the speeches – have been included in the analysis of the present study. The final set of documentation consist of press releases, that have been collected through searches on Telia's website. The following search words were used, either by themselves or combined: sustainab*; CSR; social* responsib*; ethic*; Eurasia; risk; governance; compliance. The press releases considered useful for the present study

consist primarily of comments on the Uzbek affair, or announcements of significant changes to Telia's regulatory structure.

4.3.2 Limitations and implications

The sets of documents are in some respects very different, not only given their structure and scope, but also with regards to the information they include. They do, however, share a common denominator: they all provide information regarding Telia's risk regulation regime. Thus, each document has the potential of contributing to an analysis of the state of the corporation's regime in the aftermath of the Uzbek affair. Nevertheless, the material has several limitations that affect a researcher's ability to gain knowledge from the chosen sets of documents. This particularly concerns the selectivity of information within each of the sets, and their substantial lack of detail. This issue is common for studies on private entities, as they – from a legal perspective – have "almost complete rights of ownership to information about their activities" (Tombs & Whyte 2009:33). By extent, corporations have the ability to establish and maintain their own 'regimes of truth', through which their activities are to be understood (Berrington, Jemphrey & Scraton 2009:132). Telia, as a multinational corporation, is therefore in a social position that allows for selectivity with regards to the information that is released into the public gaze, thus (implicitly) setting the limits on the researcher's interpretations of their activities.

Furthermore, the information that *is* included in the documents can be understood as a part of Telia's image construction, as it serves the purpose of offering a (desirable) presentation of the corporation and its activities. These notions become visible in the material primarily by highlighting the language that Telia employs, as it is very general, repetitive, and consists of a selected set of keywords and phrases. The descriptions are often superficial and describe broader changes, rather than targeting the actual implementation of regulatory practices. Drawing on Goffmans (2014:98) concepts of 'front stage' and 'back stage', the documents can be understood as displaying Telia's front stage behaviour, whilst the back stage area remains inaccessible. Thus, in the present case, the 'definitional power' of Telia's activities might be in the hands of the corporation, rather than the researcher. This is also illustrated by the lack of access to further documentation. When studying private entities, researchers must often rely on the cooperation of the corporation itself to gain relevant empirical material (Tombs & Whyte 2009:33). This was the case for the present study, since all sets of documents are public and available on the corporation's website. Thus, whilst there might exist a plethora of internal documentation concerning risk regulation within the

corporation, I only have access to a, by the corporation, selected few. Taken together, the issue of access and the selectivity of information are a reminder that documents – regardless of their 'official' status – ought to be taken as social facts rather than as complete "recordings of events" (see Bowen 20009:30,33).

To conclude, the material contains limitations that hinder the researcher from gaining a 'complete' account of Telia's regulatory regime, since an analysis will instead be built upon superficial descriptions and corporate image constructions. These limitations would be considerable in relation to the present study, *if* the aim was to analyse potential governance gaps between the ideals of risk regulation, and how Telia's regime works in practice. However, the present study does not seek to evaluate how Telia's regime 'actually' works – instead, it seeks to analyse the alleged transformations within the regime, in the aftermath of the Uzbek affair. The forthcoming discussion will focus on the *functions* that the regime fills by drawing on the distinction between risks of the first, and risks of the second, order (Power 2004; see section 3.2). Given this theoretical interest, the material is in fact rather extensive, since the documents display how the (front stage) regime has been organised with the purpose of avoiding future regulatory failures within the realm of corporate social responsibility. Thus, from the perspective of risk management of the second order, the material *is* comprehensive, since the documents demonstrate all regulatory changes that have been initiated in the aftermath of the Uzbek affair, thus granting Telia a level of 'account-ability' (regardless of the lack of detail). Therefore, despite the previously described limitations – and whilst the analysis would probably gain from greater degrees of access and information – the material is extensive, since the present study discusses the transformations and functions of risk regulation, and not how it 'actually works'. Nevertheless, the limitations still affect the study by posing an empirical and conceptual challenge to the researcher, whose room for interpretation and analysis has been reduced and conditioned due to the nature of the material.

4.4 Ethical considerations

Maintaining an ethical perspective throughout the research process is crucial for securing a high scientific standard. But since the present study draws on official documents, conventional concerns – such as confidentiality – are not applicable here. However, it should be emphasised that since this study aims to examine risk regulation, it takes an organisational level of analysis, and is therefore not concerned with individual employees or managers. In the forthcoming analysis, the CEO and the Chairman of the Board will be quoted, as these quotations illustrate the corporation's standpoint on sustainability-related regulation.

However, these quotations are to be understood as expressions on behalf of the corporation, and not as individual claims. As such, the present study examines a risk regulation regime and analyses how it has been affected by allegations of criminal and unethical behaviour, *independently* of individual accounts (cf. Hörnqvist 2007:45).

5. Analysis

This chapter seeks to shed light upon the state of Telia's risk regulation regime in the aftermath of the Uzbek affair. It will do so by analysing its three constituent stages, or *components*, individually, to display their transformations and demonstrate the ways in which CSR has been inserted into the regime. The chapter then concludes by offering a summary of the regime's expansion in the years following the Uzbek affair.

5.1 Standard-setting

The first stage we will turn our attention to is 'standard-setting', which includes the means by which goals and targets are set within an organisation, thus placing analytical emphasis on the *process* of setting standards (Hood, Rothstein & Baldwin 2001:25). On the other hand, Crawford (2006:452) refers to standard-setting as the *goal* component, and suggests that it includes "the rule, standard or set of values against which behaviour or action is to be compared and contrasted". This definition therefore directs attention to *what* the standards and targets are. Both aspects of standard-setting will be discussed in this section, as it aims to shed light upon the process of defining, selecting, and assessing risk, *and* the corporate norms that convey the 'set of values' directing this process.

5.1.1 The process of setting standards

Before a regime can attempt to manage risk, it must first be *defined* what risks are and thus what values that are to be included by a particular standard. Whilst the concept of risk generally refers to calculable dangers or hazards (Baldwin, Cave & Lodge 2011:83), risks are not self-evident or objective constructions. Rather, a risk is an "invention based on imagined fears and imaginative technologies for dealing with them" (Ericson & Haggerty 1997:39). Therefore, a particular event needs to be defined as harmful – and therefore, risky – by and in relation to the organisation itself. The risk concept is therefore a means for organisations to manage and categorise events in relation to their own interests and priorities (ibid:39-40).

This is illustrated in the case of Telia, as the corporation suggests that anything that might affect their own operations could be perceived as a risk:

> Management has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals. Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities (Interim Report 2013a:26).

But given the increased visibility of corporate misconduct in the past decades (Göthberg 2011:3,7), one of the most pressing risk areas for corporations falls within the realm of social responsibility, as they are encouraged and expected to regulate not only financial, but also ethical, risks (see Garsten & Jacobsson 2011:424). Telia refers to this particular risk area by employing the term 'sustainability', which is understood as "an umbrella term covering all efforts to realize economic as well as environmental and social sustainability through responsible business operations" (Annual Report 2013:41). The corporation has, through a process of risk *selection*, singled out four risks that are to be highly prioritised in their sustainability work: anti-corruption; freedom of expression; customer privacy; and occupational health and safety (Annual & Sustainability Report 2014:55). Whilst the risks of anti-corruption and bribery are the focal point for the present study, the notion that Telia also presents 'freedom of expression' and 'customer privacy' is interesting, since it relates to earlier criticism against Telia regarding the corporation's alleged contributions to surveillance of civilians in oppressive regimes (see Bagge 2012). Thus, it is here illustrated how the selection of risk is contingent upon the subjective definitions and interpretations on behalf of the organisation itself (cf. Baldwin, Cave & Lodge 2011:93).

Once the most critical risks have been selected, they need to be *assessed* in order to determine their potential impact for the organisation at hand. As an immediate response to the Uzbek affair and the allegations of committing bribery, Telia employed an international law firm with the task of a) reviewing the corporation's transactions in the Eurasia region, and b) providing a risk assessment of Telia's practices from a business ethical perspective (Press Release 2013-04-18). The intention behind the review was for Telia to gain information on how to "take the necessary measures to establish suitable conditions in order to act appropriately and ethically today and in the future" (Annual Report 2013:33). Telia has also conducted internal risk assessments within each of the high-risk markets of Eurasia during 2013 and 2014, with a particular emphasis on investigating the risks of corruption and bribery (Sustainability Report 2013:20). Conducting risk assessments is a prerequisite for any risk

regulatory regime; in order for regulation to function as a means of delivering security by minimising risk, it is necessary to have knowledge about the events that are defined as risks (Ericson & Haggerty 1997:85). If the impacts of an event cannot be calculated and assessed – if the regulators cannot gain an estimation of the impacts' probability – the event cannot be defined as a risk (see Ewald 1991:201-202).

5.1.2 Norms relating to CSR

Thus far, it has been shown how Telia has put emphasis on the risks of anti-corruption and bribery in the standard-setting process, in the years following the Uzbek affair. This section seeks to analyse the norms and 'sets of values' that support this emphasis. Since Telia allegedly operates in highly challenging markets, the corporation has a "zero tolerance across the organization against corruption and human rights abuses" (Annual & Sustainability Report 2014:43). As such, social responsibility and corporate ethics in itself appears to be an important norm for Telia's regulatory regime. This concern becomes visible in the way that Telia claims to account for not only private interests (profit), but also public interests, in the regulation of sustainability-related risks:

> […] sustainability covers all efforts related to how we account for our long-term impact on society and the environment. Our responsibility extends throughout the value chain. We believe that when we do good, it strengthens not only our business but also the societies in which we operate, creating long-term shared value (Annual & Sustainability Report 2014:66).

As illustrated in this quotation, Telia appears to recognise the social impact of their business activities, and acknowledges that the corporation bears responsibility for mitigating this impact. The target of their operations is therefore not only profitability on the corporation's behalf, but also to 'do good'. Telia furthermore brings forth that the corporation in fact has a "duty to have a positive effect" on the communities in which they operate, with emphasis on social and environmental concerns (Annual Report 2013:11). This self-perception is in line with the general definitions of CSR (see section 3.3), and thus represents the values that the corporation seeks to uphold. By engaging in a standard-setting process, the corporation is able to make distinctions between "more and less preferred states of the system" (Hood, Rothstein & Baldwin 2001:23). Drawing on the quotations above, the preferred state for Telia is achieving a socially responsible and ethical corporation, which is to be realised through regulating risks of the first order by employing the concept of CSR.

Thus, since Telia accounts for public interest in its regulatory regime, the corporation draws on the notion of itself as a 'social actor' to emphasise its duty to manage sustainability-related risk. However, Telia does not only use the language of social responsibility to describe its corporate position, but also to describe their business practices. By being active in the telecommunications industry, Telia states that the corporation attends to "one of the most profound and basic human needs – to communicate" (Sustainability Report 2013:6). Thus, the corporation perceives itself as contributing to openness and societal development through the nature of their operations, as illustrated in the following quote:

> The Board believes that few tools are better for transparency and democracy than mobile telecommunications, which enable people to communicate with each other and the outside world (Press Release 2013-02-01).

Throughout the material, Telia highlights the positive nature of their industry and the impact of their activities, rather than to address the risks that these activities might pose to communities. This could be understood as an attempt of creating the image of the corporation as a 'good citizen', as they create opportunities for the societies in which they operate and thus tend to 'human needs' (cf. Harjoto & Jo 2011:45-46; Schoultz & Flyghed 2016:193). But becoming a good citizen is not the only target that Telia strives to fulfil through its regulatory regime. The main objective of corporations is to make profit for their shareholders (Muchlinski 2003:35), which in the case of Telia is tied to the realm of social responsibility:

> In order to attain good profitability, we must secure a long-term view of sustainability issues and build a strong platform to meet future challenges (Annual Report 2013:33)

> It is my strong opinion that there is a clear link between a long-term approach to sustainability issues and high profitability. In TeliaSonera, as in any company, the customer is king. If we can ensure that we meet their expectations we will also be able to deliver a good return on investment of our shareholders (Chairman of the Board, AGM 2014).

Thus, by acknowledging sustainability-related risk and securing a sustainable business approach, Telia suggests that the corporation will increase profit levels. Profitability is therefore understood as delivered *through* sustainability; the latter, in that sense, becomes an instrument or a tool for a given end, rather than being an end in itself. These notions illustrate that in spite of rising concerns about the social impact of corporate conduct and the demands

for complying with international CSR standards, the primary relationship between society and business remains economic, based on corporate, not social, interest (cf. Banerjee 2008:52).

As previously mentioned, defining something as a 'risk' implies that something is a danger or a threat to organisational interests (see Ericson & Haggerty 1997:3). According to Power (2004:61), the most prominent threat for corporations is reputational damage. When writing about the targets of having socially responsible regulation, Telia often linked reputational concerns to sustainability in a manner suggesting that the former, and not the latter, is the end target:

> My ambition is for TeliaSonera to set an example, but also to be a leading company within selected sustainability areas, or as we say, Ethical Business Practices. Our focus right now is on freedom of expression and anti-corruption, areas where we have the burden of proof […] Much time and effort has been spent to *restore confidence* in the company, and this will continue (CEO Speech at the Annual General Meeting 2014, my italics).

The expansion of regulation is here perceived as a means of 'restoring confidence' in the corporation, in the aftermath of the Uzbek affair. In reference to 'high-risk emerging markets' and 'complicated legal areas', Telia brings forth that the risk of operating in these areas are "lawsuits that might *harm the company*" (Chair of the Board Speech at the Annual General Meeting 2014, my italics), and that failures in sustainability regulation have the potential of "negatively impact TeliaSonera's business operations and its *brand*" (Interim Reports, e.g. 2013a:28 and 2013b:29, my italics). Thus, the corporation presents itself as being at risk of harm in instances of non-compliance with sustainability-related demands. The general idea is that if the corporation's reputation is harmed, it could affect other aspects within Telia as well, such as the profitability levels in the long run:

> People's confidence in TeliaSonera as a company is crucial. Our confidence capital is a competitive factor that we cannot afford to be without. It is a necessary prerequisite for building future values. If confidence in the company falters, we take it very seriously (CEO Speech at the Annual General Meeting 2013).

This quotation illustrates the ways in which reputation – or 'confidence capital' – is understood in financial terms, as it is related to the corporation's profitability. As such, reputation itself might not be the purpose of Telia's standards, but rather financial gain *through* reputational capital. This resonates with Clarke (2000:25), who suggests that

regulation "constitute markets by contributing to sustaining the trust that encourages participation in the market".

In conclusion, this section has shown how the norms supporting the standard-setting process – "the set of values against which behaviour or action is to be compared and contrasted" (Crawford 2006:452) – revolve around Telia as a 'social actor' and 'good citizen'; profitability levels; and reputational or confidence capital. The two following sections will demonstrate how Telia seeks to monitor and correct organisational behaviour, with the purpose of fulfilling their own set of CSR-values.

5.2 Monitoring

When facing high levels of public scrutiny in the aftermath of the Uzbek affair, Telia confronted the allegations of unethical and illegal behaviour, and offered explanations of how the regulatory failure happened:

> Overall, the internal information and control at different levels (owners, directors, management and line management) was not sufficient to pick up warning signs that there were ethical risks. In hindsight, it is evident that a more stringent investigation of the counterparties should have been conducted. One consequence of this was that subsequent investments were also not subjected to proper examination (Press Release 2013-02-01)

Here, the failure is related to insufficient levels of information-gathering, in relation to the corporation's investments in Uzbekistan. This explanation can be understood as a case of 'under-regulation', as the allegations are framed as the result of lacking intelligence of present risks (see Baldwin, Cave & Lodge 2011:69). This relates to the second stage within a risk regulation regime, namely monitoring. Monitoring refers to different means of controlling the organisation by observing internal activities and behaviours, to detect any irregularities or deviances (Hood et al. 1999:22). Monitoring is achieved by gathering information and producing knowledge about the present state of the organisation (Hood, Rothstein & Baldwin 2001:23), and functions as a way of safeguarding the pursuit of set out goals and targets (Crawford 2006:452). Since Telia states that the reason for the regulatory failure is a lack of information, it is not surprising that there has been a large expansion of monitoring functions and units within the corporation's regime.

One of the new regulatory functions is the Governance, Risk, Ethics and Compliance (GREC) Meetings. The meetings integrate different risk areas, to allow for a cohesive

approach towards risk management in the corporation. Members of the GREC therefore stem from the Internal Audit Function, the CEO Office, and the Ethics and Compliance Office, amongst others (Annual & Sustainability Report 2014:56). The meetings are held on a quarterly basis throughout the corporation, to facilitate communication about selected risks on and between group, region, and country levels of organisation (Annual & Sustainability Report 2015:50). The aim of the meetings is to facilitate monitoring of the corporation's internal measures that are taken to minimise, for example, sustainability-related risk. The discussions are based on documents such as internal risk assessments and risk reports from the line organisations; follow-up reports on ethics and compliance programs; and self-assessments of risk-mitigating activities (ibid:59,61; Annual & Sustainability Report 2014:73). GREC therefore relies on information to be provided from different sections of the corporation, which can be conceptualised as either a reactive or an interactive approach of monitoring (see Hood, Rothstein & Baldwin 2001:25). Within the reactive approach, the regulators (in this case, the participants of the meetings) rely on the cooperation of other actors to step forward voluntarily and contribute with information (for example, by handing over self-assessments). The interactive approach consists of regulators having imposed requirements upon actors to come forward with information, which the regulators later on respond to. Thus, the approaches consist of somewhat different methodologies with regards to the gathering of information, on the basis of which control and monitoring can be executed (see ibid). Since the descriptions provided by Telia are rather superficial, it remains uncertain which one of these approaches the corporation employs. However, all group instructions need to be evaluated by members of GREC before they can be approved by the proper instance within Telia (Annual & Sustainability Report 2015:53). As such, the meetings fill a 'gatekeeper function', supporting the interactive approach of monitoring. Telia furthermore claims that the meetings constitute the "primary governing bodies for risk and compliance follow-up" (ibid:56), thus presenting them as an ideal part of the monitoring component.

Another new unit for monitoring is the Sustainability and Ethics Committee (SEC), established in 2013 and consisting of members of the Board of Directors. SEC functions as a means of facilitating a "deeper engagement" on behalf of the Board, with regards to sustainability-related risks (Chair of the Board Speech, AGM 2014). SEC takes on a broader monitoring role compared to the GREC meetings, as the committee seeks to achieve oversight of *all* sustainability-related reporting, policy-making, and implementing throughout the organisation (Annual & Sustainability Report 2014:48). This oversight is achieved by receiving information about – for example – the cases reported through Telia's internal

whistle-blowing function; the implementation of GREC meetings; and the developments and measures taken by the Ethics and Compliance Office (ibid:49). As SEC constitutes a forum within the realm of the Board of Directors, for members to discuss any issues of sustainability, risk, and compliance that may appear within Telia as a whole (ibid:51), all its recommendations and proposals are communicated directly to the Board itself (Annual Report 2013:36). Similar to the GREC Meetings, SEC appears to employ either an interactive or a reactive approach with regards to information-gathering, as it relies on different sources within the organisation to provide information. However, whether the process of gathering information stems from voluntary actions or internal requirements remain unclear. Nevertheless, drawing on the sources of information, the overall intention of establishing the committee is to facilitate a monitoring unit that safeguards that the corporation "is doing the right things and is working in a correct way", within the area of sustainability-related risk (Annual Report 2013:13).

In addition, Telia utilises several investigative methods with the purpose of monitoring cases of (suspected) non-compliance. Because of the Uzbek affair, Telia gave a national law firm the task of reviewing all of the corporation's investments in Uzbekistan. The purpose of the review was to achieve an "independent investigation" of the allegations of criminal conduct (Sustainability Report 2013:12). This can be conceptualised as an active approach of gathering information, in which the regulatory body scans the environment in the search of information relevant for exercising control (Hood, Rothstein & Baldwin 2001:25). In this scenario, Telia employs the law firm as a regulatory body to gather information about the corporation's business operations, to facilitate a private evaluation of the allegations of non-compliance and illegal behaviour.

Furthermore, Telia also draws on internal means of investigating organisational irregularities and deviances through an anonymous reporting (whistle-blowing) function. In 2014, Telia introduced the Speak-Up Line, through which breaches of legal and ethical frameworks can be reported (Annual & Sustainability Report 2015:59). The Speak-Up Line can be used by employees that wish to avoid regular reporting mechanisms (such as contacting their local manager), but it can also be used by actors external to the corporation (Annual & Sustainability Report 2014:68). As a result, Telia claims that the line offers "everybody […] the opportunity to anonymously report any mistakes they see being made", with the purpose of managing risk (CEO Speech, AGM 2014). All the case reports are handled by the Special Investigations Office, which is a new unit within the realm of the Ethics and Compliance Office, developed in the years after the Uzbek affair. The Special

Investigations Office is responsible for conducting confidential and swift investigations of the suspected breaches (Annual & Sustainability Report 2015:59-60). Thus, to achieve monitoring through the Speak-Up Line presupposes that individuals step forward and provide information about cases of suspected non-compliance. As such, the line represents a completely reactive method of gathering information on the regulators behalf (see Hood, Rothstein & Baldwin 2001:25).

The notion that the Speak-Up Line is available for not only employees but also external stakeholders draw attention to the fact that Telia invites the public to partake in the monitoring of their activities. Similar to the ways in which members of the public are able to report illegal behaviours in a broader societal context, they are now given the opportunity to report not only illegal but also unethical behaviour within a corporation. Therefore, the Speak-Up Line illustrates the wider regulatory trend where traditional mechanisms of managing social order and deviance have been extended into private realms (see Engdahl & Larsson 2015:517-518). Telia has thus developed "windows on society which bring the 'outside in'" (Power 2007:139), yet the actual monitoring – not only through the Speak-Up Line but also through the GREC meetings and the SEC – still occurs behind closed doors, thus facilitating ownership of information and limiting the possibility of negative publicity or larger repercussions of non-compliance (cf. Power 2004:61).

Monitoring can also be achieved through the method of evaluation, in order to gain information about "what happens in pursuance of the goal" (Crawford 2006:452). In the aftermath of the Uzbek affair, Telia conducted a materiality review, in which the corporation identified a set of sustainability-related risks and had these risks validated through a stakeholder survey, which allowed benchmarking of the corporation's work (Annual & Sustainability Report 2014:70). Furthermore, in 2015 Telia constructed a 'sustainability perception index', in which stakeholder perceptions of their sustainability work is presented, thus allowing for statistical measurements of corporate performance (Annual & Sustainability Report 2015:69). In a similar manner, Telia has also evaluated its conduct through focusing on the employees. During 2013 – the year following the Uzbek affair – Telia begun to add sustainability-related questions in their usual employee commitment survey, to gain information about how employees perceive the corporation's sustainability work (Annual & Sustainability Report 2014:71). Furthermore, Telia constructed the 'responsible business index', in which they present the average scores of employee knowledge about Telia's own sets of standards. The index furthermore includes information on what employees find to be their most common ethical dilemma in the daily activities of the corporation (Annual &

Sustainability Report 2015:69). In addition to these internal means of evaluation, Telia has drawn on external CSR indexes to benchmark their performance and analyse the corporation's position in relation to other corporations in the industry. Furthermore, Telia conducts self-assessments to establish whether the sustainability-related work is in line with well-known CSR standards and guidelines (which it allegedly is) (Sustainability Report 2013:7).

These means of evaluating performance with regards to sustainability-related risk represent pure active approaches of information-gathering, in which the corporation actively constructs sets of information with the purpose of monitoring the present state of the organisation (see Hood, Rothstein & Baldwin 2001:25). The visibility of the evaluations and their results furthermore illustrate how the monitoring component can be used to paint a desired picture of the corporation, before the eyes of potential stakeholders. Thus, these regulatory practices fall within a 'front stage region', as the corporation offers a carefully prepared performance in front of their target audience (cf. Engdahl 2009:128).

5.3 Enforcement

The final component within a risk regulation regime is the enforcement or 'effector' component, namely the means "by which power or influence is brought to bear on the system to change its state" (Hood et al. 1999:22). This component takes aim at corrective actions that seek to modify individual and organisational behaviour, in the pursuit of the ideal state of the organisation (Hood, Rothstein & Baldwin 2001:26). Within Telia, the practices that seek to modify behaviour fall on both sides of the regulatory spectrum, as they represent both coercive and persuasive strategies. Coercive modes of regulation emphasises rules, reactive approaches, and punishment, whilst persuasive modes of regulation emphasises incentives, proactive approaches, and trust (Lindgren 2007:247-248). The persuasive strategies are illustrated by the different standards Telia draw on to direct the conduct of employees, which emphasises the importance of securing compliance within the corporation (cf. Larsson 2007:210). The standards are informed by the corporation's risk assessments (see section 5.1.1), and the most important ones are the codes of conduct; policies; instructions; and guidelines. Together, these documents represent the ways in which the Board of Directors "sets the boundaries on how the employees shall act" (Annual Report 2013:40).

The most important standard is Telia's code of ethics and conduct, which seeks to inform "how our business shall be run to meet ethical and sustainability expectations" (Annual & Sustainability Report 2014:67). This is to be achieved by regulating how representatives of the corporation interact with different stakeholders, such as national

governments, regulatory bodies, and the local communities in which they operate (ibid:51). In a similar manner, Telia employs a code of conduct for suppliers as well, with the purpose of regulating that ethical demands are respected by all parties throughout the supply chain (ibid:41). These codes existed prior to the Uzbek affair, but their importance has been stressed in its aftermath. To aid the codes, Telia has a number of complementing documents: corporate policies, instructions, and guidelines. These documents are the most "essential parts" of Telia's internal regulatory environment, as they clearly set out principles to define appropriate conduct within the corporation (Annual & Sustainability Report 2015:61). In the years following the Uzbek affair, Telia has put particular emphasis on developing standards directed at anti-corruption and bribery. During 2013, Telia initiated a policy and guiding principles on the subject of anti-corruption, with the target of managing the risk of participating in unethical and possibly illegal business practices (Annual & Sustainability Report 2015:77). Thus, the pre-selected risks (see section 5.1.1) have become disaggregated into corporate practice.

The primary responsibility for enforcing "compliance with ethical and legal requirements" falls within the realm of the Ethics and Compliance Office (ECO). The ECO was established shortly after the Uzbek affair, in 2013 (Annual Report 2013:6), and focuses on the selection of sustainability-related risks presented earlier (anti-corruption and bribery; freedom of expression; customer privacy; and occupational health and safety) (Annual & Sustainability Report 2014:55). With regards to each of these risks, ECO works to modify employee behaviour through different persuasive, compliance-oriented strategies. The primary means for doing so is the implementation of specific ethics and compliance programs (Annual Report 2013:45), of which the anti-bribery and corruption program has received particular attention in the aftermath of the Uzbek affair. The program aims to implement the anti-corruption policy through a persuasive regulatory approach, in which employee behaviour is to be modified through classroom training sessions, internal learning platforms, e-mails, meetings and networks (Sustainability Report 2013:21).

Within a risk paradigm, concern falls on the prevention and calculation of future harm, and different means of maintaining security (Lindgren 2007:245ff). Therefore, modification and correction of behaviour ought to be characterised by a proactive rather than reactive regulatory mentality, thus suggesting that the behaviour of all actors involved in an organisation needs to be corrected *before* non-compliance occurs. This is illustrated by the persuasive regulatory approach employed by Telia, since behaviour and action is to be modified through standards, programs, training sessions, and so forth *prior* to potential

breaches of ethical and legal frameworks. However, these persuasive, proactive means of modifying employee behaviour does not only illustrate that all employees are simultaneously perceived as being subjected to risk and constituting a risk, but also that they are responsible for *managing* risk. Thus, through such means of enforcement, "everyone becomes a risk manager" (Power 2004:62).

The coercive regulatory strategies within Telia take the form of more traditional corrective actions. As described previously, both employees and external actors have the possibility of reporting suspicions about non-compliance with ethical and legal frameworks through Telia's Speak-Up Line. If necessary, the Special Investigations Office initiates investigations of reported incidents. When the investigations are closed and it is deemed necessary to take disciplinary action, the case reports are handed to the Ethics Forum. The forum was founded in 2014, and is an oversight committee headed by the CEO with the specific aim of managing corrective actions, when allegations of non-compliance are substantiated (Annual & Sustainability Report 2014:68). During 2015, the majority of the decisions taken by the Ethics Forum "resulted in termination of employees but also warnings were issued in some cases" (Annual & Sustainability Report 2015:60). Thus, Telia has the ability to act as a private justice regime, as "out-of-court settlements" appears to be an option for modifying organisational behaviour (contrasting public justice regimes, represented by state institutions and the use of criminal law) (see Croall 2003:46). However, Telia does not attempt to correct instances of non-compliance all by itself. Instead, the state can be invited into Telia's private sphere in cases of suspected criminal behaviour. In 2014, Telia had a case concerning potential fraud within the corporation. Given the nature of the behaviour, the investigation "required public announcement" and was therefore handed over to a local prosecutor. With regards to the involved actors, Telia writes that these employees are "no longer with the company" (Annual & Sustainability Report 2014:68). This notion therefore illustrates that whilst Telia is a private actor, the corporation have the ability of employing public institutions in the pursuit of their own interests, rather than excluding state involvement completely. As such, the state is not completely neglected but instead receives a 'back-up' position (see Crawford 2006:466-467).

5.4 Concluding remarks

The analysis has been concerned with the state of Telia's risk regulation regime in the years following the Uzbek affair. The findings demonstrate how corporate social responsibility has

been thoroughly inserted into the corporation's regime, since several new regulatory practices and units have been initiated between the years 2013 and 2015 (see also in Appendix 2).

The analysis began with describing how Telia has developed a set of norms that draw attention to the importance of being a 'social actor', whilst simultaneously increasing the corporation's financial and reputational capitals. These norms affected the means of setting standards in the aftermath of the Uzbek affair, as Telia assigned particular emphasis on corruption and bribery in the process of selecting and assessing risk. Furthermore, the corporation has extended its means of internal monitoring, primarily by establishing a series of new regulatory units: the Governance, Risk, Ethics and Compliance Meetings; the Sustainability and Ethics Committee; the Speak-Up Line; and the Special Investigations Office. Telia furthermore expanded regulation by initiating an external review of the transactions in Uzbekistan, and by evaluating the corporation to benchmark (thus monitor) the state of its internal sustainability work. With regards to enforcing compliance, Telia seeks to modify behaviour through a set of persuasive regulatory strategies, particularly within the realm of anti-corruption and bribery. These strategies are the primary responsibility of the newly established Ethics and Compliance Office. In addition, Telia draws on coercive strategies to correct potential breaches of ethical and legal frameworks, through the new Ethics Forum. To conclude, there have been substantial transformations in the way Telia manages risk in the aftermath of the Uzbek affair, illustrated by the expansion and heightened complexity within all stages of the corporation's risk regulation regime. Thus, it becomes visible how Telia not only emphasised CSR norms in the aftermath of the Uzbek affair, but also how the corporation attempts to organise their regulatory regime around these norms.

6. Discussion

Whilst the analysis was concerned with answering the research question of the present study, this chapter attempts to shed further light on how the regulatory expansion within Telia can be understood. It begins with discussing the *function* of risk management by drawing on the distinction between risks of the first, and risks of the second, order. The chapter then discusses the case of Telia in relation to the transformations within the regulatory landscape, and highlight the importance of the 'responsibilisation thesis' to understand the corporation's position. The chapter ends with a suggestion for future research.

6.1 Dual functions of regulating risk

The analysis demonstrated how Telia has expanded the corporation's risk regulation regime, to strengthen the way risks associated with social responsibility (primarily corruption and bribery) are managed. These risks could be interpreted as being risks of the *first order*, that Telia are explicitly expected to manage, both by the nation state through its legally binding requirements (see 'Background' chapter), and by Telia itself, through its selection of critical risks (see 'Standard-setting' section). Thus, Telia engages in *primary risk management*, which appears to have been amplified through the regulatory expansions in the aftermath of the Uzbek affair. However, Telia's risk regulation regime could also be interpreted from the perspective of risks of the *second order*, i.e. risks relating to the position of the regulator (see Power 2005:59-60). It could be argued that the risks that Telia is charged with managing are inevitably bound up with the corporation's own position, since Telia regulates risks on behalf of the corporation itself, thus making the distinction between risks of the first and the second order narrower and perhaps more hazy than Power (2004) intended. Still, drawing on this conceptualisation is useful in the present case, to shed light upon the proposed duality of Telia's regulatory regime. Whilst the regime was developed to minimise non-compliance with demands of social responsibility, with the aim of managing risks of the first order, there are several aspects within each regulatory component that do not primarily correspond with this objective. Instead, they may be interpreted as risk management of the second order. This section seeks to shed light upon these aspects, to facilitate a discussion about how Telia's new regulatory regime functions as *secondary risk management*.

The connection between risks of the first, and risks of the second, order was perhaps at its clearest in the analysis of Telia's set of CSR-related values (section 5.1.2). Whilst the corporation put emphasis on the importance of managing sustainability and to 'do good', this concern was often in relation to either the corporation's reputation or its profitability. Concerns for sustainability and ethical practices were constructed as a means of achieving targets, rather than constituting the target itself. Thereby, the potential monetary or reputational losses due to non-compliance with CSR regulation becomes constructed as the risk; a risk of the second order (cf. Power 2004:58). In a similar manner, the way in which Telia highlighted their 'social role' and the importance that the corporation acts as a 'good citizen' could be interpreted as an attempt to manage and construct their own reputation, as Telia's statements focused on the corporation's position, rather than the impact on the societies in which they operate. Thus, whilst Telia's risk regulation regime seeks to ensure compliance with demands for social responsibility, emphasis falls on risks against the

corporation – reputational and financial risk – rather than on risks against the surrounding *communities*. Taken together, the findings suggest that there exists two parallel, or intertwined, sets of values against which corporate behaviour is to be compared: one concerned with risks of the first, and one concerned with risks of the second, order.

There are furthermore dimensions within Telia's components for monitoring and enforcement that correspond with the objective of risk management of the second order. As shown previously, Telia has developed several new regulatory units, such as the GREC Meetings, the ECO, the SEC, the Ethics Forum, and so forth, in the years following the Uzbek affair. Whilst the limitations in the material hinder insight into the units' actual operations, their mere existence and visibility illustrate how Telia has invested in an outward-facing and responsive regulatory regime – thus supporting the management of reputational risk (cf. Power 2007:135). Furthermore, it was in the 'Monitoring' section described how Telia gave an external law firm the task of monitoring and reviewing the investments in Eurasia that underscored the allegations of illegal and unethical behaviour. By employing a private firm, Telia 'owns' the investigation and can thus decide for itself if the resulting information ought to be made public or not. Similarly, the private investigations and the corrective actions relating to Telia's Speak-Up Line and Ethics Forum facilitates a degree of corporate discretion, as potential irregularities are kept outside the public gaze, and cases of verified non-compliance with regards to social responsibility can be corrected internally. Whilst these ways of 'owning' conflicts might not be new in themselves, they do illustrate how the chances of negative publicity are kept to a minimum, since no external actors need to be involved in the monitoring and enforcement process (cf. Croall 2003:52). Furthermore, by having several measures in place to actively evaluate their own performance, it could be argued that Telia seeks to construct or invest in a 'reputational capital', as the corporation's status as a 'good citizen' is subjected to rankings and evaluations visible for potential investors (cf. Power 2007:140-141).

Thus, whilst Telia's regulatory expansion could be interpreted as an attempt to manage risks of the first order – suggesting that the function of minimising non-compliance with legal and ethical frameworks is to minimise the harmful impact of business conduct on society – the findings illustrate how Telia's regulatory regime *simultaneously* can be employed to manage risks of the second order. In this particular case, secondary risk management could therefore be understood as contingent upon, or even parasitizing on, primary risk management, since the latter can be exploited to achieve the former. Furthermore, this duality between risk management of the first, and the second, order

occurring when the 'regulator' and the 'regulated' is the same entity suggests a blurring of the traditional distinctions between morality and instrumentality, since normative (ethical) expectations are bound up with the corporate pursuit for profit in the regulatory process (cf. Power 2007:150).

The notion of 'the risk management of everything' denotes that although there has been heightened attention towards risks of the first order, a large portion of the regulatory expansion in modern societies can be understood as risk management of the second order (Power 2004:62). This could be attributed to the increasing power and influence of external stakeholders, such as the media and NGOs, suggesting that corporate risk management ought to handle the prospect of negative publicity and a flawed reputation (see Power 2007:135-137). Primary risks can thus "come to be thought of" as secondary risks (Power 2004:58), suggesting that there is a *process* in which risks of the first order become translated into risks of the second order. For Telia, this process was most likely initiated and amplified when the corporation's failure to manage risks of the first order became publicly scrutinised in light of the Uzbek affair and the allegations of committing bribery. Thus, as Baldwin, Cave and Lodge (2011:71) suggest, the core of regulatory failures might not be the event in itself, but rather the more general problem of failure to maintain reputation. As such, the focus on risks of the second order could be interpreted as an attempt of avoiding blame for the regulatory failure, by protecting the reputational and financial assets that remain, thus giving the regulatory regime an overall defensive character (see Power 2004:62; Power 2007:150).

As was described in the methodological chapter, it is not possible to offer any insight into the state of Telia's risk regulation regime 'in practice', due to the limitations in the material. This discussion can thus not conclude whether or not Telia's regime, in the aftermath of the Uzbek affair, *only* functions to manage risks of the second order, and can therefore not side with previous research suggesting that CSR regulation in multinational corporations is predominantly rhetorical (see e.g. Bittle & Snider 2013:182; Laufer 2003:253). What *can* be concluded is that the expanded regulatory regime in place to manage risks of the first order simultaneously functions to manage risks of the second order. It could furthermore be suggested that the management of risks of the second order *depends* on the regime in place to manage risks of the first order, because otherwise, Telia's front stage performance might not be able to gain the credibility and 'account-ability' that the corporation needs in order to recover from its regulatory failure in Uzbekistan.

6.2 Returning to the regulatory landscape

As discussed earlier in this study, the regulatory landscape is characterised by a dispersal of control throughout society, since acts of governing operate through a wide array of different actors, networks and techniques (see Crawford 2006:450-451). The state operates 'at a distance', by setting targets and responsibilities that individuals and organisations are expected to fulfil through means of self-regulation. Thus, the state is *steering*, whilst non-state actors are *rowing* (Aas 2013:153, 170). This conceptualisation of modern governance is illustrated by the case of Telia. In the Swedish context, rising concerns about corporations' impact on surrounding communities have been adapted into – for example – a state policy on 'appropriate' corporate governance, including sustainability targets, and an action plan concerning the relationship between businesses and human rights. By 'responsibilising' the corporations with the task of safeguarding human and environmental rights, the nation state seeks to contribute to international, legal ideals of sustainable development (as stated in Regeringskansliet 2017:4). However, whilst Swedish corporations face the requirements of social responsibility reporting, "these provisions tend to focus on the reporting of policies rather than on impacts and how they are dealt with" (Ruggie 2013:134) – thus leaving it in the hands of the corporations to implement these responsibilities into their regulatory regimes.

For the responsibilisation strategy to succeed and be an effective mode of governance, governmental power must operate through the freedom of the 'governed', in order to minimise resistance (O'Malley 1992:254; Valverde 2017:81,118). Organisations (and other subjects) are thus perceived as autonomous actors and fully capable of being self-regulators (see Garland 1997:177). By having this relative amount of autonomy and freedom when entering the regulatory landscape, organisations are left with a discretionary space within which they can decide on the shape and scope of regulatory action ('rowing') towards state-set targets. It can therefore be suggested that the responsibilisation strategy allows for organisational interests in regulatory regimes, since the process of 'responsibilising' them works *with* the organisations and their interests, instead of against them. This is illustrated in the way Telia's risk regulation regime facilitates risk management of the second order, which relates to the corporation's own interests (reputational and financial risk). It could therefore be suggested that making corporations new sites of control, expected to 'row' without external interference, allows for the growth of private interests in the regulatory process.

It is therefore possible to understand the case of Telia by localising the corporation within the present regulatory landscape. At the same time, however, it is possible to gain understanding about the state of the regulatory landscape, by drawing on the case of Telia.

The case offers a suggestive example of how a non-state actor partakes in the task of controlling risks of harmful and illegal behaviour – responsibilities that are traditionally associated with the nation state (see e.g. Engdahl & Larsson 2015:515) – by engaging in self-regulation. Of particular interest is the way in which Telia's regulatory regime fulfils dual (or perhaps intertwining) functions, further illustrating the present diversity within the regulatory landscape, with regards to the regulators' interests and objectives (cf. Crawford 2006:468). As discussed previously, the wider regulatory trend towards 'the risk management of everything' relates to the process in which risks of the first order become translated and understood as risks of the second order (Power 2004:58). By drawing on the case of Telia, it is here suggested that the responsibilisation strategy *amplifies* this process, by contributing to the decentralisation of the regulatory landscape.

This discussion has been concerned with the position of corporations within the regulatory landscape, and how it has been affected by the 'responsibilisation strategy'. For future research, it would be interesting to take on a different perspective and direct attention towards the nation state. By conducting an analysis of, for example, policy documents, it might be possible to distinguish the ways in which corporations become 'responsibilised' by the state, and – drawing on the case of Telia – analyse whether or not the 'responsibilisation strategy' has been affected by a previous regulatory failure.

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Appendix 1

The following documents were used in the present study. All documents were collected from Telia's website: https://www.teliacompany.com/en.

Annual & Sustainability Reports

Annual Report (2013)
Sustainability Report (2013)
Annual & Sustainability Report (2014)
Annual & Sustainability Report (2015)

Annual General Meetings

Presentations of proposed Board of Directors AGM (2013)
Proposal by the Board of Directors regarding a Long Term Incentive Program (2013)
Report of the work of TeliaSonera's nomination committee (2013)

Summary of the Board of Directors' review of transactions in Eurasia (2014)

Documentation to the AGM (2013, 2014, 2015)
Minutes from the AGM (2013, 2014, 2015)
Notification of the Annual General Meeting (2013, 2014, 2015)
Transcript of CEO's speech (2013, 2014, 2015)
Transcript of Chairman of the Board's speech (2013, 2014, 2015)

Interim Reports

January-March (2013a, 2014a, 2015a)
January-June (2013b, 2014b, 2015b)
January-September (2013c, 2014c, 2015c)
January-December (2013d, 2014d, 2015d)

Press Releases

Comment from TeliaSonera related to information in the media
(2013-01-08)

Statement by the Board in respect of the external review of TeliaSonera's investments
(2013-02-01)

The Nomination Committee nominates six new members to the Board of Directors
(2013-02-14)

The Board of Directors launches review of transactions in Eurasia, led by Norton Rose
(2013-04-18)

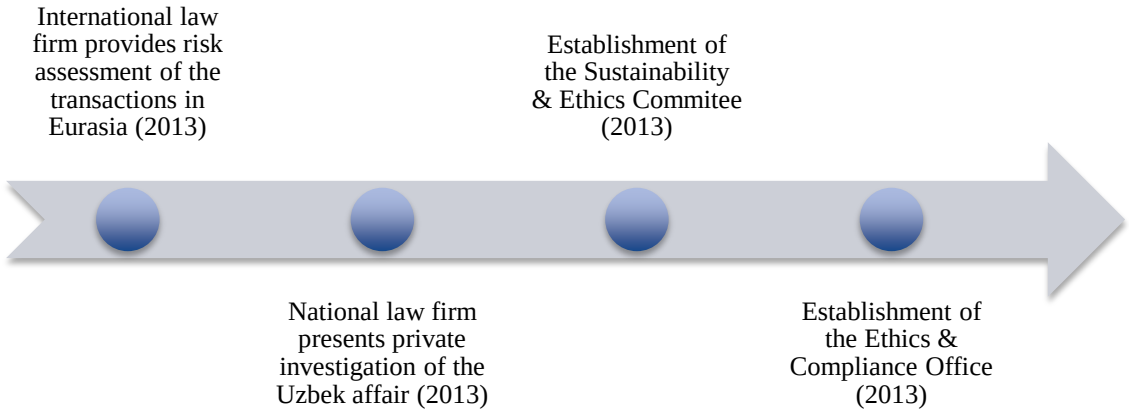
TeliaSonera increases customer focus and strengthens governance with new operating model
(2013-12-16)

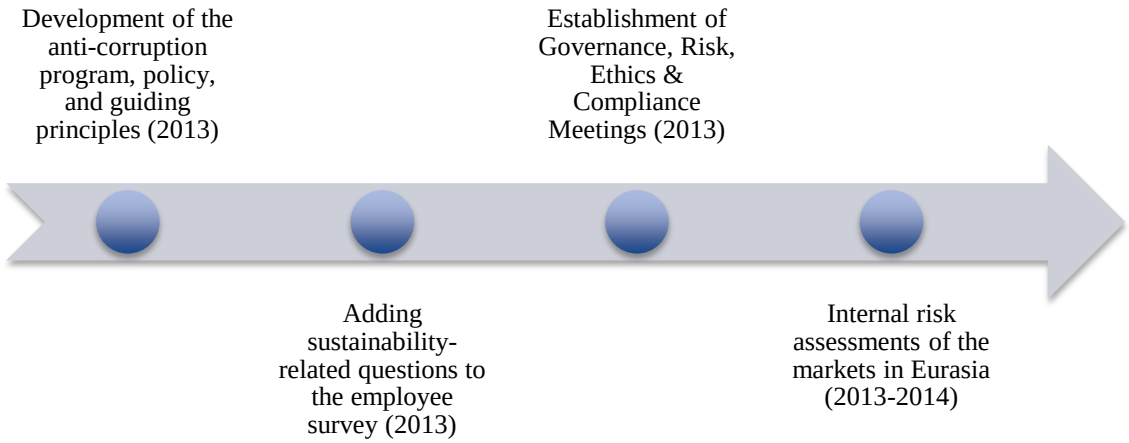
Statement from TeliaSonera’s Board of Directors
(2014-12-09)

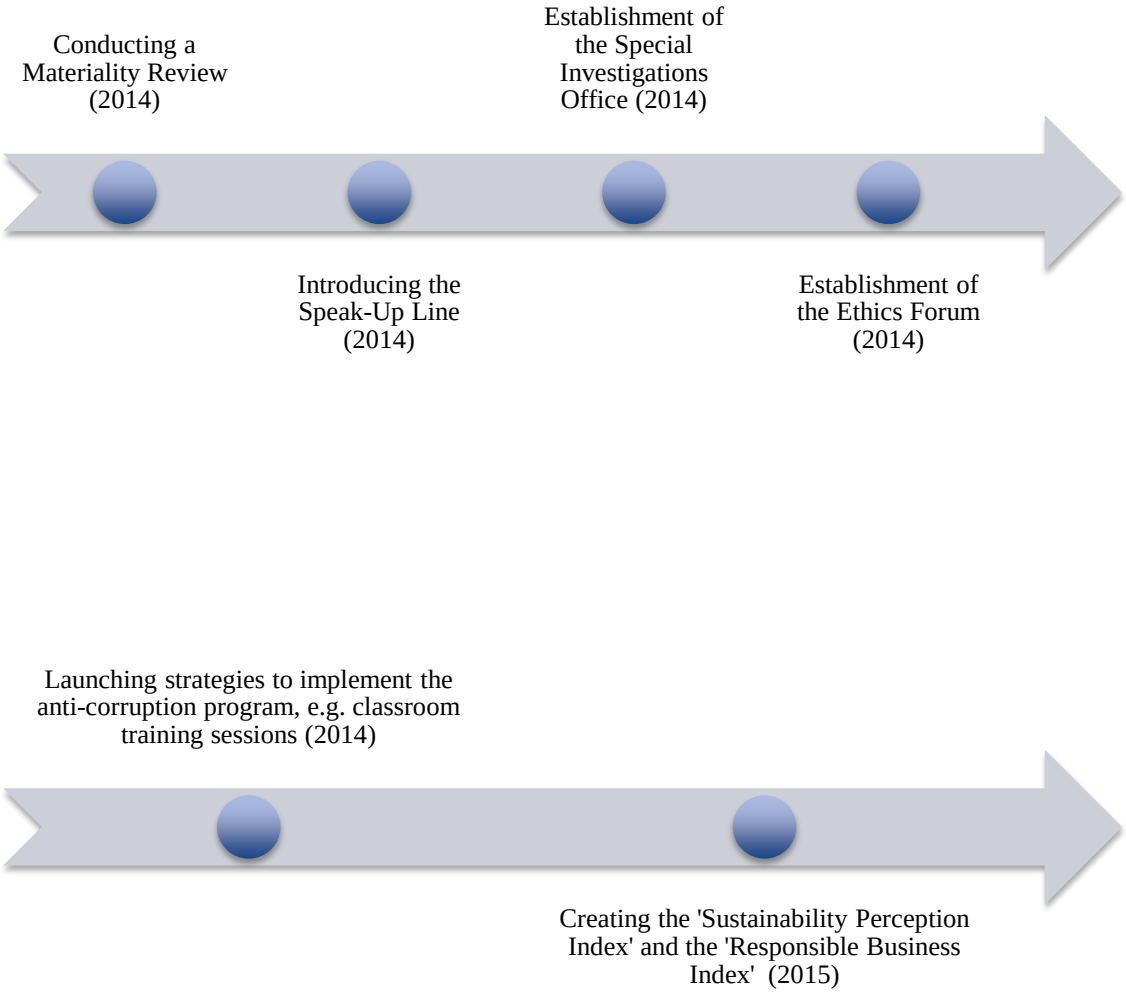
TeliaSonera is not a long-term owner in Region Eurasia
(2015-09-17)

Appendix 2

In the figures below, the key transformations within Telia's risk regulation regime are presented in timelines. The figures focus on the internal organisation around the norms presented in the analysis of this study (see section 5.1.2), and thus display the new units and initiatives that have been developed in the aftermath of the Uzbek affair. The figures do not include regulatory functions existing prior to the affair (such as Telia's Code of Ethics and Conduct).






Conducting a Materiality Review (2014)
Establishment of the Special Investigations Office (2014)
Introducing the Speak-Up Line (2014)
Establishment of the Ethics Forum (2014)
Launching strategies to implement the anti-corruption program, e.g. classroom training sessions (2014)
Creating the 'Sustainability Perception Index' and the 'Responsible Business Index' (2015)