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CORPORATE SOCIAL RESPONSIBILITY IN MICRO AND SMALL COMPANIES IN SOUTHWEST FINLAND

– Involvement, contribution and benefits



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BACHELOR'S THESIS | ABSTRACT

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CORPORATE AND SOCIAL RESPONSIBILITY IN MICRO AND SMALL COMPANIES IN SOUTHWEST FINLAND

Corporate social responsibility offers companies tools for managing the prevailing role change due to globalization that is recognized as a force steered by businesses worldwide. The tools assist the companies to meet the stakeholder demands and shareholder expectations of producing more with fewer resources in a sustainable way and being accountable for the company's impact on society and environment.

In Finland corporate social responsibility is mainly enclosed to big companies in forms of annual CSR reports, programs and codes of conduct. Micro and small companies offer ideal settings for corporate social responsibility because of flexible management systems and suitable corporate governance. Micro and small companies in Finland are not really involved in corporate social responsibility in a desired way regardless of the existing potential.

The objective of this research was to study the contribution and involvement of micro and small companies in southwest Finland to CSR and sustainability and the benefits of the contribution to the companies. To conduct the research the quantitative research method was chosen in the form of a questionnaire that was distributed to micro and small companies in southwest Finland.

The findings of this research indicate that micro and small companies in southwest Finland contribute to corporate social responsibility by recycling, corporate philanthropy, creating codes of conduct and reshaping the supply chain. The motives of contributing consist of personal values of the CEO and the availability of resources. The obtained advantages concentrate on the formation of a steady business environment, new business opportunities and enhanced image and reputation.

Inside this research and the chosen population the results and analysis can be regarded as reliable, valid and generalized.

KEYWORDS:

Corporate social responsibility Sustainability Stakeholder Micro company Small company Contribution Motivation Benefit Finland

OPINNÄYTETYÖ (AMK) | TIIVISTELMÄ

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YHTEISKUNTAVASTUU VARSINAISUOMALAISISSA MIKRO- JA PIENYRITYKSISSÄ

Yhteiskuntavastuu tarjoaa yrityksille keinoja globalisaation vauhdittaman yritysten roolinmuutoksen toteuttamiseen. Nykypäivänä globalisaatio tiedostetaan voimaksi, jota liiketoiminta maailmanlaajuisesti ohjaa. Keinot auttavat yrityksiä vastaamaan sidosryhmälähtöisiin vaatimuksiin ja yhtiön osakkaiden odotuksiin tuottamalla enemmän vähemmillä resursseilla kestäväkehityksen periaatteiden mukaisesti ja olemaan vastuussa yritysten vaikutuksista yhteiskuntaan ja ympäristöön.

Suomessa yhteiskuntavastuu liitetään isoihin yrityksiin yhteiskuntavastuu raporttien, yhteiskunnallisten ohjelmien ja toimintaperiaatteiden muodossa. Mikro- ja pienyritysten ominaisuudet tarjoavat ihanteellisen alustan yhteiskuntavastuun toteuttamiselle joustavien johtamismallien ansiosta. Olemassa olevasta potentiaalista huolimatta mikro- ja pienyritykset Suomessa eivät osallistu yhteiskuntavastuuseen halutulla tavalla.

Tämän opinnäytetyön tavoitteena on kartoittaa Varsinaissuomalaisten mikro- ja pienyritysten tapoja ja motiiveja osallistua yhteiskuntavastuuseen sekä osallistumisesta seuranneita hyötyjä. Tutkimusmenetelmäksi tämän opinnäytetyön toteuttamiseksi valikoitui kvantitatiivinen tutkimus kyselyn muodossa. Kysely lähetettiin Varsinaissuomalaisiin mikro- ja pienyrityksiin.

Suoritetun tutkimuksen tulokset osoittavat, että Varsinaissuomalaiset mikro- ja pienyritykset osallistuvat yhteiskuntavastuuseen kierrättämällä, lahjoituksin, luomalla toimintamalleja ja sääntöjä sekä toimitusketjun uudelleen muotoilun keinoin. Motiivit osallistumiselle koostuvat yrityksen toimitusjohtajan arvomaailmasta ja resurssien käytettävyydestä. Saavutetut hyödyt koostuvat vakaan liiketoimintaympäristön muodostumisesta, uusien liiketoimintamahdollisuuksien esiintymisestä ja yrityksen parantuneesta maineesta sekä imagosta.

Vain tämän opinnäytetyön puitteissa saavutetut tulokset ja päätelmät voidaan tulkita luotettaviksi, voimassaoleviksi ja yleistettäviksi.

ASIASANAT:

Yhteiskuntavastuu Kestävä kehitys Mikroyritys Pienyritys Sidosryhmä Vaikuttaminen Motivaatio Hyödyt Suomi

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1 INTRODUCTION

In the past years the world has confronted several catastrophes, problems and phenomena in social, ecological and economic dimensions. These continue evolve as we speak. Closer examination leads us to the conclusion that globalization is the leading force behind these catastrophes and problems, whereas, globalization being a force steered by businesses worldwide. Therefore, the roles, responsibilities and obligations of companies towards the society and stakeholders are being constantly discussed. (Nelson & Prescott 2003)

Alongside with globalization the role of a company has changed within the society. As the operational area of companies has tremendously widen in the past years they hold the keys in to contribute to such phenomena as global warming, biodiversity offsets, deforestation, extreme poverty and hunger and human rights. Meanwhile, the more stakeholders engage into discussion the more they become environmentally and socially aware what causes these problems and how the problems can be contributed. This sculpts the consumption preferences of stakeholders to a more sustainable manner.

As a consequence, in today's business world companies are facing huge pressures to grow and evolve at a phenomenal pace, to operate with fewer resources and to meet the demanding consumer preferences to gain competitive advantage over competitors. Corporate social responsibility, that will further on be referred as CSR in this thesis, has been studied for long and offers a tool for not only companies to comprehensively differentiate themselves from others but also as a consequence to produce more with fewer resources and to develop businesses by incorporating social and environmental aspects to their competitive strategies (Kotler & Lee 2005, 10-18). This enables companies to create tools to be more sustainable and at the same time contribute to the side effects of globalization.

Corporate social responsibility as a concept is very complex and difficult to define because of many interconnections and various viewpoints according to dif-

ferent business environments and cultures, therefore, one mutually accepted definition of CSR does not exist (Coombs & Holladay 2012, 6). However, a broad definition of CSR states that a company should also have other duties than generating profit to shareholders. Other duties comprising of accountability towards the environment from where the companies receive energy and resources to operate and produce and the community as a part of which it operates. Therefore, ethics and volunteering are in leading roles because only recommendations, guidelines and frameworks exist so far in the diverse, though, powerful business world concerning CSR and sustainability.

In Finland, CSR can be noticed among big companies in forms of annual CSR or stakeholder reports, programs and codes of conduct composed by the companies. All these further mentioned forms promote transparency of the company's actions regarding environment, community and stakeholders. Seems like CSR is only associated to big companies because they have resources, on the other hand, corporate governance and decision making are time consuming and reaching the anticipated results might take long among big companies. Therefore, small companies are ideal settings for CSR and sustainability because of flexible management systems and corporate governance that do not involve several middlemen to execute an initiative.

For a reason or another, small companies in Finland do not really mention CSR as a part of their operating model or business plan regardless that they would have the potential to save resources and to reach an even broader group of customers. Despite of multiple attempts to find information that would include comprehensive information about CSR in micro and small Finnish companies it revealed out to be particularly hard. Limited information about CSR in Finland can be found in forms of several researches, however, the main emphasis of the researches has been on big Finnish companies. Consequently, it is self-evident that there is a clear research gap regarding CSR in micro and small Finnish companies.

The size of the target companies in this research will be defined according to the European Commission's adopted recommendation 2003/361/EC that de-

defines the criteria for small and micro companies. According to the criteria a micro company is a company that has a head count less than 10 people and a turnover that is below 2 million Euros. The criteria for a small company are a head count of less than 50 people and a turnover that remains below 10 million euro. (European Commission 2012)

The geographical scope of this research will limit to the area of southwest Finland. The geographical limits for this research comprise according to the definition of towns and cities that are recognized to locate in southwest Finland by Regional Council of Southwest Finland. (Regional Council of Southwest Finland 2012)

1.1 The objectives of the study

This study focuses to find out how micro and small companies contribute to CSR and the motives behind the companies' choice to contribute within micro and small companies located in the southwest Finland. Another focus is to map out whether or not the companies have reached benefits as a result of their involvement and participation to CSR and sustainability.

The main research problem is:

The contribution and involvement of micro and small companies in southwest Finland to CSR and sustainability and the benefits of the contribution to the companies.

This study seeks to answer the following questions:

1. How micro and small companies in southwest Finland contribute to CSR and sustainability?
2. Why or why not small and micro companies in southwest Finland contribute to CSR and sustainability?
3. Have the companies reached an advantage in comparison to competitors by contributing to CSR and sustainability?

1.2 The framework of the study

This thesis consists of 7 chapters. In the second chapter the concept of CSR will be introduced more thoroughly and different forms of CSR will be connected to the concept. The third chapter presents the motives why companies actually contribute and engage to CSR and sustainability. The fourth chapter introduces the atmosphere regarding CSR in Finland, how the concept of CSR has evolved in Finland over time and how it is currently comprehended in Finland. Methodology will be presented in chapter 5. The choice of research method and reliability, validity and generalization of the research will be discussed. Chapter 6 contains the empirical analysis of the research findings accompanied by tables and charts to clarify the findings. Finally the seventh chapter will tie together all the above mentioned and bring answers to the research questions set and conclude the research findings. In addition, some further research recommendations based on this study will be presented in this chapter.

2 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility, also known as CSR, as a definition is very complex and difficult to explain due to many interconnections and various view points, therefore, one mutually accepted definition of CSR does not really exist (Coombs & Holladay 2012, 1-8). However, according to Dahlsrud (2008) all the existing definitions are very converging. A good start for opening the concept of CSR is to characterize it as a company's commitment, obligation and concern towards the stakeholders of a company. To specify, stakeholders are the actors that an organization's decisions and actions have an impact on. Stakeholders constitute, at least, of the employees, customers, suppliers, media, non-governmental organizations, the communities and markets in which the companies operations have an effect on. The commitment, obligation and concern towards stakeholders in most cases takes shape as an individual strategy or it can be incorporated as a part of a company's operating model and the business plan. (Visser et al. 2007, 433-434)

The difficulty of finding only one suitable definition for CSR can be explained by listing a few of the terms used in literature that are associated to and used of it; corporate sustainability, corporate citizenship, corporate social investment, eco-justice, stakeholder engagement and corporate governance (Panapaan et al. 2003). This relates to the fact that CSR is a global phenomenon and the understanding of this concept is very broad. Therefore, many actions that CSR constitutes of vary widely depending on the business environment and the country aspect in which the concept of CSR is discussed or addressed. The global scale along with political and social development bring their own scope to the definition of CSR because globalization is a force that efficiently sculpts international law, trends and phenomena and is driven by businesses. (Coombs & Holladay 2012, 4)

Globalization is a force, driven by business worldwide, which connects economies and societies across national and geographical boundaries. For companies it is a favorable force because it broadens the companies' operational area,

creates more production possibilities and broadens the customer base. On the other hand, it is not a beneficial force for stakeholders because it has an unequal tendency to divide and cause harm to economies, geographical areas, nature and people. These problems relate to human rights, environment, labor and corruption – problems that globalization has somehow had an effect on or been as a part in the development of these problems. To specify more closely the problems comprise of, among others, biodiversity offsets, global warming, pollution of air, water and soil, extreme poverty and hunger accompanied by diseases such as HIV or AIDS and unequal treatment of people regarding labor conditions and human rights. This brings us to the concerns and phenomena which can be influenced and relieved by actions and measures that align with the basic principles of CSR. It is a concept that can be utilized to tackle globalization or to make it a little more humane for all people. (Visser et al. 2007, 239-242; United Nations 2011)

The scope of the company's operational area can vary infinitely between local, regional or global boundaries. Though, when the secondary sources of a company's resources are taken in consideration the scope almost instantly reaches a global scale in the form of a supply chain. We should remember that beyond the lack of one mutually accepted definition voluntary commitment driven by the company's moral and ethical values accompanied with the commitment to stakeholder interests are the cornerstones behind CSR in companies. (Rohweder 2004, 78-80; Kotler & Lee 2005, 1-10)

Panapanaan et al (2003) have divided the concept of CSR into three different dimensions which can moreover be characterized as responsibilities that a company is committed to, concerned about and has obligations towards – economical, social and environmental dimensions that are stated in Figure 1. Various authors such as Rahman (2011) state and suggest that CSR has more than the three dimensions mentioned here.

As earlier stated these three dimensions or responsibilities are strongly interconnected because the economical responsibility acts as the base for ecological and social responsibilities. On the other hand, Rohweder (2004, 77) empha-

sizes that ecological and social responsibilities tend to have an impact on the economical side of the company.

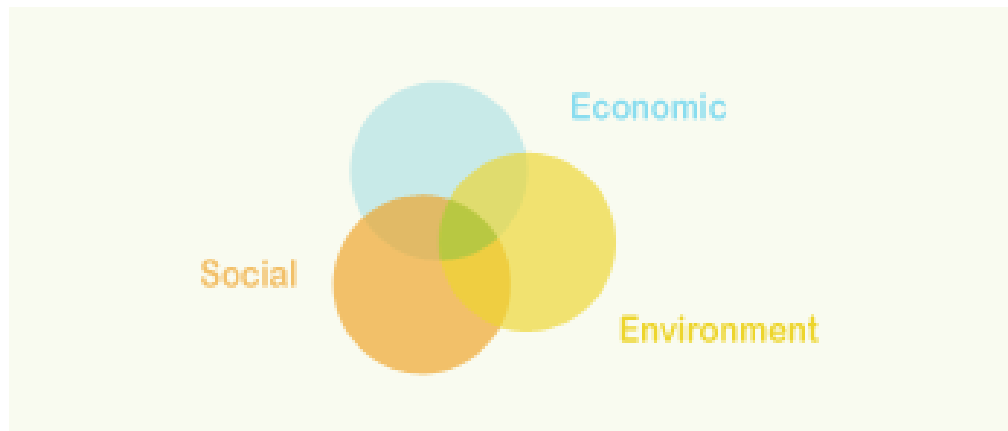


Figure 1. Dimensions of CSR (The Sustainability Card 2009).

2.1 Economic dimension

No matter the size of the company, MNC, TNC, SME or a micro level company, all share an equal mission from the economic viewpoint of generating profit and value for shareholders – to serve egocentric ambitions. Overtime, this general mission and purpose of a company has had to change and incorporate additional attributes to meet the demanding and sensitive stakeholder expectations regarding to sustainability and the positive impacts of the company to the society beyond profit. Already in the past many founders of business schools had the idea or the concept of incorporating social objectives to the purpose and goals of doing business. However, today seems like this aspect has been swept aside and being currently mentioned in the subordinate clauses rather than brought aside to the monetary incentives. (Khurana & Gintis 2008)

The economic dimension of CSR constitutes from the point of the company to the profitability or good economic performance of the company and the direct and indirect economic impacts of the company's operations to the community and the stakeholders. These direct and indirect impacts stem strongly from profitability of the company that creates possibilities for the company to act. These possibilities comprise for instance of enhanced corporate culture of the compa-

ny towards long-term solutions and planning that will overtime enhance the well-being of employees or investing in actions and operations that also have an economic impact on the society. The adoption of a new management style that enhances the well-being of employees represents an indirect impact on the economic dimension. (Rohweder 2004, 97-99)

Contracts between co-operating companies represents an example of an indirect impact because of the contract's employing action in a certain area and this has an impact on well-being of this specific area. This also applies for the supply chain design because significant sums of money can be saved by utilizing the surrounding suppliers to save on transportation costs and enhance the supply flexibility. Whereas, providing an appropriate salary for employees and paying taxes represent direct impacts because the purchasing power of consumers increases hand in hand with the demand for goods and services. The company is not only creating good for stakeholders but also to itself by enhancing the positive attitudes towards the company and supporting the possibilities of stakeholders to consume in a responsible way. (Nelson & Prescott 2003)

Both Rohweder (2004, 97-99) and Uddin et al (2008) suggest that by paying taxes a company contributes to the society as taxes are used to create well-being in the form of distribution of wealth among stakeholders.

2.2 Social dimension

Due to the fact that, to be regarded as a successful company, a company has to have other measures of success than only financial performance. As a result, companies are forced to seek for other sources of success and approval. Stakeholders evaluate the success by many means and personal preferences, therefore, all contributions to CSR and sustainability incorporated with social issues that closely relate to stakeholders are important. The social dimension from a company's perspective strongly constitutes of the company's responsibility, obligation and accountability of the social effects and influences of the company's operations that impose on the stakeholders. This also includes of actions

that solve already existing problems that do not originate directly from the company and seeking for prevention of future problems. In perspective, these social effects can appear in many communities that, directly or indirectly, through for instance a supply chain, are involved in the final product or service due to the global nature of business. In other words, the social dimension culminates to the obligation of choice making and action taking towards issues that contribute to well-being among society and stakeholders.

As economical dimension, the social dimension as well has direct and indirect influences. As a direct influence towards the stakeholders the company is obliged to take care of the product and service safety. This comprehends as using nontoxic compounds in the product itself and the production process or developing products and services that do not impose a threat or a possibility for injury when using or producing them. Other direct effects that relate to the production process and indirectly to the society are taking care of the employee safety, healthcare and education regardless of age, race or religion. All in all, the employee aspect is very diverse and demands for very detailed choices and actions. (Uddin et al. 2008)

A company can influence both in a social manner and in an indirect way by setting codes of conduct or contracting terms that they agree to comply with and also expect their contractors and subcontractors use along the supply chain to accept and follow. The codes of conduct or contracting terms can include terms of forbidding and disapproving child labor, setting minimum standards for work conditions and limitations to working hours of employees

Furthermore, by taking part in community development a company indirectly influences in well-being of the community by sponsoring, donating and supporting financially and non-financially. Especially in developing countries community development is important because it has an indirect influence on the development of the region and the country. Community development promotes and creates value for shareholders and improves the reputation and image of the employer and a producer. (Nelson & Prescott 2003)

2.3 Ecological dimension

In today's world, there is a lot of discussion around environmental problems and other implications such as degradation of biodiversity and pollution accompanied by the greenhouse effect that are caused by human actions. The basic idea behind the ecological dimension is that companies should be seeking for and adapting solutions that are at the same time sustainable and environmentally friendly solutions that would not only solve the current environmental problems but also prevent any such problems in the future. This initiative would ideally incorporate sustainability as a part of a company's strategy and daily operations. (Rohweder 2004, 99-103)

The ecological dimension challenges the companies to engage into environmental protection, preserving biodiversity on earth and promoting sustainability by many measures. Without any engagement, these aims can transform as threats towards the humankind as the lack of environmental capacity, lack of natural renewable and nonrenewable resources. It is inevitable that the measures of engagement are certainly not insignificant because the scale of these problems is at the same time local, regional and global. (Nelson & Prescott 2003)

Direct implications to ecological thinking are using natural renewable and non-renewable resources responsibly and efficiently as sources of energy and production. Also developing the production processes to consume less energy and resources is essential together with using less and more environmentally friendly energy sources and methods in the daily functions of a company. This reaches as far as thinking of the impact of production transportation to biodiversity and natural resources and the impact of processing of the side products to the environment. Side products referred in this connection to the emissions and waste processing and disposal. More precisely direct implications consist of trying to save resources and promote sustainability in all phases of the supply chain at local, regional and global levels.

Indirect implications that a company can perform are establishing codes of conduct, operating rules or environmental agreements that take a stance on environmental and sustainability issues and demand the supplier and companies in collaboration to follow. Other ways of contributing to sustainability are taking part in preservation programs or to develop production methods so that fewer natural resources are needed to produce a product – energy wise and raw material wise. Recyclability of a product plays a role in the world because waste disposal has been and is always current issue. Due to the fact that the society produces way too much waste that cannot be utilized again so that is piles up to landfills that cause further problems as polluting groundwater and forming a health hazard to mention some further consequences. (United Nations 2009)

2.4 Interdependencies and interconnections of the three dimensions

As above explained the three dimensions, that CSR consists of, bring up many issues with economic, social and environmental backgrounds that are to be addressed. To understand the complexity of CSR we have to detect the interconnection and interaction relationships of all these dimensions. The current and the predicted challenges in today's society within all the three dimensions are interconnected so that achieving a decent result regarding to CSR and sustainability is impossible without incorporating actions from all dimension of CSR. This means that it is impossible to reach a desired result only contributing towards CSR by incorporating actions regarding only one or two dimensions of CSR.

It can be explained easily through the ramifications that the problems have within the three dimensions of CSR. The implementation of one dimension is strongly interrelated to the two other dimensions. In the worst case leaving one dimension out of activities and attention can lead to the failure of achieving the goals of other dimensions. Therefore, the most essential issue in contributing towards CSR is to understand the interconnection between the dimensions and

to comprise a well-balanced solution between the dimensions. (Nelson and Prescott 2003; Rohweder 2004, 77)

Moreover, interconnectivity creates challenges regarding the solutions because various dimensions have to be addressed. This leads to the fact that the natures of the solutions are going to be very complex and require collaboration between many actors and stakeholders within the society. It is inevitable that not only one solution is sufficient or enough but also solutions that have sub solutions and other implications are topical. (Nelson & Prescott 2003)

Another challenge will form around the time span of the solution and the anticipated outcome. The solutions and their outcomes that are being performed are very future centered meaning that the result will occur in long-term rather than short-term. The interconnected nature together with the occurrence of the solution connected outcomes will create another challenge for the actors in the society in search for sustainability and future of society and the globe. (Rohweder 2004, 15-26)

Despite of the challenges of creating solutions towards sustainability with regard to all the dimensions, the outcomes and the long-term results that the solutions and improvements can create are very rewarding and function as motivators for actors in the society to contribute to sustainability. Nelson and Prescott (2003) mention three very general outcomes that especially contribute to companies but also other actors in society:

- a steady business environment
- ability to predict the costs and risks of doing business
- appearance of new business opportunities

A steady business environment in this context is referred to a business environment where the basic components are available and in shape - healthy and skillful workforce, consumers with disposable income, investors ready to invest, a fair trading system and a well-governed economy. Healthy and skillful workforce is ideally a result of companies and other actors taking care of their economical, social and environmental responsibilities and obligations. As a conse-

quence and a spinoff the company has a steady business environment that allows them to predict costs and risks better. Whereas, when the business environment is steady and the costs and risks are known it is easy for companies to spot new business opportunities that even more promote sustainability. (Nelson & Prescott 2003; Panapanaan et al. 2003)

2.5 Forms of CSR

When discussing about the forms of CSR we need to keep in mind that the concept of CSR and the comprehensive understanding might vary between countries and environments. However, the basic understanding of CSR remains the same but characteristics how CSR is implemented and associated vary between countries. This leads to the detail that one CSR contributing activity may be very significant in one country and again turn out to be insignificant somewhere else. All in all, the ways how CSR is contributed should be planned and designed on country basis. (Ashridge Centre for Business and Society 2005)

Considering all the negative effects of globalization, such as the degradation of biodiversity, pollution caused by mass production accompanied by the green house effect and disappearance of the livelihood of people in developing countries, it is essential to influence. Therefore, contributing to CSR can not only consist of intangible plans and intentions on paper or as a future tense in speech but also actions have to be taken. There are many ways, forms and means for companies to contribute to CSR, however, the range of a company's devotion depends largely on the available resources and the strategy that the company decides to use in implementing towards social and ecological problems. (Wolff & Barth 2005; Coombs & Holladay 2012, 9-22)

Depending on the willingness of adapting CSR the company can take two approaches to the strategy of incorporating CSR - engaging into CSR only as much as the law and regulations oblige or then incorporating CSR to the company's strategy in search for competitive advantage and pure willingness. The approach defines the means of contributing to CSR. Therefore, to actually de-

termine the different forms of CSR implemented in different companies, countries and continents is challenging and intricate. However, we can identify the main approaches to ways of contributing to CSR that are then further applied in different forms in diverse environments. (Rohweder 2004, 81-96)

In general, CSR activities focus either on people or the environment in multiple forms (Coombs and Holladay 2012, 20-21). On the other hand, as the activities are complex and overlapping as the dimensions of CSR, so are the influences of CSR forms and actions. According to Kotler and Lee (2005, 23-24) there are a few universal forms of CSR that can be aimed at either on people or the environment directly. All forms can be executed solely by the companies or then in partnerships with other companies, nongovernmental institutions or the public sector. Moreover, a company can start a program together with a nongovernmental institution or a public sector office to fight for a problem within the community or to contribute to a global problem and increase awareness and try to change the behavior of people to fight the causes.

2.5.1 Marketing

Marketing can be harnessed as one form of CSR. It can be used to seek and increase consumers and business partners' awareness and concern upon environmental or social problems such as pollution, distinction of animal species, lack of natural resources or the lack of sufficient education for children or obesity. Coombs and Holladay (2012, 21) explain that marketing can be utilized to raise awareness of the actual causes of environmental or social problems and to offer means to impact on the causes. The best way to contribute to a problem is to find the cause of the problem and to impact to the problem through the cause to reach permanent long-term effects. Menon and Khan (2001) mention that cause promotion is very often combined with an offer for a product or a service that connects to the problem, for a certain period of time and for a certain target. The final contribution of the company will be calculated from the revenue of the sales of the specific product (Kotler and Lee 2005).

As an example of this kind of action is the co-operation between several companies and WWF, (World Wildlife Fund), in a project to effect on the problems that the Baltic Sea is facing. The companies that sell certain products approved by the WWF Finland are allowed use the “operaatio Merenneito”-logo in the promotional campaigns and obliged to donate royalties of the product sales to WWF and the project. (Operaatio Merenneito 2011)

Advocacy advertising is another marketing related form of contributing to CSR. The purpose of advocacy advertising is rather informative and has an intention in long-term to change the behavior of consumers to address to the problems and prevent future problems in the community, society or environment. Usually the main focus of advocacy advertising is social. These kinds of campaigns are often executed together with the public sector, but can also be sponsored and connected to a brand. The campaigns are designed to improve public health, safety, to preserve the environment or to support the community by informative means. (Menon and Khan 2001) As an example of advocacy advertising is an awarded marketing campaign, fulfilled in co-operation together with the Finnish Cancer Foundation and MeNaiset magazine, called “Mukana taistelussa rintasyöpää vastaan” to arise awareness of breast cancer. (Markkinointiviestinnän toimistojen Liitto 2011)

It is inevitable that execution of the two above mentioned advertising types connected to CSR is not free and requires resources. On the other hand, Menon and Khan (2001) mention that companies that engage into CSR and utilize marketing as a form of CSR have two motivational goals behind them. Firstly, they want to raise awareness of ecological or social problems. Secondly, a valuable goal for a company, which is involved in CSR activities, is to enhance the consumer perception of the company’s social responsibility. In other words, to show that the company is a part of the community and to improve the company’s reputation.

2.5.2 Corporate philanthropy

Another form that allows companies to fulfill their CSR goals is to engage into corporate philanthropy. Corporate philanthropy can consist of contributions to charity or to the cause directly. The contribution can consist either of money, services or products. This is conceivably the most traditional form of CSR and the oldest form from which all the other forms have more or less developed. (Kotler & Lee 2005, 22-25)

An option for donating money from a company is to promise to provide an item or a service and compensate all the expenses connected to it. This ensures that the provided support is used for the intended original objective. In big companies, philanthropic activities are often disguised under different kind of programs and foundations that have predetermined the type and the target of the contributions that often have a strategic fit with the company culture. Such programs or foundations can for instance fund scholarships for students to attend university or provide grants for different kinds of projects undertaken by nongovernmental institutions such as the World Wildlife Fund. From the company's perspective company philanthropy is advantageous because it represents positive and easy PR to the company's status and public image. (Kotler & Lee 2005, 144-151)

2.5.3 Volunteering

Kotler and Lee (2005, 197) report that volunteering often takes place within the local community the company influences the most. Volunteering consist mainly of a company's employees' time and talents. An incentive for volunteering is the possibility to contribute to a problem or a cause that has an effect on the well-being in the community. As a consequence, this has an interconnected influence in the employees' productivity at work. Furthermore, a company can challenge other companies, companies in collaboration, consumers and the public sector within the community to involve. A company can volunteer either alone or

in the form of partnership with for instance a nongovernmental institution. The purpose of volunteering is to enhance the community as a whole and to enhance the company as a part of the community. As an example of volunteering, IBM provides its employees skills and working time, on IBM's own expense, to design individual web-based solutions for schools. The programs are specially designed to meet the needs of a specific community where the schools operate. (Kotler and Lee 2005, 197)

2.5.4 Responsible business activities

When a company is not only looking for reputational or image associated benefits, outward solutions and effects with their CSR activities but a more profound perspective to CSR a company has an option of gradually incorporating CSR as a part of the business plan. On company level, the starting point that creates the framework for contributing to CSR is to incorporate CSR initiatives to the company's purpose – mission, vision and values. This means incorporating CSR to the company's strategy in all areas of business and operating in respect of the mission, vision and the values of the company. According to Adenekan (2007) it determines as a comprehensive set of policies, practices and programs that are integrated to all operations, transactions and decision-making a company is involved in. This form of contributing to CSR does not expose to the public as much as marketing or philanthropic activities but is a more of a holistic approach to CSR. (Ashridge Centre for Business and Society 2005)

This comprehensive approach is supposed to have an effect on all activities, functions and transactions that the company engages. The formulation of business principles, codes of conduct and programs including favorable and supporting corporate governance and management systems represent the baseline and the foundation of socially responsible businesses. The focus of a company's business principles and codes of conduct is very often on human resources, suppliers and communities. Codes of conduct concerning, for instance, child labor, health and safety of workers, emissions, environmentally safe pro-

duction techniques and wage policy that a company can decide to establish do not necessary only apply for them but also their suppliers and the entire supply chain. In other words, the companies can create standards that they require from their suppliers. Furthermore, establishing these business principles and standards will require creating tools to follow and measure the implementation and execution of CSR in the company. This is necessary for the companies to be able to assess and measure their development and to plan further actions. (Ashridge Centre for Business and Society 2005; Chiara & Spena 2011)

Visser et al. (2007, 27-30) describe auditing as a tool for companies to assess and measure their development and performance in the area of sustainability and accountability in the community. Therefore, auditing is closely linked to execution and planning because it reveals out the level of success and implementation of a company's CSR activities. Since auditing is performed very inconspicuously it is not that visible or evident for the stakeholders. A measure is needed to report the findings for stakeholders and to improve transparency in respect of the company's achievements and actions regarding current social and environmental problems and preventing future problems.

The results of auditing are often compiled to a CSR report that a company can decide to publish as frequently as they wish, however, most companies seem to publish an annual report. A CSR report can be utilized in two ways. Internally to offer information for internal decision-making or it can be used as a tool to maintain and enhance the relationship between the company and its stakeholders. Coombs and Holladay (2012, 128) as well confirm that the CSR report is the most important tool of CSR messaging and creating transparency between the company and its stakeholders. Typically a CSR report summarizes the fulfilled and planned CSR actions of a company and gathers all the information upon the company's principles and plans regarding CSR and sustainability. (Rohweder 2004, 211-214)

Nielsen and Thomsen (2007) point out that due to the fact that no uniform framework exists to determine how a CSR report should be created companies produce very dissimilar reports in respect of the report's focus, topics and di-

mensions. However, two structured reporting frames, that are very widely known and utilized in self-reporting, exist; Global Reporting Initiative (GRI) and ISO 26000. According to Coombs and Holladay (2012, 129) GRI is the most prevailing framework globally for CSR and sustainability reporting. Additionally, very diverse naming practices are applied when referring to composed CSR reports, which enforces the undefined nature of CSR reporting and highlights the lack of one uniform framework.

In short, GRI is the most dominantly used framework in CSR reporting globally. It is generated by the United Nations Environmental Program together with several partners to establish uniform guidelines on CSR reporting. The aspiration is to clarify what issues to report and how to report them. Whereas, ISO 26000 is another set of international guidelines concerning CSR. It is actually a report published by the International Organization for Standards, a nongovernmental organization that works tightly together with multiple national standards institutes. The report does not solely concentrate on creating reporting guidelines for CSR but also on creating a clear understanding of CSR by defining for instance the scope, terms, definitions and principles of CSR together with some guidance on integrating CSR as well as helpful examples on initiatives and CSR tools. (Coombs & Holladay 2012, 128-133)

3 MOTIVES WHY COMPANIES CONTRIBUTE TO CSR

Coombs and Holladay (2012, 29) explain that CSR culminates as an action, commitment and an obligation that does not just happen, but has to be planned, evaluated and assessed carefully before execution in order to reach the greatest benefits of CSR for all the actors in its influence range. There is always a motivation, a cause or a reason why a company engages into CSR. Rohweder (2004, 81-89) points out that the motivation is driven by several incentives such as financial issues and profitability, government based regulations and stipulations, stakeholder expectations and ethical obligations. Despite of all the ethical responsibilities and obligations of a company, the economic component of making a profit is inevitably the strongest motivator behind a company's pursue to incorporate CSR into their activities (Coombs & Holladay 2012, 29-30).

CSR receives a strategic meaning when it is incorporated to the overall corporate plans, goals and actions. Strategic CSR is often discovered because it improves the success of the company and gives long-term perspectives for the company together with all the other strategic plans that a company has. Strategic CSR is often motivated by the additional opportunities that it gives to the company and it can easily be utilized to benefit the company in many ways. For instance, it can benefit and improve the image and reputation of a company within the stakeholders. Furthermore, strategic CSR can offer better positioning in the markets and differentiation. CSR is, as well, identified as a tool to find ways of decreasing operating costs. (Coombs & Holladay 2012, 29)

3.1 Company image and reputation

According to Coombs and Holladay (2012, 38) strategic CSR has an inevitable influence on a company's image and reputation and can be utilized for enhancing reputation and to manage the achieved reputation and image. A win-win situation is formed when a company is able to engage into CSR initiatives that have a societal or an environmental impact and content that aligns with stakeholder values and is complementary to the ultimate interests of a business.

Repeatedly, stakeholders judge the brands and companies behind the brands by their social content. The outcome can either be favorable for the brands and companies or then disadvantageous because the stakeholders can influence and define the image, reputation and the spirit of a brand and a company. (Kotler & Lee 2005, 13-16)

As the stakeholders' and the company's values encounter the stakeholders build a perception of a company that defines as the reputation of a company. The stakeholder perception should not be overstated due to the increased abilities of stakeholders to use fast and effective communication. Diverse communications possibilities and channels allow the stakeholders to discuss and raise awareness of a brand and a company by spreading the word of mouth or to point out negative issues and actions of the company. Depending on the tone the company can use this as a cost-effective way to attain new customers or to alienate former and potential new customers. (Santos 2011)

Santos (2011) mentions that a company can also benefit from the good image and reputation created by the values that it appreciates because they have a tendency to reflect on not only potential customers but also potential employees. A good societal image and values regarding sustainability and environmental values reflect on the working conditions, employee treatment and the overall atmosphere within the company. As a consequence, this appeals not only to prospective employees but also to current employees. This allows the company to become even more skilled in terms of the abilities and knowledge of the employees because it is an attractive employer and gets to choose the best candidates to work for the company among people looking for jobs. The popularity of a company as an employer has motivational and retaining features among current employees. Potentially this has a positive influence in the productivity of a company, creates job satisfaction and creates steady preconditions for a healthy and a successful company. (Kotler & Lee 2005, 14-16; Santos 2011)

Good reputation and image also have a tendency to attract and appeal to investors and financial analysts. Funding enables the companies to expand and develop their business steadily and concentrate on nurturing and keeping up with

the accomplished values that the company appreciates. This further enhances the reputation and image because the company does not have to expand on the expense of its values. Consequently, the company achieves a position that allows it to influence on stakeholders', competitors' and decision makers' attitudes. (Kotler & Lee 2005, 14-18)

3.2 Competitiveness

Within every business sector and industry there is a never ending contest of customers between operating companies. The positioning of a company in relation to other companies has a very significant role in this contest. The position helps the company to determine goals and objectives that need to be met in order to reach such a position in which the company has a competitive advantage and a differentiation factor in relation to other companies. One goal and objective that can offer a company differentiation and competitive advantage is CSR and initiatives connected to it. (Visser et al. 2007, 89-90)

By utilizing CSR a company can reach competitive advantage in relation to other competitors or even create new markets by incorporating sustainability to its actions. Worth mentioning is The Body Shop, a natural and ethical beauty brand, created by Anita Roddick. The sustainability and ethical values have been the main drivers of this company and brand right from the beginning and are incorporated perfectly to the company's mission statement. It is all about knowing and meeting the stakeholder expectations of a company and its products and appeal to the stakeholders' values in terms of the social and environmental responsibilities and consequences. The Body Shop has utilized its unique brand and principles to differentiate from its competitors. (The Body Shop international PLC 2009)

Rohweder (2004, 190) points out that holding a FAIRTRADE-label or an organic label can bring competitive advantage or the market leader position for a company because the labels are only awarded for products that meet a certain predetermined criteria of sustainability in their entire product chain. Other labels that products can hold are labels stating that there is no child labor or animal

testing incorporated in the production chain of this product. This is how the product and the company cater many customers with diverse tastes and preferences and assists the company to achieve a market leader position and to attain competitive advantage. (Rohweder 2004, 81-89)

3.3 Reducing operating costs

It is inevitable that when incorporating CSR initiatives to a company's operations there are additional costs connected to it especially when the benefits of CSR are examined in a short-term perspective. However, in long-term CSR initiatives can provide financial benefits for the company and have overall impact in the company's future which is a huge motivator for companies to engage into CSR. When adapting and incorporating CSR initiatives the company has to reconsider and assess the potential of the entire product chain for changes that promote sustainability for a comprehensive approach to CSR and sustainability. This includes all the work phases and resources such as energy in different forms, water, raw material, labor force and different modes of transportation that are used in the production of the end product and resources that are side products of the end product such as pollution and waste.

Santos (2011) emphasizes that the reconsideration of production can for instance generate a new method or a system to produce that creates fewer side products and consumes less water and energy as well as other nonrenewable energy sources. As a result, the new production method can decrease the total production costs. Since, there will be less waste and emissions to process and dispose less transportation is needed. Other ways of decreasing total production costs are reusing materials along the supply chain, recycling the waste as effectively as possible and finding solutions to decrease the need and the distance of transportation of the raw materials that are needed.

Another, rather surprising, way of decreasing operating costs is to utilize the image, reputation and free publicity that the company has gained through its operations. This allows the company to save on advertising costs. For instance,

The Body Shop utilizes the positive publicity created by its founder and does not have to spend any resources for active advertising. (Kotler & Lee 2005, 17)

3.4 Personal values

The motivation for a company to incorporate CSR initiatives can as well stem from the personal values of the owner or the managing director of the company. The personal values and a positive mindset towards CSR stem from the values that the owner or the CEO has been exposed to and influenced by during childhood and education. Therefore, Rashid and Ibrahim (2002) state that the main contributors are inevitably the parents and the people around. This means that sustainability as a value is incorporated in the company's values and mission statements right from the beginning. This benefits the company because it does not have to take the leap to make the decision to incorporate CSR and does not have to find the resources to the planning and implementation process of CSR initiatives because sustainability is being addressed in the planning and execution of the business plan. As an example The Body Shop's values of being sustainable and accountable for its actions and implications all stem from its founder's, Anita Roddick's personal values. (The Body Shop International PLC 2009; Santos 2011)

3.5 Government

The recommendations and regulations created by the government and the authorities are inevitably a source of motivation for companies. These recommendations and regulations are mainly to steer the companies in the right direction regarding CSR and have only a rather persuasive tone. On one hand, these recommendations and regulations impose limitations and obligations for companies and on the other hand they provide incentives, for instance in the form of tax reliefs. The government and authorities also help the companies in the process to adopt CSR initiatives in the business strategy by providing free information and assistance. Usually the level of sustainability that is required by recommendations and regulations is not that high but still many companies exceed

the level of sustainability required and take their company to a voluntary level regarding CSR actions. (Rohweder 2004, 83-86)

3.6 Challenges and barriers

As already stated CSR as a concept is very diverse and occurs in multiple forms depending on various circumstances such as the business environment and the scope of industry. Therefore, due to the complexity there are challenges and barriers connected to CSR engagement and initiatives. Santos (2011) mentions that the challenges are mainly linked to the decision-making process which determines the scope and structure of the planning and the implementation process that is ahead before the actual initiation.

It is always a challenge to choose the right target or an issue that the company wants to contribute in with its CSR actions. Kotler and Lee (2005, 18-22) determine that the challenges constitute of finding a suitable fit between the issue that the company wants to contribute to and the company's values among all the different issues that need attention in the community or the environment the company has an impact on. Other challenges that relate to decision-making are choosing an appropriate initiative to contribute to the chosen issue, planning the implementation and evaluating the outcomes. All the above mentioned decisions are very important and have to be assessed from the stakeholders' point of view and perception. Since, the stakeholders have a vital part in a company's success. (Kotler & Lee 2005, 18-21)

Only one great barrier does not exist that would completely have the supremacy to block the endeavors of a company to contribute to CSR issues. Instead, there are several barriers that can together either slow down or block a company's attempts to contribute to CSR. These barriers compose of issues such as the lack of support from the stakeholders, lack of resources to implement the initiatives, the lack of time and information. As CSR initiatives demand careful planning, assessing and decision-making the resources used for the non-visible work can exceed the resources used for the implementation of CSR initiatives. (Santos 2011)

4 CSR IN FINLAND

As already mentioned the frame of CSR has an alternating composition depending on the characteristics and stage of development of a business environment and the specific cultural attributes and customs each country has. Therefore, CSR in Finland has its unique composition and definition that stem from the early stages of development of the Finnish society. In addition to the historical development, the current frame and understanding of CSR in Finland is a result of several different forces such as local stakeholders, various business networks, conscious and innovative leaders, the European Union and the predominant legislation, obligations and customs. (Juholin 2004)

4.1 Progress of CSR in Finland

The overall CSR principles base on entrepreneurship and business ideology that originate from Europe and the 1800s. The separation of a firm's ownership and management led to the careful consideration of a firm's objectives over the maximization of profits. Consequently, the focus shifted to people's lives and product quality. In Finland the early composition of CSR took power along with industrialization in the 18th and 19th century. Employers offered for instance accommodation, schooling and health care to recruit people moving from the countryside to cities in search for jobs and then to retain them as employees as long as possible. This led to the detail that industries became the centers in the community by being involved and supporting the construction of schools, churches and the public infrastructure. Since then, the good treatment of employees continued by the formation of labor unions that took care of the interests of employees. (Juholin 2004; Panapanaan et al. 2003)

Later onwards from the 1960s as the infrastructure and the society kept on developing and the attention was gradually drawn to environmental policies and systems partly because of the thriving forest industry and the heavy emissions (CSR Europe 2011). Companies had to pay more attention to the environmental

responsibility issues. However, the fundamental principles of a society were also discussed. The growth of the Finnish society caused a change in the role of industries. The role of supporting the construction of the public infrastructure to the Finnish society was shifted to the government and Finland was in the process of becoming a welfare society.

The deep economic recession in the 1990s influenced on Finland and recovering from the effects required an entirely new approach and perception to management and leadership. The instability and unpredictability forced the companies to concentrate more on their values and responsibilities as well as on the involvement of employees in the company's decisions and actions. The public consciousness recognized some dimensions of CSR then but still the concept of CSR remained as an unfamiliar concept. (Juholin 2004; Panapanaan et al. 2003)

The new millennium hand in hand with globalization has additionally had an effect on the formation of the CSR concept in Finland. This determines as the concentration of power into fewer companies that operate in multiple business environments. The influenced area being so vast imposes challenges for the companies because a company is instantly more vulnerable and dependant on the stakeholders that come from different countries and cultural surroundings. Undoubtedly, because the crowd of stakeholders is so vast there are not one but multiple opinions and expectations to take into account in all dimensions of CSR. (Juholin 2004; CSR Europe 2011) This at the latest transformed the concept and understanding of CSR in Finland what it currently stands for.

4.2 CSR in the present Finland

The knowledge and consciousness of CSR has enhanced and increased overtime and is still in the process in Finland due to the public debate on sustainability and CSR among international business fields and multinational companies that influence on many continents. However, according to a research by Panapanaan et al (2003) it is hard to define the level of understanding and con-

sciousness of CSR in Finland. The research defines that the understanding occurs within a very broad scope from a very simple understanding of complying with Finnish guidelines and directives to a more complex understanding combined with high regard of morality and business ethics. Nevertheless, it is evident that there is still much to be done in this area so that Finland would be recognized among the top economies in Europe what comes to CSR promotion and contribution. (Työ- ja elinkeinoministeriö 2012)

The European Union as well has had an influence in the understanding and development of CSR as a concept in Finland. Gjølberg (2010) explains that the launch of the EU Lisbon Agenda seemed to introduce and generate a framework for policy and legislation creation in the governmental sector in Finland. Other contributors have inevitably been demanding stakeholders and diverse governmental and non-governmental associations and forums that operate either domestically or internationally. Open-minded and innovative leaders are the key figures in the evolvement of CSR as a concept and practice in Finland. (CSR Europe 2011)

The culture and country specific aspects are said to sculpt the understanding and the perception of CSR in every country and this also applies to Finland. Due to the very strong role of labor unions and the Finnish agreement society, the working conditions and employee participation are considered as self-evident because the labor unions are monitoring the interest of the employees in multiple dimensions. This leads to the fact that the issues concerning employees are not that much connected to the concept of CSR in Finland. (Juholin 2004)

Furthermore, the fact that Finland is considered as a welfare society has an impact on the understanding of CSR and the ways of implementing CSR in Finland. For instance, corporate philanthropy and charity are considered very much as actions to gain sympathy rather than to do good in the society. This stems from the fact that companies contribute and fulfill their obligations to this already by paying taxes to the government that has taken the responsibility and role of contributing to social issues. Therefore, corporate philanthropy and charity are

not that essential and do not belong that evidently to the perception of CSR in Finland. (Juholin 2004; Panapanaan et al. 2003)

The orientation of entirely state-owned companies to CSR according to Gjølberg (2010) is still in a minor role in Finland. However, there is an atmosphere of transition to be noticed among the orientation of state-owned companies to CSR. Consequently, most of the CSR initiatives come from and are implemented in big Finnish privately owned companies that are looking for ways to differentiate and to reach competitive advantage. Big companies such as Kesko and Marimekko both publish CSR reports to promote transparency and openness among conscious stakeholders. CSR reporting is becoming more common among big companies in Finland. Both of the previously mentioned companies follow the Global Reporting Initiative guideline that is a tool for companies to measure and evaluate their CSR performance (Global Reporting Initiative 2012). This wrongly creates an impression that CSR is just associated and perceived as an issue for big companies to address.

Juholin (2004) points out that transparency and openness are the next issues to be paid attention to together with activating and incorporating companies of small and micro in size. Transparency and openness can be created and emphasized by reporting and incorporating CSR to the overall business plan and practices. Companies of all sizes but especially small and micro sized are actually performing CSR without even noticing it. The way of thinking and perceiving CSR in Finland should be altered to a more creative approach to capture the full potential that numerous companies possess. (Juholin 2004; CSR Europe 2010)

It is inevitable that Finnish companies principally act in a responsible manner (Keskuskaupakamari 2008). Still today environmental issues are the issues that are most paid attention to out of the three dimensions of CSR. The organization of the Finnish society and the welfare state status that Finland has allows companies to take a stance on CSR in a way that it is not even being perceived as CSR but a custom and an obligation what comes to the social and the economic dimensions of CSR. Thus, CSR in Finland is very often connected to sustainability in respect of the environment and natural resources and a tool to pur-

sue for better profit and efficiency. Moreover, this has an impact on the motives why Finnish companies engage into CSR. According to Juholin (2004) the objectives were the pursuit of efficiency and overall profitability of the company, all in all rather egoistic reasons. This proves that CSR in Finland is still more related to business rather than ethics or philosophy.

5 METHODOLOGY

5.1 Research methodology

Saunders et al (2007, 610) describe research as organized collection of information and systematic interpretation of the collected information. The ultimate goal of a research is to draw conclusions that either are exploratory, descriptive or explanatory in nature. Furthermore, Ghauri and Gronhaug (2002, 29) characterize the purpose of a research to build an insight and knowledge over a matter. There are several phases before the conclusions can be drawn based on a conducted research. Every research has to have a clear purpose and a defined research question as an objective that determines the nature of the research and the used research strategy to collect needed data. (Saunders et al 2007, 130-134)

The main objective of this research was to find an answer to the following question:

The contribution and involvement of micro and small companies in southwest Finland to CSR and sustainability and the benefits of the contribution to the companies.

To be able to fulfill the main objective the following questions have to be answered:

1. How small and micro companies in southwest Finland contribute to CSR and sustainability?
2. Why or why not small and micro companies in southwest Finland contribute to CSR and sustainability?
3. Have the companies reached an advantage by contributing to CSR?

The nature of this research is rather descriptive because the intention was to draw conclusions about the level and extent of how small and micro companies in southwest Finland contribute to CSR and sustainability. Exploratory research

is used to clarify the understanding of a problem and explanatory research in nature is to find and determine relationships between variables. The purpose and the nature of the research, the objectives, the extent of existing knowledge and other available resources guide the choice of the actual research strategy. Several research strategies exist to collect the needed data such as experimenting, surveys, case studies and archival research, though, the choice of a research strategy depends on the collection technique selected. (Saunders et al 2007, 132-135, 596)

Data, which can be utilized in a research, exists in two types; secondary and primary. According to Ghauri and Gronhaug (2002, 76-77) secondary data is determined as information collected by other people and researchers to another purpose than the current research. Secondary data not only consists of diverse reports and studies, for instance, by governments and universities, but also from public records and financial reports by companies. Primary data is considered as data collected for the purpose of a particular study and research problem. The data collected depends upon the research problem that, furthermore, verifies the mean of collecting data. (Saunders et al 2007, 76-81)

As earlier mentioned the specification of a research strategy is dependent on the technique to collect data. Two techniques exist; quantitative and qualitative methods. Quantitative method is a collection technique, as well as an analyzing procedure, which utilizes for instance a questionnaire to either generate or use numerical data. The conclusions that are derived from quantitative data base solely on numbers. Consequently, the analysis bases strongly on diagrams and statistics (Saunders et al 2007, 145, 472). Ghauri and Gronhaug (2002, 86) conclude that quantitative method has an emphasis on testing and verification and as a result focuses on facts and reasons. Qualitative method is a data collection technique that for example utilizes interviews and observation to create non-numerical data. Classification of collected data into diverse categories and analyzing through conceptualization are typical attributes for the qualitative method. This interprets that the emphasis is on understanding when using the

qualitative method. (Ghauri & Gronhaug 2002, 86; Saunders et al 2007, 145, 472)

Primary data was chosen as the information to base the study on which as well clarifies the research strategy. A survey was chosen as the data collection technique because Ghauri and Gronhaug (2002, 93) suggest that a survey is a very efficient tool to collect the opinions, attitudes and descriptions. Secondary data such as literature, several articles, journals and publications were used to construct the concept of CSR for this thesis. Additionally, secondary data was used in the survey design process.

5.2 Research design and data collection

A survey was prepared for this research to collect the primary data in order to be able to analyze the results in the forms of graphs and statistics and to describe results according to the main research question. The designed survey bases on the collected secondary data, in other words, the description of CSR, implications, activities relating to CSR and the recitation of CSR in Finland. The survey was created in two languages, in Finnish and in English. The survey was conducted in Finland and in Finnish companies. The English version of the survey was created to assist the interpretation of the survey results. (See appendix 1 for English cover letter and survey and see appendix 2 for Finnish cover letter and survey.)

The questions of the survey were created to provide answers to the research questions of this thesis. The survey consists of 26 questions that represent diverse question forms. The structure of the survey and the order of the questions were organized based on lucidity and effortless participation. Questions were divided to four main categories. Firstly, some questions were asked about the participating company's general background. Secondly, questions were asked about how the respondent companies contribute to CSR. This was followed by questions asking why or why not the responding companies contribute to CSR and sustainability. Finally questions were asked about the possible benefits the

participating companies have acquired regarding the performed CSR activities. The question types used limited to multiple choice questions with either single answers or multiple answers. A table was also used to rate certain attributes. In some answer opinions the respondents had a possibility to determine their choice of answers in writing.

An online survey tool kwiksurveys.com was used to distribute the survey to the respondents. This particular survey tool was chosen because it offers a relatively inexpensive and a fast way of collecting primary data that is easy to use and presents the data in a sufficient form for further analyzing. Regardless of the effortless utilization of the service a survey can result in a low response rate.

First a cover letter was distributed to the respondents on the last week of February and the first week of March via email that had a link to the survey (see appendix 1 for the English cover letter and survey, appendix 2 for the Finnish cover letter and survey). The cover letter was sent to a sample of micro and small companies in southwest Finland. The sample was chosen among the companies in the area of southwest Finland listed in yrittajat.fi company online search service provided by Suomen Yrittäjät association and selected email lists from Turku University of Applied Sciences. The yrittajat.fi company online search service was utilized because most of the listed firms are within the scope of the survey; either micro or small companies. Furthermore, the search engine enabled to search contact information within the appropriate geographical area. The sample was comprised by utilizing systematic sampling.

The survey was sent to 850 companies and the survey received 80 responses within the two week time period the survey was open for answers. Therefore, the total response rate was 9,41 %. However, there is a difference in the total amount of finished surveys, incomplete surveys and suitable surveys for this research. Accordingly, 4 complete answers could not be utilized because they represented answers from companies that do not fit to the research dimensions. Out of the 80 responses there were 51 completed surveys, 29 incomplete surveys and 4 inappropriate surveys. All in all, the final response rate for 47 complete and appropriate answers results in 5,52%. The empirical analysis of this

research will be conducted on the total amount of complete and appropriate responses to this research.

The relatively low response rate can result from several reasons. As mentioned in chapter 4 the concept of CSR in Finland is not that topical or current among micro and small companies and the participation of those companies to CSR is a future issue to improve. In addition, the alternating composition of CSR was mentioned and that micro and small companies do not recognize a need for further actions regarding CSR. These all contribute to the understanding, perception and knowledge of the concept and can influence in the response willingness.

5.3 Reliability, validity and generalisability of research findings

According to Saunders et al (2007, 149) reliability of a research defines as “the extent to which your data collection techniques or analysis procedures will yield consistent findings”. It is also worth assessing whether or not the same results will be reached by other observers conducting the study and do the research results indicate that transparency was followed when raw data was analyzed and transformed to results. Reliability of a research can be compromised because of the following threats; subject or participant error, subject or participant bias, observer error and observer bias. (Saunders et al. 2007, 149)

Participant error relates to the timing of the research in the respondents' routines. Participant error was prevented by choosing appropriate days for distribution of the cover letter. This comprehends as avoiding the high or low peaks of enthusiasm, attitudes and motivation of employees. The cover letters were distributed to the respondents from Tuesday to Thursday. Another threat relating to participating and participants is the fear of being exposed and identified as a respondent. Subject or participant bias was simply avoided by constructing the survey by respecting the respondents' anonymity by not collecting any names or other contact information that could connect the respondent to a specific company. There is no room for observer error and observer bias in re-

search because only one person conducted the interpretation of findings. (Saunders et al. 2007, 149-150)

A research is valid if the research findings correspond to the intentions of what the research was intended to measure. In other words, it describes whether or not there is a relationship between the two or more variables so that change in one variable is caused by a change in other variable or variables. Several issues impose threats to validity of a research. These issues comprise of history, testing, instrumentation, mortality and maturation.

Generalization of a research relates to the research findings and the applicability of the findings in other circumstances and settings. This research cannot be generalized to all populations without further research but intends to explore and explain what is going on in the determined research setting. Inside this research the results and analysis can be regarded as reliable, valid and generalized. For the results to be more generalized the research should be conducted with a larger population within the micro and small companies in southwest Finland. (Saunders et al. 2007, 150-151)

6 EMPIRICAL ANALYSIS OF RESEARCH FINDINGS

In this part the results of the conducted survey are going to be assessed in respect of the research questions defined in chapter 1. First an outline of the background and basic information of the participated companies will be conducted. Then the level of companies' engagement and contribution will be examined accompanied by analysis of the reasons why and why not micro and small companies contribute to CSR and sustainability. In the latter part an outline of the benefits and advantages deriving from CSR will be viewed.

6.1 Introduction and general background

The conducted questionnaire started with questions concerning the general background of the respondents and the background of the companies that these employees represent. The questions emphasize mainly the background of the companies such as the industry, size of the company, operational location and the operating years of the company. These questions were asked due to general interest towards the companies and to map out what kind of companies answered the questionnaire.

Based on the first question distribution of the presented industries in this survey are introduced in figure 2 underneath. According to figure 2 the majority (61,70%) of the companies in this research operate within the service industry. Manufacturing industry was least (4,26%) represented in this research. Other industries were represented accordingly: construction 19,14%, wholesale 10,64% and information technology 6,38%. According to question 2, the majority (91,48%) of the companies answering were micro companies and only a fraction (8,52%) represented small companies.

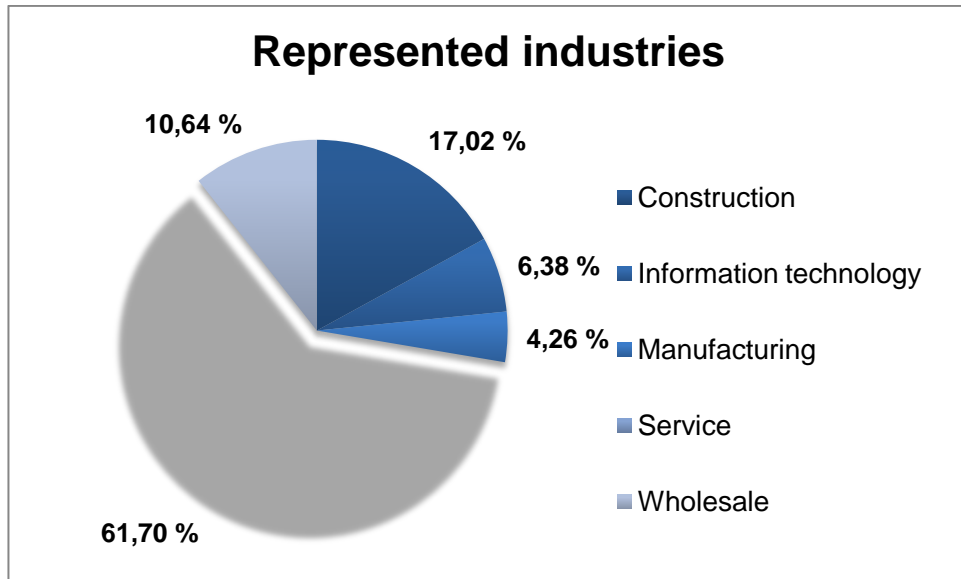


Figure 2. Represented industries.

The background of the people that answered in favor of the companies was also examined, however, not too thoroughly. Generally the gender and the position in the company were inquired in questions 3 and 4. The position was asked to get an idea how reliable the answers are in respect of the respondents' knowledge of the company and the company's operations.

Of all respondents slightly over half (57,45%) were male respondents and the rest (42,55%) were female. Position wise most (82,98%) of the respondents were in managing director position with 39 answers and 3 (6,38%) of the respondents stated that they hold a superior manager position, another 3 (6,38%) stated that they currently hold a manager position. The rest 2 (4,26%) of the respondents stated that they either hold a supervisor or a subordinate position in the company.

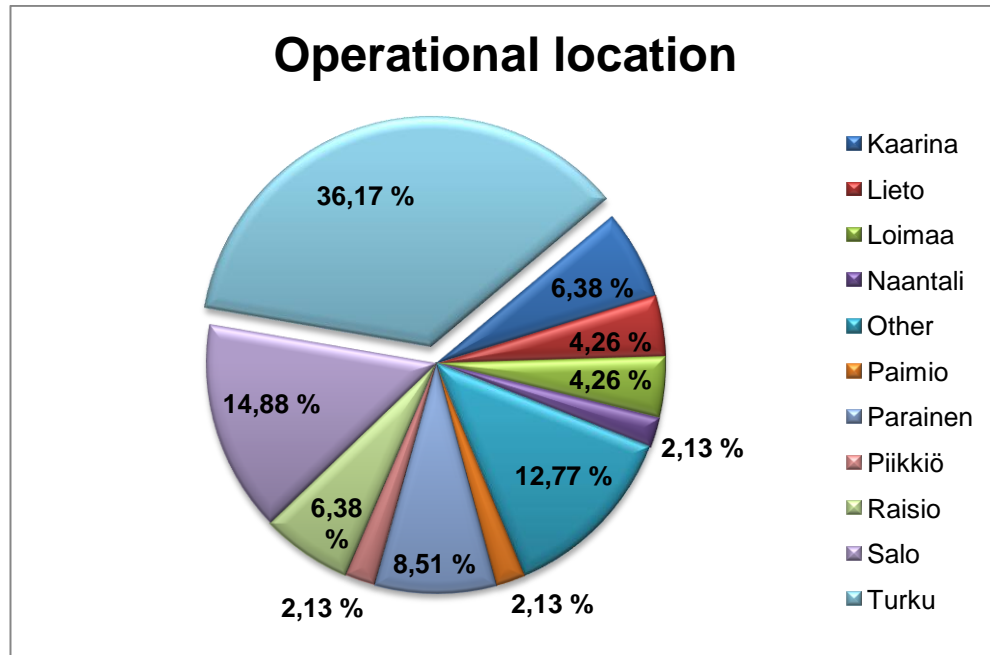


Figure 3. Operational location.

Question 5 inquired the operational location of the company, in other words, the physical location of the office from where the business is being managed. This was asked to make sure and be able to narrow down that the answering companies stay within the geographical area regarding the research question in chapter 1. The answer alternatives are listed in figure 3 above with the answer rates. The answer alternatives comprised of ten considerable towns and cities in southwest Finland but also had an option for stating the location if not mentioned in the prepared answer alternatives.

The 3 most popular operational locations were Turku with 36,17% of the answers, Salo with 14,88% of the answers and other locations not stated in the answers options with 12,77% of the answers. The filled in locations comprised of the following towns and cities; Pyhäranta, Uusikaupunki, Rusko, Kemiö and Nousiainen. Parainen as an operational location collected 8,51% of all answers. Both Kaarina and Raisio were chosen 3 times which presents 6,38% of all answers. Loimaa and Lieto both got 2 answers which presents 4,26% of all answers. Naantali, Paimio and Piikkiö were all chosen only once that represents 2,13% of all answers.

Question 6 asked the respondents to state how long has the company been operating. This question was presented to get an idea how established and steady the companies are. As seen in figure 4 the majority (29,79%) of the companies in this research have been operating between 0 to 5 years and least (10,64%) of the companies have been operating between 16 and 20 years. Alternative 6-10 years was also very close to alternative 0-5 years with 25,53% of the answers. Alternatives 0-5 years and 6-10 years comprise the majority of the answers with 55,32%, therefore, we can conclude that most of the companies are relatively young or have not been operating that long.

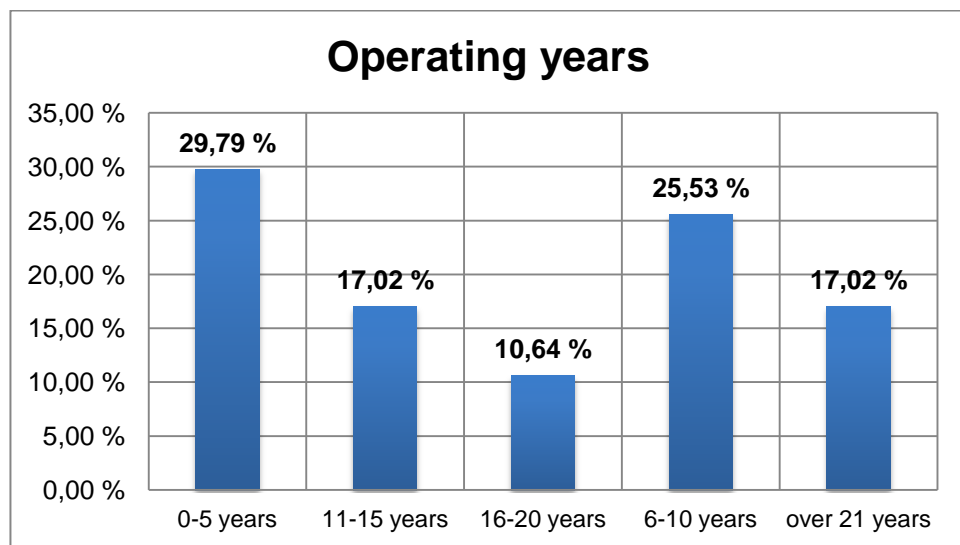


Figure 4. Operating years.

6.2 How micro and small companies in southwest Finland contribute to CSR and sustainability

In this part of the questionnaire the respondents were requested to answer questions regarding the company's engagement and contribution to CSR and sustainability. These questions were created to be able to draw conclusions about whether or not the companies engage into CSR and to be able to determine how the companies engage.

Question 7 was about the acquaintance of the concept of CSR and sustainability among the respondents and the company. Over half (59,57%) of the re-

spondents stated that the concept of CSR has been discussed in the company they work for and the rest (40,43%) answered that the concept of CSR and sustainability has not been discussed in the company before.

In question 8 the respondents were requested to determine the approach of the company to CSR and sustainability with 2 answer alternatives to choose from. This question bases on the observation by Panapanaan et al (2003) that the understanding and approach to CSR varies significantly in Finnish companies that is introduced in chapter 4. The question had 2 answer alternatives and the responses dispersed as follows; 30 responses (63,83%) state that the companies do a lot more than the legal requirements require and 17 (36,17%) responses state that the companies fulfill the legal requirements imposed on a company. Therefore, over half of the companies take a wider approach to CSR than the legal requirements require.

The next question number 9 asked does the company engage into any kind of CSR activities. Answer options comprised of simple "yes" and "no" options and if the respondent chose "no" option there was a possibility to determine why if necessary. If the respondent chose "yes" he/she was guided to proceed directly to question number eleven. The answers dispersed so that 34 (72,33%) respondents answered "yes" and 13 (27,66%) respondents answered "no". Answer option "no" offered the respondents a possibility to state why the company does not engage into any kind of CSR activities. The following responses were received; many state that the concept is not familiar to them and they lack information, a few state that the financial situation is not favorable for such actions, the micro size of the company was referred twice as a reason and one response stated that the company is not interested in such activities or actions.

A connection can be drawn between the responses of this question and previous questions number 8 and 7, however, there is a contradiction in the answers rates because 40,43% of the respondents state that the concept of CSR has not been discussed in the company before and only 27,66% of the respondents state that the company does not engage into CSR or sustainability. This indicates that the level of the respondents' knowledge regarding CSR is lacking

because the respondents are not able to connect CSR to activities that contribute to CSR. The previous questions 3 and 4 about the respondents' background do not give any kind of implications to question the answers for questions 7, 8 and 9.

Question 10 was a follow up question for question 9 in the case that the respondents answered "no" for that question. The purpose of question 10 was to determine if the companies, which do not currently engage into CSR and sustainability activities, have ever considered engaging to CSR and sustainability. Again answer alternatives were simple "yes" and "no", however, if the respondents chose "no" they had a possibility to determine why they answered accordingly.

The previous question received 13 "no" responses so this question ought also to receive 13 responses but instead it received 16 responses that scattered as follows: 8 (50,00%) responses stated that the companies have considered engaging to CSR and sustainability and the other half with 8 (50,00%) responses stated that they have never considered engaging to CSR and sustainability. As the respondents had again a possibility to state why they have never considered engaging the reasons followed the same pattern than in the previous question highlighting the lack of knowledge and resources regarding CSR. Many reasons exist why this question received 16 answers instead of 13 anticipated answers. The questionnaire design can be one reason, other reason comprise of the respondents' hurry when answering or the lack of understanding and knowledge of the matter studied within the sample in a way that CSR generally seems like a very distant matter from other reasons for the inaccurate result.

In the next question number 11 the respondents were asked to specify the CSR issues that the company has chosen to contribute with its action or actions. The given answer alternatives base on the three dimensions introduced among others by Panapanaan et al (2003) and Rohweder (2004) in chapter 2. The respondents could choose multiple answers due to the interconnectivity of the three dimensions of CSR. This question received 61 responses. According to the responses a ranking can be derived in the order from the most popular to

least popular. Figure 5 reveals that ecological dimension of CSR gained the most (34,43%) responses. The two other dimensions were chosen almost equal times with only a little difference as figure 5 shows; economic 29,51% and social 26,22%. This question ties together with the previous questions because it pursues to categorize the CSR issues that the companies contribute.

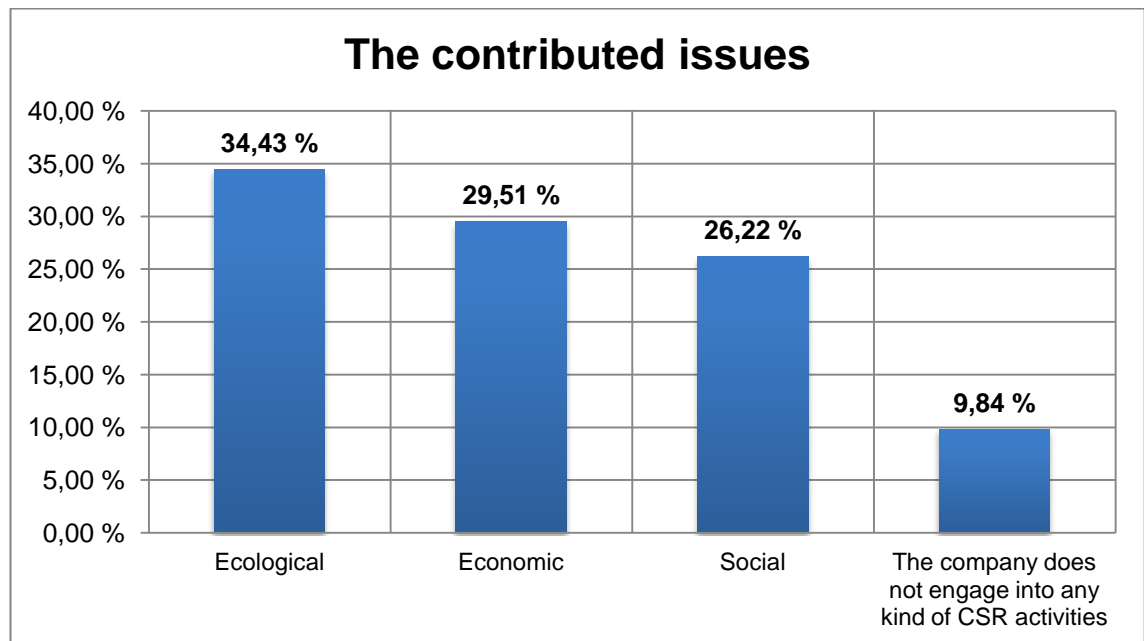


Figure 5. Contributed CSR issues.

Since the category of contributed CSR issues were researched in question 11 this question 12 is continuation to question 11 because it clarifies the specific nature of the activities how companies contribute to CSR. In other words, the question was about by what kind of activities the companies contribute to the dimensions of CSR. The answer alternatives and answer distribution are detectable from figure 6. The comprised answer alternatives base on the latter part of chapter 2. This question was a multiple choice question since a company can choose to contribute through several activities. This question received altogether 120 responses.

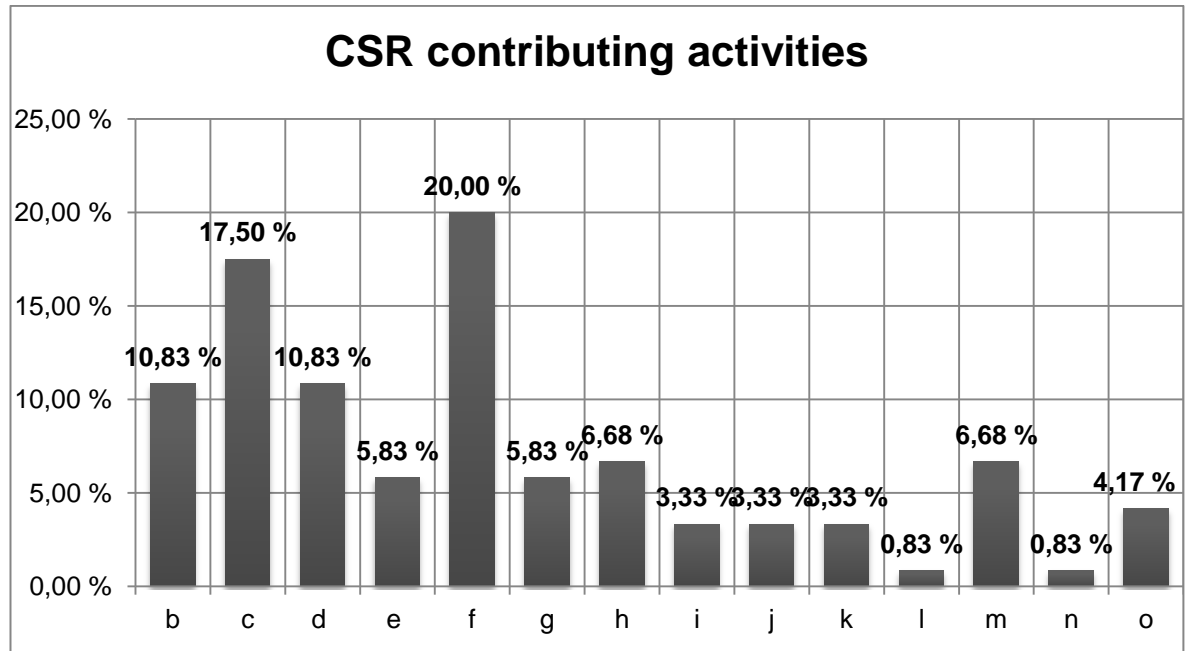


Figure 6. The respondent companies' choices of activities to contribute to CSR.

To ease the interpretation of figure 7 see appendix 1. Figure 7 shows that the responses are relatively scattered between the different answer alternatives, nevertheless, a distinguishable difference can be noticed between the alternative that received the most answers and the alternative that received least answers. Recycling (f) received the most (20,00%) answers, however, this result can be misleading because recycling can appear in many forms from only separating papers from mixed waste to fully separating all the produced waste. Surprisingly corporate philanthropy (c) received 17,50% of all answers. Creating codes of conduct (b) appeared to be somewhat (10,83%) topical activity for the micro and small companies accompanied by reshaping the supply chain (d).

A comprehensive approach of micro and small companies to CSR is lacking because answer alternatives that represent a more complete approach to CSR received only a small fraction of all answers. CSR reporting (a) as an activity did not receive any answers and creating programs directed to CSR and sustainability contribution (l) and answer alternative other, please specify (n) received only 0,83% of all answers. As the respondents had a possibility to fill in other ways of contributing, which are not listed in the answer alternatives, the usage

of renewable energy sources in construction was mentioned. This question received all together 120 answers.

Question 13 is continuation to the previous questions because it seeks to find out more thoroughly the quality of the activities how the micro and small companies contribute to sustainability. In this particular question the focus is on the CSR report, which has become a tool for internal decision-making and managing stakeholder relations. The outstanding majority of 95,74% report that the company does not publish a CSR report of any kind. However, 2 (4,26%) respondents state that they do publish a CSR report but not according to the GRI guidelines presented in chapter 2. This result is in contradiction with the results of the previous question because CSR reporting as an activity to contribute to CSR did not receive any answers. Conversely, it can indicate that CSR reporting is not associated as a tool for CSR contribution among micro and small companies.

6.3 The reasons why and why not micro and small companies contribute to CSR

After knowing how many of the respondents do and do not engage and contribute and how they engage to CSR activities is it logical to explore the motives of the companies why they engage into CSR activities and conversely why they decide not to engage.

As chapter 3 introduces there are challenges connected to establishing CSR and sustainability activities in a company. Question 14 aims at identifying the challenges that micro and small companies are facing or have faced in their CSR establishing processes. The answer alternatives base on the challenges mentioned in chapter 3 and can be examined in figure 7 together with the answer rates. According to figure 7 lack of time revealed out to be the most significant issue (36,51%) that the respondents have faced or are facing currently in the process of establishing CSR and sustainability activities. Furthermore, lack of money counts as well as one of the major challenges (26,98%). Other issues connected to CSR and sustainability were choosing the right activity to contrib-

ute to the chosen issue with 17,46% of all answers and the lack of knowledge with 14,29% of all answers. The respondents again had a possibility to specify other challenges they have faced or are facing. Prejudice against the issues and the difficulty to match the activity and target with the company's values.

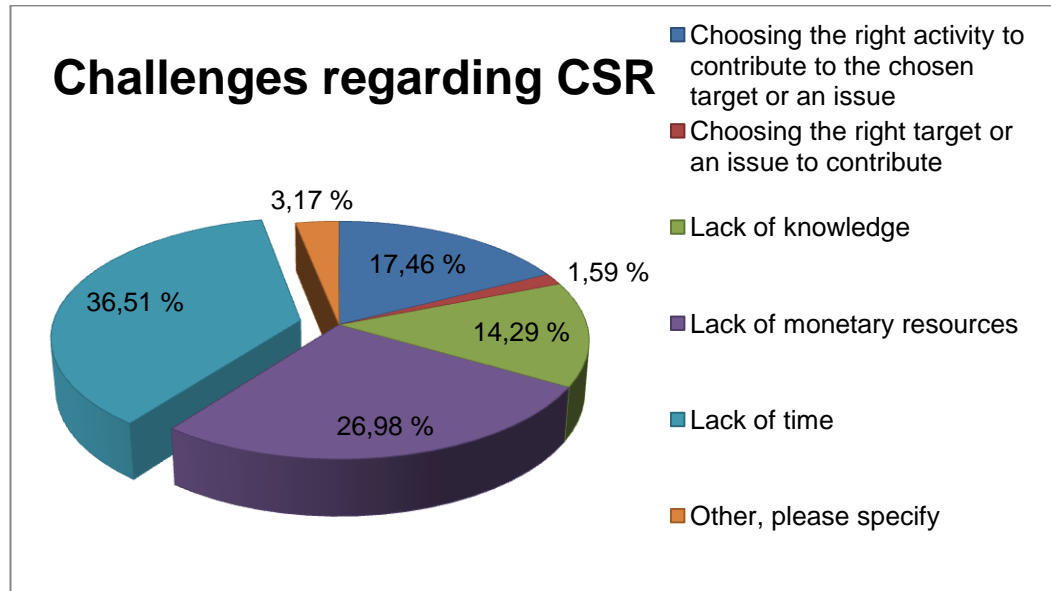


Figure 7. Challenges connected to CSR activities.

Conversely, choosing the right target or an issue seems to be quite effortless for most of the companies that took this survey because only 1,59% of the respondents chose this alternative. The respondents had a possibility to state other problems that they have faced or are facing regarding establishing CSR and sustainability activities. Two respondents chose to answer and the responses focused on the diversity of the alternatives and preconceptions of the partnering companies regarding CSR and sustainability. In total this answer received 63 answers because the respondents were allowed to choose multiple answers due to the complexity of the dimensions of CSR and contributing to problems.

To continue with the theme, question number 15 asked the motives of the respondent companies regarding their CSR activities. The answer options and response rates can be seen in the pie chart (figure 8) below. In addition, this question had an answer alternative that allowed the companies to further speci-

fy their motives if not mentioned in the prepared alternatives. The answer alternatives are comprised according to chapter 3.

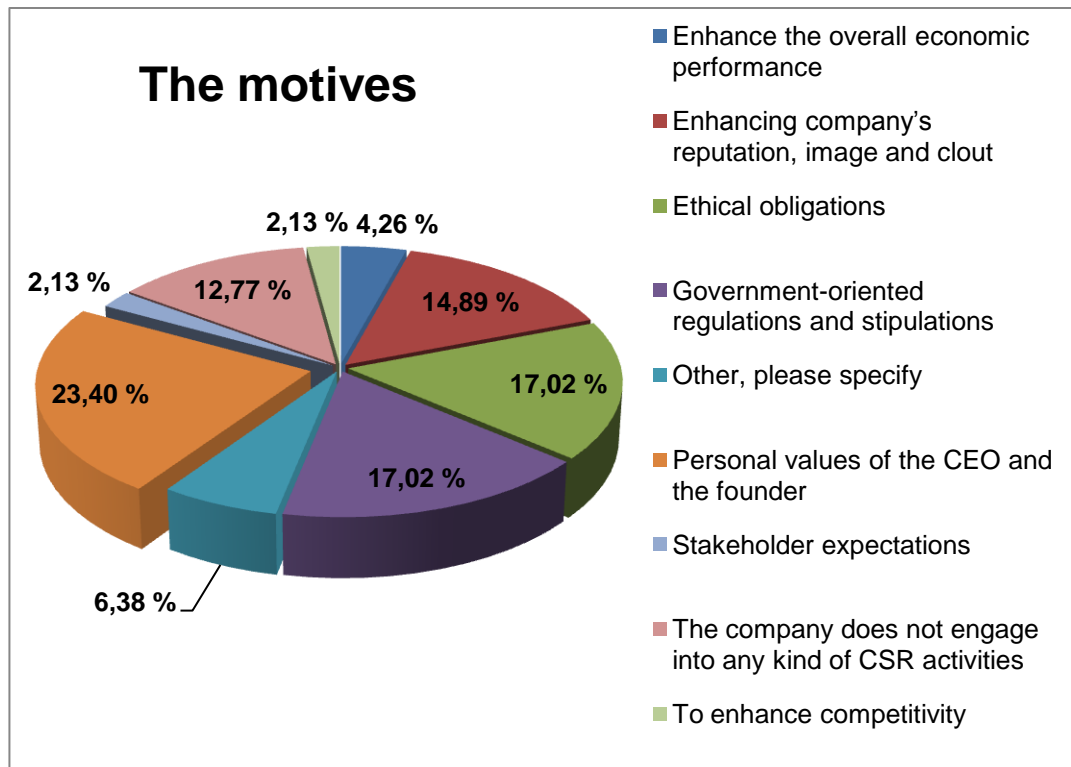


Figure 8. The motives why micro and small companies contribute to CSR.

As detectable from figure 8 answer alternative personal values of the CEO and founder seem to be the primary motive of most (23,40%) micro and small companies that took part in this research. However, ethical obligations (17,02%) appear as well to play a roles as a motive with government-oriented regulations and stipulations (17,02%) and the reputation, image and clout of a company (14,89%). Motives concerning economic performance, competitiveness and stakeholder expectations do not seem to be the main motives of micro and small companies to engage to CSR. Other motives that the respondents could fill in comprised 4,26% of all answers. Among others, the position of the company in the society was mentioned as a motive.

As stated in chapter 3 there are several reasons why companies decide to contribute to CSR and sustainability. Therefore, according to several authors, the resources and the personal values of CEO of a micro or a small company seem

to be the strongest motives for incorporating CSR. This is why the next questions were presented.

The table 1 presents the answers to question 16 about the significance of resources such as time, money and knowledge to the company's willingness to incorporate CSR into their activities. The respondents had to rate the resources to the table accordingly; 1 very significant, 2 significant, 3 neutral, 4 insignificant and 5 very insignificant. As mentioned in chapter 3 incorporating CSR to the company's actions requires resources and the lack of the most significant resources can influence in the company's willingness to acquire CSR to the company's actions. The answer options were selected because they were most discussed in the literature and proved to be the most prominent resources in respect of CSR.

According to the results time as a resource was rated either as very significant or significant with over half of the responses. The distribution of the rest of the answers indicates that time is seen as a rather significant resource than insignificant. Money as a resource was seen as a significant contributor to the company's willingness with 34,04% of all answers. Again the distribution of the answers indicates that money is also seen as a rather significant resource than insignificant. Knowledge as a resource was rated as a neutral factor with 40,42% of all answers. However, options very significant and significant received the second most answers leaving very little room for knowledge being insignificant or significant.

Resource	1	2	3	4	5
Time	31,91 %	27,67 %	23,40 %	6,38 %	10,64 %
Money	31,91 %	34,04 %	21,28 %	4,26 %	8,52 %
Knowledge	19,15 %	19,15 %	40,42 %	10,64 %	10,64 %

Table 1. The significance of resources.

As continuation to the previous question the personal values of the CEO to the company's engagement to CSR was examined in question 17. This question bases as well on chapter 3 and the theory introduced by Santos that the personal values of the CEO are influenced by certain factors. The respondents had to rate the different values accordingly; 1 very significant, 2 significant, 3 neutral, 4 insignificant and 5 very insignificant.

The distribution of answers can be viewed from table 2 below. Family background as a value was rated as either important or neutral with both receiving 27,66% of all answers. The distribution of answers indicate that family background in the opinion of respondents is rather significant than insignificant or very insignificant. Beliefs and customs of a CEO as a value was rated as significant with 40,43% of all answers. In addition, neutral as an option alternative received 31,91% of all answers. Educational background of a CEO was rated as a very significant value with 31,91% of all answers. The distribution of answers regarding the educational background indicates that it is seen as a very significant value because most of the answers are scattered between the alternatives very significant and significant.

Value	1	2	3	4	5
Family background	25,53 %	27,66 %	27,66 %	10,64 %	8,51 %
Beliefs and customs	14,89 %	40,43 %	31,91 %	4,26 %	8,51 %
Educational background	31,91 %	27,66 %	25,53 %	4,26 %	10,64 %

Table 2. Influence of the CEO's personal values to the company's choices.

In the 2 previous questions the respondents were asked to assess the significance of certain resources and the CEO's personal values to the company's willingness and tendency to engage into CSR and sustainability. Therefore, it was straightforward to continue with a question concerning the willingness of the company to engage into CSR and sustainability if there were enough re-

sources such as time, money and knowledge available. The mainstream (68,09%) of the answerers answered yes to the question 18 and a part of 27,66% answered maybe. Evidently only a small amount of 4,26% of the respondents rejected the willingness of engaging to CSR and sustainability.

6.4 Achieved benefits regarding CSR

The following part of the analysis focuses on the achieved benefits regarding the performed CSR activities. Not all respondents were required to answer the latter part of the survey since they do not have any experience concerning the benefits deriving from CSR activities. The response rates will be indicated separately for all the questions in this part.

Question 19 was about the benefits to the company deriving from performed CSR activities. The answer alternatives base on the mentioned outcomes, positive effects and influences of CSR to the company in chapter 1 which also transact as motives for a company to engage to CSR and sustainability. This question received answers from altogether 42 respondents and the question alternatives got chosen in total of 46 times since the question was a multiple choice question. Figure 9 below portrays the answer alternatives and the distribution of the answers among the alternatives.

The most (32,61%) answers state that engaging to CSR and sustainability has not brought any benefits to the company. Regardless of the majority of answers stating that the companies have not achieved any benefits deriving from performed CSR activities, 26,08% of the respondents state that the companies have benefitted in the form of achieving a steady business environment to operate in. 21,74% of the respondents state that they have achieved new business opportunities through engaging to CSR. Answer alternatives in respect of predicting costs and risks received both significantly less answers than other alternatives. Only 10,87% of the respondents state that they achieved the ability to predict and manage costs and 8,70% state that they acquired the ability to predict and manage risks.

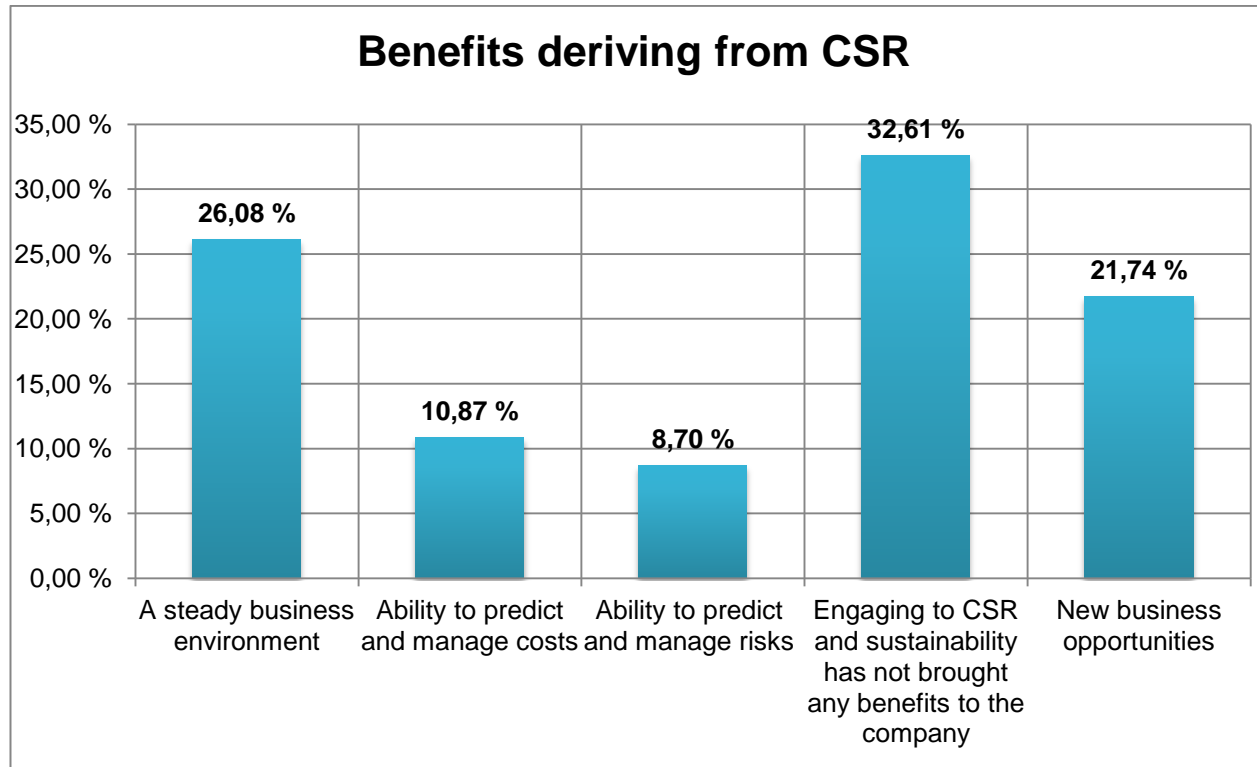


Figure 9. Benefits deriving from CSR.

Question 20 is continuance to the previous question 19; 75,00% of the respondents indicate that they have not established any better position among competitors and 25,00% of the respondents state that performed CSR activities have helped them to establish a better position among competitors. This question gathered a total of 40 answers.

Saving in terms of production and operating costs is another form of benefits that can derive from performing particular CSR activities. According to the answers to question 21 the majority of 82,50% of respondents state that they have not generated savings and a minority of 17,50% of the respondents state that they have generated savings by engaging to CSR and performing CSR activities. This question gathered in total 40 answers.

Out of 40 respondents the most (62,50%) assessed in question 22 that engaging to CSR and sustainability has not improved the overall performance of the company. Conversely 37,50% of the respondents state that there has been im-

provement in the company's overall performance after the company started engaging to CSR and sustainability.

As introduced in chapter 3, a company can become more popular and distinguished employer among jobseekers because of their CSR activities. The answers for question 23 divided between the answer alternatives as follows; 82,50% state that they have not become more popular among jobseekers and 17,50% state that they have become more popular among jobseekers. This question received a total of 40 answers. It is worth mentioning in this connection that the popularity of an employer does not depend solely on the performed CSR activities. The company's communication activities regarding performed CSR initiatives have an influence on the popularity.

Question 24 was about the improvement of the company's image and reputation among its stakeholders as mentioned in chapter 3. Out of 40 answers over half (57,50%) state that their image and reputation have improved after they started engaging to CSR and sustainability. The minority with 42,50% of all answers that the company's image and reputation have not enhanced since the company began to contribute to CSR and sustainability.

According to chapter 3 engaging to CSR and sustainability can also influence in the image of a company so much that investors and other sources offering financing can become more interested of the company than previously when the company did not engage to CSR. Question 25 received answers as follows; 87,50% of the respondents state that the company has not received any additional interest from investors and other sources offering financing since the company incorporated CSR activities. On the contrary 12,50% out of the 40 responses state that after incorporating CSR and sustainability the company has received additional interest from investors and other sources offering financing.

The last question number 26 of the questionnaire asked the respondents to assess whether or not the used resources such as money, time and knowledge have been worth the outcomes. The great majority of 82,50% answered "yes" and 17,50% answered "no" to this question. Those who answered no they had

the opportunity to specify reasons why they assessed that the use of resources has not been worth the outcomes. A few respondents who answered “no” stated that CSR is not appreciated among stakeholders and comprises mostly of rhetorical debate of politicians. In total this question received 40 answers.

7 CONCLUSIONS OF THE STUDY

The purpose and objective of this research was to study and examine the contribution and involvement of micro and small companies in southwest Finland to CSR and sustainability and the benefits of the contribution to the companies. In order to reach consistent and accurate results a set of research questions were exploited to narrow down and to define the quality and the kind of results the author of this thesis was looking for. The research questions were defined as follows:

1. How micro and small companies in southwest Finland contribute to CSR and sustainability?
2. Why or why not micro and small companies in southwest Finland contribute to CSR and sustainability?
3. Have the companies reached an advantage in comparison to competitors by contributing to CSR and sustainability?

7.1 The research findings

In this chapter the author attempts to answer the above mentioned research questions with the purpose of bringing together all the research findings and comprising a consistent answer to the research problems.

The first matter studied for this thesis was how micro and small companies in southwest Finland contribute to CSR and sustainability. The results indicate that there is an interest for CSR and sustainability among micro and small companies and that the concept of CSR and sustainability is known since over half of the respondents report that they contribute to CSR and sustainability. However, the level of knowledge about CSR and sustainability is not as comprehensive as among big and multinational companies, therefore, we can conclude in respect of the results that micro and small companies lack a comprehensive approach to CSR.

The lack of comprehensive approach can, as well, be detected from the ways how micro and small companies contribute to CSR and sustainability. The dimensions contributed according to the research concentrate mainly on ecological issues. However, other issues were also reported to be on the respondent companies' agenda. The research shows that the activities executed by micro and small companies concentrate on recycling, corporate philanthropy, creating codes of conduct and reshaping the supply chain. CSR reporting as an activity, that best represents a comprehensive approach of a company to CSR, was not according to the research relevant among micro and small companies in southwest Finland and reinforces the finding that the approach of micro and small companies to CSR and sustainability is not comprehensive.

The second matter studied was the reasons why and why not micro and small companies contribute to CSR and sustainability. The research findings indicate that the personal values of a company's CEO represent by far the most important motive together with the availability of resources, mainly time and money, for micro and small companies to contribute or not to contribute to CSR and sustainability. In addition, the research indicates that ethical obligations imposed on a company are motives for micro and small companies contributing to CSR and sustainability. Government-oriented regulations and stipulations play a role as a motive too but were not indicated as the main motive. It seems like the motives of micro and small companies to contribute to CSR and sustainability originate more from the CEO's personal values than the productivity boosting and economic performance enhancing motives that big and multinational companies are known for.

Educational background of a CEO revealed out to be the most significant value that influences in the company's willingness to engage to CSR and sustainability. Nevertheless, other examined values such as family background and the beliefs and customs of a CEO seemed also have an impact. All in all, the quality of a CEO's personal values can either have a negative or a positive influence in the company's willingness to engage to CSR and sustainability

As literature stated that the availability of resources can play a significant role as motives side by side with the personal values of a CEO for contributing or deciding not to contribute to CSR and sustainability. The research specifies that some resources such as time and money seem to be very significant or significant factors when contributing to CSR and sustainability and the lack of the before mentioned resources can play a role as a reason why a company decides not to engage to CSR and sustainability since the process of establishing CSR activities and principles in a company is a resource consuming process.

The research furthermore indicates that micro and small companies experience choosing an activity to contribute to a CSR issue as a challenge. The challenge comprises of choosing an activity that matches with the company's field of industry and the plan of operation. This combines with the lack of knowledge and can form a reason why a company decides not to engage to CSR and sustainability. On top, the research reveals out that most of the companies stating that they do not contribute to CSR and sustainability would be willing to contribute to CSR and sustainability if there were enough resources available. This points out that the resources play a significant role in the willingness of micro and small companies to establish and contribute to CSR and sustainability.

The hesitation of micro and small companies' contribution to CSR and sustainability can originate from the insecurity connected to the continuation of the company's operations in long-term perspective. This tends to alternate the companies way of thinking and operations to focus on in the present instead of seeing the intangible advantages originating from CSR in long-term. The intangible advantages also have a propensity to secure and create long-term perspectives and new business opportunities for the company.

This research also revealed that the motives of micro and small companies distinguish from the motives of big companies. The survey was constructed along theory base obtained from literature and researches referring to big companies and the results distinguished from the referenced literature and researches. Micro and small companies' motivation derives from the company's CEO's ethical values and philosophy, whereas, big companies in Finland still tend to con-

tribute to CSR solely because of business in terms of boosting productivity and generating savings.

The focus of the third subject that was studied consisted of the benefits and advantages a company has achieved in comparison to competitors by contributing to CSR and sustainability. The majority of companies responding reported that they have achieved quite a few benefits from contributing to CSR and sustainability. However, there are companies that have not achieved any advantages or benefits in comparison to their competitors. The achieved advantages appear to concentrate on certain advantages over others. The formation of a steady business environment and new business opportunities are recognized among micro and small companies as benefits and accompanied by the improved image and reputation. A fraction reports that they have acquired the abilities to predict and manage both costs and risks.

The majority of respondents state that no particular advantages or benefits were acquired in the following areas; better position among competitors, savings in terms of operating costs or the overall performance of a company, the popularity among jobseekers and additional interest from investors and other sources offering financing. Nevertheless, respondents that have used resources for contributing and engaging to CSR and sustainability state that the outcome has been worth the used resources.

To conclude, it is evident that within this research and response rate not all micro and small companies contribute to CSR and sustainability and that the ways of contributing are not comprehensive. The reasons why or why not micro and small companies contribute bound to the personal values of the CEO and the resources available. Among those companies which contribute to CSR and sustainability benefits and advantages are noticeable in certain areas.

7.2 Suggestions for further research

The limited time and range for this research imposed certain restrictions, thus, the author decided to narrow down the scope of the research in terms of the

geographical distribution of the companies being examined. It could be interesting to expand the scope of research to examine the same research questions among micro and small companies in entire Finland.

Moreover, geographically speaking, the study could be conducted in several European countries to be able to comprise an insight how micro and small companies in Europe contribute to CSR and sustainability and the motives as well as the benefits. As another alternative the European countries could be compared in respect of the research objectives.

Since, the recognition and establishing processes of CSR and sustainability are developing in not only in Finland but also in other countries as we speak it would be interesting to conduct a follow up study in for instance 5 and 10 years time. The follow up study would enable comparison how things have changed regarding micro and small companies' contribution and engagement to CSR and provide information of the direction of development.

A change of research method is one more suggestion for further research. It would be interesting regarding the research findings because interviews provide more detailed answers that would generate dissimilar research findings in character.

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Figure 1: The Sustainability Card. 2009. [online referred to 28.9.2011]. Available on the web at: <http://sustainabilitycard.com.au/sustainability>

Cover letter and survey

Dear respondent,

My name is Suvi Hakala and I am a bachelor student from Turku University of Applied Sciences. Currently I am in the process of writing my thesis about the participation of small and micro companies in southwest Finland area to Corporate Social Responsibility (CSR) and the benefits of the performed CSR actions to the companies. This questionnaire is a part of my research and I would need someone from the company who is in a decision making or a relevant position to answer this survey. The survey will map out the position of small and micro companies regarding CSR.

Corporate social responsibility in short is a concept of a company's commitment, obligation and concern towards the stakeholders of a company. The group of stakeholders can comprise for instance of the employees, customers, suppliers, media, non-governmental organizations and the communities in which the company's operations have an effect on. The commitment, obligation and concern can appear in multiple forms such as promoting and incorporating sustainability in a company's actions and being accountable for the impact of company's operations to the environment and society.

The Internet based survey will not take more than 10 minutes of your time to answer. The responses will be handled anonymously and the answers cannot be tracked. You will notice that you are not asked to include your name, address or the company's name anywhere on the questionnaire. The respondents to this survey were selected by utilizing the fonecta.fi company search instrument. The findings from this survey will be used as the primary data for my thesis.

I hope you find completing this survey pleasurable and thank you for taking the time to help me gather primary data for my research. In case you have questions about the survey or the topic please do not hesitate to contact me via email: suvi.hakala@students.turkuamk.fi.

The link to the survey:

http://kwiksurveys.com?s=LHJOMN_fa075747

Thank you for your help!

Best regards

Suvi Hakala

BASIC INFORMATION OF THE COMPANY

Q1. Within which industry does the company operate?

- _service
- _manufacturing
- _construction
- _wholesale
- _information technology

Q2. Please state the size of the company you currently work for. To clarify a micro company has up to 9 employees, a small company has up to 49 employees and medium sized has up to 249 employees.

- _micro
- _small
- _medium sized
- _or bigger

Q3. Please state the position you hold in the company.

- _ Managing director
- _ Superior manager
- _ Manager
- _ Supervisor
- _ Subordinate

Q4. Please state your gender

- _ Male
- _ Female

Q5. Please determine the operation location of the company you currently work for

- _ Turku
- _ Kaarina
- _ Raisio
- _ Naantali
- _ Paimio
- _ Piikkiö
- _ Loimaa
- _ Salo
- _ Lieto
- _ Parainen

Other, please specify: _____

Q6. How long has the company been operating in years?

- 0-5
- 6-10
- 11-15
- 16-20
- more than 21

QUESTIONS CONCERNING THE COMPANY'S ENGAGEMENT AND CONTRIBUTION TO CSR

Q7. Has the concept of CSR and sustainability ever been discussed in the company you currently work for?

- Yes
- No

Q8. How would you define the approach the company you work for takes towards CSR?

- Fulfilling the legal requirements of a company
- Doing a lot more than the legal requirements require

Q9. Does the company you work for engage into any kind of CSR activities?

- Yes (Please skip to question number 11)
- No, please specify why: _____

Q10. Has the company ever considered engaging to CSR and sustainability?

- Yes
- No, please specify why: _____

Q 11. Which CSR issue/issues does the company contribute with its actions? Choose from the following:

- Economic
- Social
- Ecological
- The company does not engage into any kind of CSR activities

Q12. By what kind of activities does the company contribute to CSR and sustainability? Please choose from the following:

- CSR reporting (a)
- Creating codes of conduct (b)
- Corporate philanthropy or donations (c)
- Reshaping the supply chain (d)
- Localizing the production (e)
- Recycling (f)
- Absorbing new production techniques (g)
- Volunteering (h)
- Defining more stricter criteria for suppliers and partners (i)
- Using more renewable energy as sources of energy (j)
- Engaging into public dialogue (k)
- Creating programs directed to CSR and sustainability contribution (l)
- Partnerships with non-governmental institutions (m)
- Other, please specify: _____ (n)
- The company does not engage into any kind of CSR activities (o)

Q13. If the company you work for releases a CSR report, is the report created according to the GRI guidelines?

- Yes
- No
- The company does not release a CSR report

Q14. What kind of challenges has the company faced/ or is facing in the process of establishing CSR and sustainability activities? Please choose from the following alternatives:

- Choosing the right target or an issue to contribute
- Choosing the right activity to contribute to the chosen target or an issue
- Lack of knowledge
- Lack of time
- Lack of monetary resources
- Other, what? _____

QUESTIONS CONCERNING WHY AND WHY NOT COMPANIES ENGAGE TO CSR AND SUSTAINABILITY

Q15. The motive why the company engages into CSR? Please choose from the following.

- Stakeholder expectations
- Enhancing company's reputation, image and clout
- Ethical obligations
- To enhance competitiveness
- Government-oriented regulations and stipulations
- To enhance the overall economic performance
- Personal values of the CEO and the founder
- Other, please specify: _____
- The company does not engage into any kind of CSR activities

Q16. How significant is the availability of the following resources to the company's willingness to incorporate CSR and sustainability into their activities? Please assess the significance of each of the factor to the table below.

	Very significant	Significant	Neutral	Insignificant	Very insignificant
Time					
Money					
Knowledge about CSR and sustainability					

Q17. How significant influence do you think that the personal values, such as family background, beliefs, customs and educational background, of the CEO and manager's of the company have on the company's engagement to CSR activities? Please assess the significance of each factor to the table below.

	Very significant	Significant	Neutral	Insignificant	Very insignificant
Family background					
Beliefs and customs					
Educational background					

Q18. Would the company you work for be willing to engage/ or engage more into CSR if there were enough resources, such as time, money and knowledge, available?

- Yes
- No
- Maybe

QUESTIONS ABOUT THE ACHIEVED BENEFITS REGARDING CSR ACTIVITIES

Q19. Would you assess that engaging to CSR and sustainability has brought the company any of the following benefits? Please choose one or many according to the results.

- Ability to predict and manage costs
- Ability to predict and manage risks
- A steady business environment
- New business opportunities
- Engaging to CSR and sustainability has not brought any benefits to the company

Q20. Has the company established a better position among competitors than before due to performed CSR actions?

- Yes
- No

Q21. Has the company generated savings in terms of production and operating costs by performing particular CSR activities?

Yes

No

Q22. Has there been any improvement in the overall company performance since the company started engaging to CSR and sustainability?

Yes

No

Q23. Has the company become a more popular employer among jobseekers since the company started engaging to CSR and sustainability?

Yes

No

Q24. Has the reputation and the image of the company improved among stakeholders (E.g. suppliers and clients) since the company started engaging to CSR and sustainability?

Yes

No

Q25. Have investors and different sources offering financing become more interested of the company since the company started engaging into CSR?

Yes

No

Q26. Would you assess that the usage of resources such as time, money and knowledge regarding CSR been worth the outcomes?

Yes

No, please specify why: _____

Thank you for your answers!

Cover letter and survey in Finnish

Hyvä vastaaja,

olen Turun ammattikorkeakoulun opiskelija ja teen tutkimusta yhteiskuntavastuusta ja kestävästä kehityksestä Varsinais-suomalaisissa mikro- ja pienyrityksissä opinnäytetyötäni varten. Tarkoitukseni on tutkia miten mikro- ja pienyritykset osallistuvat yhteiskuntavastuuseen sekä syitä miksi mikro- ja pienyrityksen osallistuvat siihen. Lisäksi vielä kartoitan osallistumisen hyötyjä edellä mainituille yrityksille. Tästä syystä on tärkeää että vastaat lyhennettyyn kyselyyn vaikka yritys, jossa työskentelet, ei osallistuisikaan yhteiskuntavastuu toimiin. Näin tutkimuksen tulos kuvaa mahdollisimman tarkasti asioiden todellista tilaa.

Yleisesti yhteiskuntavastuun konsepti perustuu yrityksen sitoutumiseen, velvollisuuteen ja suhtautumiseen yrityksen sidosryhmiä kohtaan. Yrityksen sidosryhmä koostuu esimerkiksi yrityksen työntekijöistä, asiakkaista, tavarantoimittajista, mediasta, kansalaisjärjestöistä ja yhteisöistä, joissa tai joihin yritys toiminnallaan vaikuttaa. Sitoutuminen ja velvollisuus sidosryhmiä kohtaan voi esiintyä lukuisilla tavoilla, esimerkiksi yhteiskuntavastuun sisällyttämisellä liiketoimintaan ja olemalla vastuussa yrityksen vaikutuksista yhteisöön ja ympäristöön.

Tutkimuksen tiedot kerätään Internet-pohjaisella kaavakkeella, jonka täyttämiseen menee vain hetki. Kyselyn vastaukset käsitellään luottamuksellisesti, eikä missään kyselyn vaiheessa kysytä yrityksen nimeä, osoitetta tai yhteystietoja. Tutkimuksen otanta on peräisin yrittajat.fi sivuston yrityshaku-palvelusta. Tämän kyselyn tietoja käytetään vain opinnäytetyöni toteuttamiseen ja tästä syystä toivon runsaasti vastauksia.

Mikäli tutkimuksesta on kysyttävää tai haluat yhteenvedon tutkimuksesta sen valmistuttua otathan yhteyttä minuun sähköpostilla seuraavaan osoitteeseen:

suvi.hakala@students.turkuamk.fi

Linkki tutkimukseen:

http://kwiksurveys.com?s=LHJOMN_fa075747

Kiitos avustasi!

Ystävällisin terveisin,

Suvi Hakala

YRITYKSEN PERUSTIEDOT

1. Millä toimialalla yritys toimii?

- Palvelu
- Tuotanto
- Rakennus
- Vähittäiskauppa
- Informaatioteknologia

2. Mitä kokoluokkaa yritys, jossa työskentelet, on? Selvennykseksi mikro yrityksessä on enintään 9 työntekijää, pienessä yrityksessä on enintään 49 työntekijää ja keskikokoisessa yrityksessä on enintään 249 työntekijää.

- Mikro yritys
- Pieni yritys
- Keskikokoinen yritys
- Suuri yritys

3. Missä asemassa työskentelet yrityksessä?

- Toimitusjohtaja
- Ylempi esimies
- Esimies
- Työnjohtaja
- Toimihenkilö

4. Sukupuolesi

- Mies
- Nainen

5. Missä yritys, jossa työskentelet, sijaitsee?

- Turku
- Kaarina
- Raisio
- Naantali
- Paimio
- Piikkiö
- Loimaa
- Salo
- Lieto

- Parainen
- Muu, missä? _____

6. Miten pitkään vuosissa mitattuna yritys on ollut toiminnassa?

- 0-5
- 6-10
- 11-15
- 16-20
- yli 21

YHTEISKUNTAVASTUUSEEN OSALLISTUMINEN

7. Onko yhteiskuntavastuun käsite ollut ikinä esillä yrityksessä, jossa tällä hetkellä työskentelet?

- Kyllä
- Ei

8. Miten määrittelisit yrityksen lähestymistavan yhteiskuntavastuuseen ja kestäväan kehitykseen?

- Yritys täyttää juridiset velvoitteet
- Yritys toimii laajemmin kuin juridiset velvoitteet vaativat ja edellyttävät

9.

10. Osallistuuko yritys yhteiskuntavastuullisiin toimiin?

- Kyllä (siirry kysymykseen 11.)
- Ei, tarkenna miksi: _____

11. Onko yritys ikinä harkinnut osallistumista yhteiskuntavastuullisiin toimiin?

- Kyllä
- Ei, tarkenna miksi: _____

12. Minkä kategorian yhteiskunnallisiin ongelmiin yritys pyrkii vaikuttamaan toimillaan?

Valitse seuraavista:

- Taloudellinen
- Sosiaalinen
- Ekologisiin
- Muihin, mihin?: _____
- Yritys ei osallistu yhteiskuntavastuullisiin toimiin

13. Millaisilla toimilla yritys pyrkii osallistumaan yhteiskuntavastuuseen ja kestäväan kehitykseen? Valitse seuraavista:

- Yhteiskuntavastuu raportointi (a)
- Toimintamallien ja -periaatteiden luominen (b)
- Hyväntekeväisyys ja lahjoitukset (c)
- Toimitusketjun tehostaminen (d)
- Lähituotantoon panostaminen (e)
- Kierrätys (f)
- Uusien tuotantotapojen kehitys ja tehostaminen (g)
- Vapaaehtoistoiminta (h)
- Määrittelemällä tiukemmat kriteerit yhteistyökumppaneiden ja tavarantoimittajien suhteen (i)
- Käyttämällä enemmän uusiutuvia luonnonvaroja tuotannon energianlähteenä (j)
- Osallistumalla yhteiskunnalliseen keskusteluun ja aloitteiden tekeminen (k)
- Yhteiskuntavastuullisten ohjelmien luominen (l)
- Yhteistyö kansalaisjärjestöjen kanssa (m)
- Muu, mikä? _____ (n)
- Yritys ei osallistu yhteiskuntavastuullisiin toimiin (o)

14. Mikäli yritys julkaisee yhteiskuntavastuuraportin, onko raportti luotu GRI ohjesääntöjen mukaan?

- Kyllä
- Ei
- Yritys ei julkaise yhteiskuntavastuuraporttia

15. Millaisia haasteita yritys on kohdannut / kohtaa parhaillaan yhteiskuntavastuullisten toimien sisällyttämisessä liiketoimintaan? Valitse seuraavista vaihtoehdoista:

- _ Sopivan kohteen tai asian valitseminen toiminnan päämääräksi
- _ Sopivan toimintatavan valitseminen päämäärään vaikuttamiseksi
- _ Tiedonpuute
- _ Ajanpuute
- _ Rahan puute
- _ Muu, mikä? _____

KYSYMYKSIÄ MOTIIVEISTA

16. Motiivit miksi yritys osallistuu yhteiskuntavastuullisiin toimiin? Valitse seuraavista:

- _ Sidosryhmien odotukset
- _ Yrityksen imagon ja maineen parantaminen
- _ Eettiset velvoitteet
- _ Kilpailukyvyyn parantaminen
- _ Viranomaisten laatimat vaatimukset ja määräykset
- _ Yrityksen taloudellisen suorituskyvyn parantaminen
- _ Yrityksen toimitusjohtajan henkilökohtaiset arvot
- _ Muu, mikä?: _____
- _ Yritys ei osallistu yhteiskuntavastuullisiin toimiin

17. Miten vaikuttavia tekijöitä ovat seuraavien resurssien puute yrityksen halukkuuteen sisällyttää yhteiskuntavastuullisia toimia toimintaansa?

	Erittäin merkittävä	Merkittävä	Neutraali	Merkityksetön	Erittäin merkityksetön
Aika					
Raha					
Tieto aiheesta					

18. Miten merkittävä ja tärkeä vaikutus on yrityksen henkilökohtaisilla arvoilla yrityksen halukkuuteen sisällyttää yhteiskuntavastuullisia toimia toimintaansa?

	Erittäin merkittävä	Merkittävä	Neutraali	Merkityksetön	Erittäin merkityksetön
Perhetausta					
Uskomukset ja tavat					
Koulutustausta					

19. Mikäli yrityksen käytettävänä olisi tarpeeksi resursseja, kuten tietoa, aikaa ja rahaa, olisiko yritys valmis sisällyttämään/ sisällyttämään enemmän yhteiskuntavastuullisia toimia toimintaansa?

- Kyllä
- Ei
- Ehkä

KYSYMYKSIÄ YHTEISKUNTAVASTUULLISILLA TOIMILLA SAAVUTETUISTA HYÖDYISTÄ

20. Onko osallistuminen yhteiskuntavastuullisiin toimiin tuonut yritykselle joitain seuraavista hyödyistä? Valitse yksi tai useampi.

- Kyky ennustaa ja hallita kuluja ja kustannuksia
- Kyky ennustaa ja hallita riskejä
- Vakaan ja tasapainoisen toimintaympäristön
- Uusia liiketoiminta mahdollisuuksia
- Osallistuminen yhteiskuntavastuullisiin toimiin ei ole ollut hyödyksi yritykselle
- Yritys ei osallistu yhteiskuntavastuullisiin toimiin

21. Onko yritys vakiinnuttanut paremman aseman kuin aikaisemmin kilpailijoiden keskuudessa suoritettujen yhteiskuntavastuu toimien ansiosta?

- Kyllä
- Ei

22. Onko yritys saavuttanut säästöjä tuotanto ja toimintakustannuksissa osallistumalla yhteiskuntavastuullisiin toimiin?

Kyllä

Ei

23. Onko yhteiskuntavastuullisiin toimiin osallistumisen myötä ollut havaittavissa kokonaisvaltaista parannusta yrityksen suorituskyvyssä?

Kyllä

Ei

24. Onko yrityksestä tullut suosittu työnhakijoiden keskuudessa kuin ennen sen jälkeen kun yritys on osallistunut yhteiskuntavastuullisiin toimiin?

Kyllä

Ei

25. Onko yrityksen imago ja maine parantunut yhteiskuntavastuullisiin toimiin osallistumisen myötä?

Kyllä

Ei

26. Ovatko sijoittajat tai/ja rahoitusta tarjoavat lähteet kiinnostuneet enemmän yrityksestä sen yhteiskuntavastuullisiin toimiin osallistumisen myötä?

Kyllä

Ei

27. Arvioisitko että resurssien kuten ajan, rahan ja tiedon käyttö liittyen yrityksen yhteiskuntavastuullisiin toimiin ovat olleet lopputuloksen arvoisia?

Kyllä

Ei, Erittele miksi: _____

Kiitos vastauksistasi!