Corporate Social Responsibility in the context of Small and Medium-sized Enterprises: Designing CSR4UTOOL for SMEs in Finland

Heikura, Venla

2014 Laurea Leppävaara

Laurea University of Applied Sciences
Laurea Leppävaara

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Venla Heikura
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This thesis project focuses on creating development ideas for a corporate social responsibility tool, CSR4UTOOL. The aim of the development ideas is to make the tool more suitable for small and medium-sized enterprises (SMEs) in Finland. CSR4UTOOL is a SME-specific online tool for evaluating CSR performance that has been developed by a team from the Department of Management in the University of Turin. The thesis also examines the role of CSR in the modern business world and aims to explain what CSR means to SMEs and how it differs from the CSR of multinational corporations. The aim is also to discover if there is a demand for the CSR4UTOOL in Finland.

The thesis report includes an analysis of the tool's advantages and disadvantages as well as concrete development suggestions for making the tool more suitable for Finnish SMEs. The data for the thesis was gathered through interviews with four Finnish SMEs that tested the CSR4UTOOL and analyzed it afterwards.

The theoretical background of this thesis aims to create a clear image of the role of CSR in the modern business world by discussing some of its many definitions, its history as well as its possible advantages and disadvantages to businesses that conduct it. Furthermore, the theoretical background discusses some of the most common arguments in favor of and against CSR. The theoretical background also examines the role of CSR in SMEs and how CSR is conducted in Finland today.

The findings of this research revealed that there is a lack of a CSR tool or a framework suitable for SMEs. Therefore, there would be a demand for an SME-specific tool like CSR4UTOOL. The partner organizations that tested the tool considered that the CSR4UTOOL would be best suitable for those companies that do not have much previous experience of CSR. Therefore, the tool would provide them basic knowledge and guidelines about CSR. CSR4UTOOL would, however, need development in order to better suit the needs of Finnish SMEs. The main ideas for the development regarded the overall structure of the test and ideas that would increase the test's objectivity and make it more challenging. If implemented, the development suggestions would make the tool more suitable for companies from different business sectors and make it overall more suitable for Finnish businesses.

Overall, the partner organizations' attitude towards an SME-specific tool was positive and after developing the tool, there would most likely be demand for it in a country like Finland where CSR plays a highly important role in business operations.

Keywords   corporate social responsibility, SMEs, Finland, CSR4UTOOL

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Tämän yrityksen yhteiskuntavastuuseen liittyvän opinnäytetyön tärkein tavoite on luoda kehitysehdotuksia yhteiskuntavastuutyökalulle nimeltään CSR4UTOOL. Kehitysideoiden tarkoitus on auttaa työkalun tekijöitä tekemään työkalusta sopivampi suomalaisille pienille ja keskisuurille yrityksille (pk-yrityksille). CSR4UTOOL on Internetissä toimiva yhteiskuntavastuutyökalu, joka on suunnattu erityisesti pk-yrityksille. Työkalun on kehittänyt tiimi Torinon yliopiston hallintotieteiden laitoksesta. Työkalun lisäksi opinnäytetyö tutkii myös yhteiskuntavastuun roolia nykypäivän bisnesmaailmassa sekä pyrkii selittämään mitä yhteiskuntavastuu merkitsee pk-yrityksille ja kuinka pk-yritysten yhteiskuntavastuu eroaa suuryritysten yhteiskuntavastuusta. Tavoitteena on myös saada selville, olisiko CSR4UTOOL:lle tai vastaavalle työkalulle kysyntää Suomessa.

Opinnäytetyö sisältää analyysin CSR4UTOOL:n hyvistä ja huonoista puolista sekä konkreettisia kehitysehdotuksia, jotka toteutuessaan todennäköisesti lisäisivät suomalaisten pk-yritysten kiinnostusta työkalua kohtaan. Tiedot kehitysehdotuksia varten kerättiin neljän suomalaisen pk-yrityksen avulla, jotka testasivat työkalua ja analysoivat sen hyviä ja huonoja puolia.

Opinnäytetyön teoreettisen osan tarkoituksena on luoda selkeä kuva siitä, mitä yhteiskuntavastuu merkitsee nykyisessä bisneskulttuurissa. Teoreettisessa osassa käsitellään mm. yrityksen yhteiskuntavastuun monia erilaisia määritelmiä, sen historiaa sekä sen mahdollisia etuja ja haittoja yrityksille, jotka sitä harjoittavat. Yhteiskuntavastuu on hyvin kiistelty aihe nyky-yhteiskunnassa ja siksi teoreettinen osa pyrkii myös tuomaan esiin syitä siihen miksi aihe on niin kiistelty. Tukeakseen opinnäytetyön tutkimusta, teoreettinen osuus tutkii lisäksi yhteiskuntavastuun merkitystä pk-yrityksille sekä sen merkitystä suomalaisessa yrityskulttuurissa.

Tutkimuksen tulokset osoittivat, että CSR4UTOOL:n kaltaiselle pk-yrityksille suunnatulle yhteiskuntavastuutyökalulle olisi kysyntää, sillä suurin osa olemassa olevista vastuutyökaluista tai – ohjeista on suunnattu suuryrityksille. CSR4UTOOL:ia testanneet neljä suomalaista pk-yritystä olivat sitä mieltä, että työkalu sopeutuu parhaiten sellaisille yrityksille, joilla on hyvin vähän aikaisempaa kokemusta yhteiskuntavastuusta. CSR4UTOOL tarjoaisi sellaisille yrityksille perustietoa ja ohjeita yhteiskuntavastuusta. Tutkimuksessa selvisi, että nykyisellään CSR4UTOOL ei kuitenkaan olisi täysin sopiva työkalu suomalaisille pk-yrityksille ja tarvitsisi hieman jatkokehittelyä sopiakseen paremmin suomalaisten yritysten tarpeisiin. Pääpiirteittäin kehitysideat liittyvät työkalun rakenteeseen ja sen haastavuuden sekä luotettavuuden lisäämiseen. Kehitysideat on koottu niin, että niiden on tarkoitus lisätä työkalun sopivuutta erikoisille ja erilaisille yrityksille.

Kaiken kaikkiaan yhteistyöyritysten kokemus työkalusta oli enimmäkseen positiivinen ja yritykset kokivat, että vastaavanlaisille pk-yrityksille suunnatuille työkaluille olisi tarvetta Suomessa. Voidaan siis päätellä, että pienen jatkokehittelyn jälkeen CSR4UTOOL:lle olisi kysyntää ja markkinoita Suomessa.

Avainsanat: yhteiskuntavastuu, pk-yritykset, Suomi, CSR4UTOOL

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1   Acknowledgements

2   Introduction

Corporate social responsibility (CSR), despite of being a relatively new concept (Crane, Matten and Spence 2014), has become an important part of today's business operations. (Windell K 2010, 19) According to European Commission (2014), CSR is increasingly important for businesses as it can bring benefits in many ways such as cost savings and customer relationships and increase the competitiveness.

CSR is a management concept that is usually dated back to 1950's when there were large debates about social responsibility for the first time. (Crane et al 2014, 29). However, it can be argued that CSR has already existed since the industrial revolution as the companies wanted to insure good working conditions for their employees already back then. In any case, it has only been in the recent years that the companies have grown their interest towards CSR. CSR is today often equally important to companies along with other management concepts such as accounting and financing. (Crane et al 2014, 4)

CSR is a highly debated subject that was originally created by and for multinational corporations (Crane et al 2014; European Commission) as the term "corporate" suggests. Being socially responsible is nevertheless an issue that interests only big corporations. For small and medium enterprises (SMEs) social responsibility is important as it can help them in building and maintaining good relations with their stakeholders. (Crane et al 2014, 13-14)

The importance of CSR in the current business operations has resulted in a large number of CSR certificates and standards, reporting frameworks and guidelines, consulting companies specialized in CSR as well as CSR networks gathering together CSR-oriented businesses. (Burchell, J. 2008) Many companies have adopted CSR standards such as ISO 26 000 or are publishing CSR reports that are often based on a well-known reporting framework Global Reporting Initiative (GRI).

As CSR today is not perceived only as a management concept for large corporations, many SMEs consider it as an increasingly important part of their business operations too. Consequently, many SMEs are looking for a suitable CSR framework or tool to evaluate their CSR performance. Despite of the large amount of different CSR frameworks, guidelines and standards there is a lack of appropriate ones for SMEs. The most common reporting frameworks are designed for multinational corporations and therefore require such extensive research that often SMEs do not have the capacity to adopt them. According to a report by World Bank Institute, SME-specific reporting standard would be a welcome addition to the global CSR network. (Hermes, Jarvis, Atacik, Schwittay and El Sharkawy 2004)

The research of this thesis is focusing on CSR4UTOOL, a recently developed corporate social responsibility tool designed especially for SMEs. The tool is part of a European Union (EU) funded project called Lessons and Options for an Integrated European approach to CSR (LOIEs). It has been developed by a team composed of Laura Corazza (Ph.D., M.Sc.) and Prof. Maurizio Cisi from the Department of Management in University of Turin. (CSR4UTOOL 2014)

2.1   Purpose of the thesis

The purpose of the thesis is to provide help in developing CSR4UTOOL test for small and medium enterprises (SMEs) in Finland. The objective is to investigate if the test would be an interesting CSR tool for those four Finnish SMEs (partner organizations) that were interviewed during the research. In other words, the aim is to find out if CSR4UTOOL would be a tool that these businesses could consider to use for evaluating their CSR performance. The principle idea is to discover which areas of the test would need to be developed to reach the objective. This thesis will thus provide concrete suggestions on how to improve the tool in order to make it more suitable for SMEs in Finland. The aim is that these suggestions could be useful and help the developers of CSR4UTOOL to improve the test.

Furthermore, the thesis will take a closer look at the importance of CSR in Finland. It will also aim to discover what CSR means for SMEs and how it differs from the CSR for multinational corporations. The thesis will approach these issues from a theoretical point of view but also data gathered from the interviews will be used to create an image on what CSR means for Finnish SMEs.

2.2 Research approach

The research was a case study that was conducted by using qualitative research methods. The qualitative research is a research approach method that focuses on examining people's experiences on events, objects or behavior in depth. (Tilastokeskus n.d.)

The thesis consists of an in depth qualitative research that was conducted as interviews and questionnaires with four Finnish SMEs, three of them members of Corporate Responsibility Network FIBS. The goal of this qualitative research was to gather their opinions on CSR4UTOOL and thus use them to reach the main objective of this thesis which is to find development ideas for CSR4UTOOL.

The main focus points of the thesis are defining what kind of development CSR4UTOOL would require and answering the research questions which are defined as follows:

- How does CSR for SMEs differ from CSR for multinational corporations?
- How important is CSR for Finnish businesses?
- What kinds of advantages and disadvantages does CSR4UTOOL have?
- How should CSR4UTOOL be developed in order to be used in Finland?

The development ideas for CSR4UTOOL are based on the interviews and questionnaires conducted with partner organizations as well as personal observations of the tool. Some of the development ideas and the possibility to implement them were discussed with one of the developers of CSR4UTOOL, Ms. Laura Corazza. The development ideas are however proposals and the original developers of CSR4UTOOL (Ms. Corazza and Mr. Cisi) will decide on whether to implement these development ideas in the future or not.

2.3 Scope and Limitations

A scope of the study can be defined as attempting to find improvement suggestions for CSR4UTOOL based on an in-depth study with four Finnish SMEs in order to redesign the tool for Finnish companies. The scope is broadened with theoretical background based on the CSR in Finland and CSR and SMEs in Finland.

The results of this study cannot be considered as an opinion of all the Finnish SMEs as only four Finnish SMEs were interviewed for the project. In other words, it cannot be concluded that all the Finnish SMEs would discover the same advantages and disadvantages of CSR4UTOOL that the partner organizations did. Therefore the size of the sample for this research can be considered as a limitation of the study. However, as the main idea of the re-

search was to find improvement suggestions for CSR4UTOOL test and not to determine the opinion of all the Finnish SMEs on it, a sample of four companies can be considered suitable. As the research consisted of an in-depth study and the aim was to focus on the partner organizations' opinions on the test, the objectives of the research were fulfilled in that way. Nevertheless, the results cannot be considered as the opinion of all the Finnish SMEs and that is the limitation of the study. If more companies were interviewed for the thesis, it would have required much more time and the study would not have been as in-depth.

2.4   Theoretical approach

Corporate social responsibility is a subject that has its supporters and opponents, those who feel that CSR is an important part of today's business operations and those who think that CSR should not exist in the first place. There are many different kinds of definitions on what CSR is and how it should be executed as well as constant debates on whether companies should do CSR or not.

As a result of the many existing CSR definitions and theories that are often very different from each other, the theoretical approach of this thesis has a focus on several CSR theories. The theoretical part aims to define what CSR is based on one of the most well-known CSR theorists, Archie B. Carroll. The three dimensions of CSR will be discussed in the thesis by referring to Carroll's CSR pyramid. The thesis will also take into consideration how some important organizations such as the European Commission and the World Bank define CSR.

The theoretical part aims to define what CSR is and why and how it has become an important part of the modern business society by referring to CSR theorists such as Jon Burchell and Milton Friedman. One of the most important books used for the theoretical part is Corporate Social Responsibility: Readings and cases in global context by Andrew Crane, Dirk Matten and Laura J. Spence.

The thesis aims to take into account different perspectives of CSR and discuss both possible positive and negative sides of it. It aims to define the importance of CSR both for SMEs and for multinational corporations. It will refer to a doctoral thesis research by Merja Lähdesvaara to define what CSR means for SMEs.

Furthermore, the theoretical background aims to define the importance of CSR in the modern business world and describe how it has become such an important part of the business operations. The theory part has also a focus on SMEs and aims to define how their CSR differs from the CSR of multinational corporations. The theoretical background aims to find evidence that CSR is important for SMEs too and not just for multinational corporations. The results of the

theoretical background will therefore support the assumption that there is a need for a CSR tool designed specifically for SMEs.

2.5 Framework of the thesis

The thesis consists of eight different subjects that are divided into eleven different parts. By starting with an overview of the thesis and introducing the subject the first part aims to define the purpose of the thesis and the need for the research. A presentation of the theoretical background for the thesis will be the next part and it intends to build an understanding on what CSR is and why and how it was created. It aims to discover the principal reasons why CSR has become such an important concept in the modern business operations. The theoretical background will support the assumption that CSR is important not only for multinational corporations but for SMEs as well.

The third part presents the methodology of the thesis. This part will take a closer look on how the research was conducted and what kinds of methods were used to collect the data for the thesis. It will also present the thesis process by discussing on how the company contacts were received.

The fourth part of the thesis will shortly present the background of CSR4UTOOL as well as the partner organizations that took part in the research. The importance of CSR for these companies will be discussed in order to understand what CSR could mean for Finnish SMEs.

The fifth, sixth and the seventh part are all discussing some of the findings of the research. The fifth part is discussing how much previous experience the partner organizations have on other CSR frameworks, the sixth part is discussing the partner organizations' level of interest towards CSR4UTOOL and the seventh part is a discussion on the advantages and disadvantages of CSR4UTOOL. The seventh part includes also a SWOT analysis of CSR4UTOOL.

Based on the discussion in the previous part, the next part aims to define what the potential users of CSR4UTOOL could be like in Finland. The ninth part of the thesis will present concrete development suggestions for improving CSR4UTOOL. Those improvement suggestions that are considered relevant and possible to implement are discussed. There will be theoretical background supporting these suggestions, which is presented in the tenth part of the thesis. Finally, it will be shortly discussed what kind of difference implementing these development suggestions could make and what the future of CSR4UTOOL in the Finnish SME context could look like.

3   Theoretical Background

3.1   Defining CSR

Corporate social responsibility is a management concept that has been under constant debates for as long as it has existed. Many governments, companies, non-governmental organizations (NGOs) and CSR theorists have defined CSR and often the definitions are rather different from each other. There is a constant discussion on the importance of CSR, on whether it is right or wrong, whether executing it is useful or harmful. It is a term that most of the multinational corporations know very well and yet some companies might know very little about it. CSR is a concept that is executed for different purposes and in different ways. (Crane et al. 2014, 1-4)

One of the most famous definitions for CSR was made by CSR-theorist Archie B. Carroll (1979). He defined social responsibility as follows: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time" (Carroll 1979, 500). In 1991 Carroll slightly changed his definition by replacing the discretionary expectations with philanthropic expectations. In his famous three-dimensional model, Carroll stated that there are three dimensions of social responsibility for a firm: assessing the social responsibilities of a firm, identifying the issues that the firm must address and specifying the philosophy of response. Carroll categorized CSR into four different groups: economic, legal, ethical and discretionary responsibilities and created a model that is nowadays known as Carroll's CSR Pyramid. (Carroll 1979)

According to Carroll's CSR model, it is a responsibility of a business to produce goods and services that the society wants to be produced and sell them at a profit. Therefore the economic responsibility is the foundation on which all the other responsibilities lie on, as can be seen on Figure 1. First of all, Carroll argued that the legal responsibilities are a part of social responsibility, since "society expects the business to fulfill its economic mission within the framework of legal requirements" (Carroll 1979). In Carroll's CSR model, the ethical responsibilities are defined as the expectations that society has of business over and above the legal requirements. The fourth category of Carroll's model comprises of those voluntary responsibilities that the society has on businesses but cannot be clearly defined. As examples of these responsibilities, Carroll mentions such actions as conducting in-house programs for drug users or providing day-care centers for working mothers. Despite of Carroll's pyramid of CSR being probably the most popular model for defining corporate social responsibility, it is not necessarily suitable for describing CSR in other parts of the world since it is based on American research (Carroll 1979; Visser 2008, 488)

Figure 1: Carroll's pyramid of social responsibility (Carroll 1979)

Another famous definition for CSR is completely different from Carroll's theory. In 1970, the Nobel-prize winner Milton Friedman defined social responsibility in the following way: "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." (Friedman 1970) Friedman's theory considers social responsibility from the shareholders' perspective instead of society's perspective. He defined the social responsibility of a business as being responsible to the shareholders by committing to increase the profits as long as it stays within the legal limits. Friedman's theory offers a very different definition of CSR to that of Carroll's, since Carroll defined CSR from the society's perspective by being responsible to the society and that CSR is more than about committing to do business according to the legal requirements. Many theorists argue against Friedman's theory by stating that being socially responsible could actually increase the organization's profits and that the companies have responsibilities for other stakeholders too. Others think alike and believe that the companies should commit on being responsible only to their shareholders. Despite of being published more than 40 years ago, Friedman's theory is a largely discussed CSR theory still today. (Friedman 2008; Burchell 2008, 80-81)

Many organizations have their own definitions for CSR. Many of the definitions are quite similar to each other, but also significant differences occur. For instance, European Commission defines CSR as "the responsibility of enterprises for their impacts on society" and that "enterprises should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders". On the other hand, World Business Council for Sustainable Development (WBCSD) defines CSR as "the continuing commitment by business to contribute

to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." (Crane et al 2014, 5, 9; European Commission; WBCSD n.d. a)

The former definition emphasizes how businesses should consider the impacts of their functions on the society, whereas the latter provides a definition that is concerning CSR more from a philanthropy perspective. The European commission's definition focuses on how businesses should consider the impacts of their actions on society, whereas WBCSD defines CSR as the commitment of the businesses to improve the conditions of the society. Both of these definitions are however emphasizing that CSR is about contributing to economic development and at the same time considering the impacts of the economic development on the stakeholders of the business and the society at large.
(Crane et al 2014, 5,9; European Commission; WBCSD)

The social responsibilities of companies are often regarded as actions that are voluntary and include more than just the legal compliances. There are many organizations and theorists who believe that companies should be obliged to do more than just the legal minimum. And yet, some critics argue that voluntarism is one of the biggest problems of CSR and that the focus should be in the legal requirements instead of the voluntary actions. (Crane et al 2014, 10)

Another way to define CSR derives from the stakeholders of the organizations. "CSR is about treating all stakeholders responsibly or ethically", as Michael Hopkins (2011) defines. Freeman (1984) defined a stakeholder in an organization as "Any group or individual who can affect or is affected by the achievement of the organization's objectives". More specifically, the stakeholders of an organization include not just shareholders, but also employees, suppliers and other interest groups that in one way or another have a role in the business operations of the organization. After all, the stakeholders are important to companies and therefore the companies are willing to do such actions that would please their stakeholders. (Crane et al 2014, 11; Hopkins 2011)

The stakeholder theory, as discussed by Freeman, suggests that the behavior of certain stakeholder groups affects the decisions of the businesses (Freeman 1984). The stakeholder theory suggests that the stakeholders are the first and foremost reason why companies are willing to commit to do responsible decisions. Therefore, the more the stakeholders of an organization are demanding for responsibility, the more the organization is willing to heed CSR in its business operations. (Roberts 1992)

A study by Roberts (1992) shows the correlation between stakeholder theory and CSR. The results of his research indicate that the power of stakeholders is important when it comes to decisions regarding CSR. However, his study is also noting that the stakeholder theory is not the only dimension that affects the decision making regarding CSR. Although stakeholder theory is an important dimension for defining CSR, it is not the only one. Some definitions of CSR give more emphasis on stakeholders than others, but in any case many CSR definitions take the stakeholders into consideration. (Crane et al 2014, 11; Roberts 1992)

The six core characteristics of CSR, as defined by Crane et al (2014), include the two approaches discussed above, voluntarism and stakeholder orientation. The other four characteristics are defined as management of externalities, the alignment of social and economic responsibilities, practices and values (CSR practices are linked to the ethical values) and actions that go beyond philanthropy (to many, CSR is more than just philanthropy). Crane et al (2014), define these core characteristics as "the main aspects around which the definitional debates tend to center". Nevertheless, it is unlikely that there is a CSR definition with all of these core characteristics. (Crane et al 2014, 9)

As a conclusion, there is no univocal answer to what CSR is and how it can be characterized. The definitions of CSR tend to change from one organization, country and theorist to another. Because of the lack of a commonly agreed definition, CSR is a concept that has already been debated about for decades. CSR continues to interest organizations, governments and people all around the world. CSR is a subject that is on the agenda of most of the multinational corporations and yet is still unknown to many companies and countries. However, the overall importance of CSR in the modern business operations cannot be denied.

3.2   Origins of CSR

As concluded in the previous chapter, CSR is a concept that today interests people and organizations all around the globe. There are for instance over 20 000 responsibility reports from different parts of the world that are all based on the popular CSR guidelines, Global Reporting Initiative (GRI). CSR seems to be a hot topic not just among the organizations and their stakeholders but also the general public. A research by the Center for Ethical Business Culture (CEBC) discovered that most of the development that has played a role in the formation of CSR has occurred in the past two decades. Despite of the recent growth of popularity, CSR cannot be considered as a totally new concept. This following part will discuss the history and origins of CSR and thus aims to explain why CSR has become such an important issue for the modern businesses and the society. (Crane et al 2014; Global Reporting Initiative n.d.; CEBC 2005)

Social responsibility in business context originates from the era of industrialization and the emergence of the earliest corporations. Even the earliest corporations were willing to offer their employees good working conditions and a satisfying salary. David Koch argued that the willingness to help the society is the real purpose of business and the reason why businesses originally emerged. According to him the purpose of business is "to serve people – citizens, folks, all of us". (Crane et al 2014; CEBC 2005)

Social responsibility was a popular subject among some enterprises already in the early 20th century. One of the earliest remarks related to the responsibilities of business was stated by J.M. Clark, who wrote in 1916 that "if men are responsible for the known results of their actions, business responsibilities must include the known results of business dealings, whether these have been recognized by the law or not" (Katsoulakos, Koutsodimou, Matraga and Williams 2004, 5). Nonetheless, it was not until the 1950's when the first important CSR theorists emerged. (Crane et al 2014; Katsoulakos et al 2004; Carroll 1999)

CSR is originally an American concept and therefore most of the early literature regarding CSR originates from the United States. One of the important early CSR theorists was Howard R. Bowen. In his book "Social Responsibilities of the Businessman", he defined why the social responsibility had become a subject that the businessmen considered when doing business. In the book, he defined CSR in the following way: "It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."(Carroll 1999; Bowen 1953)

There are many reasons why CSR has become such an important management concept today. To understand the development of CSR, two important phenomena have to be considered: globalization and sustainable development. These two phenomena have created new roles between companies and the society and pushed the companies towards certain actions. Thus these phenomena have had an influence on the existence of CSR and its importance in today's business operations. The effects of globalization and sustainable development will be explained more in detail in the following two chapters. (Burchell 2008)

3.2.1 Globalization

According to Albrow and King (1990), "Globalization refers to all those processes by which the peoples of the world are incorporated into a single world society, global society." Globalization has rapidly grown since the 1970's, but it has already existed a long time ago in the past. When people were doing trade in different countries and different cultures already hundreds of years ago, that kind of movement could already be called globalization. Philosopher Adam Smith stated in the 18th century that beginning of market integration dated

on the discovery of America by Kristopher Columbus in 1492. Many modern theorists agree with his ideology and believe that globalization started to form back then. But to some theorists, it was not until the 20th century that globalization began to evolve. (Albrow &King 1990; Burchell 2008; C.R. 2013)

The process of globalization links people around the world together and thus has effects on the conditions of the society as whole, such as the natural environment, culture or economic development. Global economy is today supported by information technology that made communication easier than ever before when it emerged two decades ago. Multinational corporations have today a strong influence not only in the global economy but also in the global society. The economies and markets are closely connected to each other and thus any fluctuations in the economy at one market affect the economies all around the globe. Production has been moved to the cheaper countries for the cheaper production costs and broader market opportunities. The development of information technology made it possible to do business thousands of miles away from the headquarters of the organization and therefore allowed more and more multinational corporations to appear. International institutions, such as the World Trade Organization (WTO) or World Bank, have a strong influence in the world today. (Burchell 2008)

The process of globalization has had effects, both positive and negative, all around the globe. To some the effects of globalization are mainly positive, while to others the effects of globalization represent the formation of an unequal world. As Burchell (2008) notes, to some critics of the globalization it has caused inequality in terms of power and money and has thus resulted in being left out from the global world and increasing poverty in some parts of the world. Issues such as poor working conditions in the production plants of the multinational corporations, disappearance of some native cultures and growing inequality are among the negative impacts of globalization that have received critique both from the scientists and the society as a whole. According to Held and McGrew (2008), globalization has created winners and losers both in national and international level as it has created inequality in terms of salaries and unemployment. Global companies are facing new issues such as "cultural regulatory differences, labor and child labor standards, bribery and corruption, health crises, human rights..." as CEBC report notes. (Burchell 2008; Held&McGrew 2008; CEBC 2010)

Globalization of economy has also affected the natural environment. Oil spills, deforestation, extinction of certain species are some of the negative effects that the globalizing economy has caused. The discovery of the ozone layer depletion and global warming created much criticism on globalization as the scientists discovered that the cause of these phenomena were caused by the increased amount of carbon emissions. The scarcity of water and other natural resources are also among the negative effects of globalization. (Burchell 2008)

Globalization has resulted in inequality between people around the globe. It has caused the standard of living to rise significantly for some, whereas for many it has created very poor conditions. This and the many corporate scandals and environmental catastrophes have resulted in boycotts and protests. When the negative effects of globalization on the environment resulted in a lot of criticism from both environmental researchers and citizens, it caused pressures on the governments to create laws regarding the protection of the environment. The governments were aiming to reach an international agreement that would focus on the protection of the environment but would not at the same time affect on the economic growth. The discussions on the matter of reaching such an agreement on environment protection resulted in a concept called sustainable development and have also boosted the discussion on CSR. (Burchell 2008)

3.2.2 Sustainable Development

In the WBCSD definition, sustainable development is explained "as forms of progress that meet the needs of the present without compromising the ability of future generations to meet their needs." (WBCSD n.d. b) Indeed, the objective of sustainable development is to ensure that the future generations will have a stable world and good quality of life. In order to reach the objective, it is not enough that only companies and governments do sustainable actions; also the citizens should do actions that lead towards a more sustainable future. (European Commission Environment 2014)

The discussion on sustainable development started in the 1980's when scientists began to discover the effects of the continuing economic growth on the environment. Issues like global warming and ozone layer deflection started the discussion on the future of the planet Earth. Citizens, environmental researchers and governments alike started to also worry that the Earth would run out of its natural resources. United Nations, European Union and many others decided to start focusing on how to continue economic growth without destroying the natural environment. New organizations focusing on sustainable development, such as World Business Council for Sustainable Development and International Institutes for Sustainable Development (IISD), were created. European Union and United Nations adapted new policies and created their own strategies regarding sustainable development. (Burchell 2008)

The 1980's could be defined as the decade when the concept of sustainable development was born, so as a concept it is younger than CSR. World Commission on Environment and Development, the Brundtland Commission, defined sustainable development in 1987 as "Development that meets the needs of the present without compromising the ability of future generations to

meet their own needs." This is the one of the most well-known definitions of sustainable development and is still in use today. (Baumgartner R, Ebner, D. 2006)

Sustainable development is not only about environmental issues, although the discussion on sustainable development originally derives from the environmental point of view. According to European Commission, sustainable development "offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress." As it can be seen, the areas of sustainability as defined by European Commission (2014) are very similar to their definition on the areas of corporate social responsibility: "enterprises should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders".

As the European Commission definitions indicate, the concepts of CSR and sustainable development are similar to each other. Many scientific papers today are based on the assumption that CSR and sustainable development are in fact synonymous. On the other hand, some scientists regard sustainable development as one part of CSR whereas others consider that CSR is sustainable development on the corporate level. A research by Ebner and Baumgartner suggests that none of these approaches should be used and that CSR and sustainable development should be considered as their own concepts, not synonymously. However, Ebner and Baumgartner also suggest that CSR should be used as a stakeholder focused social strand of sustainable development. (European Commission Environment 2014; Ebner&Baumgartner 2006)

Today, governments all around the world have a focus on the future of the Earth. As sustainable development has become an ultimate goal of not only environmental organizations and governments, but also organizations committing to continuing economic growth, it is no longer an issue that companies could ignore. For instance World Trade Organization (WTO) has taken sustainable development into their agenda. As these types of organizations are very important to many companies, corporate sustainability has become a phenomena that many corporations have taken as their goal too. As corporate sustainability is closely linked to corporate social responsibility, many companies regard it as a part of their CSR actions. (Burchell 2008; Najam 2008)

To conclude the relationship between CSR and sustainable development, they are clearly similar concepts that have an influence on each other. Yet, they are concepts of their own and should not be used synonymously. Sustainable development is more about the actions that

individuals can conduct rather than corporations. Therefore it could be argued that CSR is in fact sustainable development on the corporate level that has adopted a stakeholder approach. In this case, the definition of CSR could be as follows: CSR is an element of sustainable development in the business context with a focus on the stakeholders. (Najam 2008)

3.3   The advantages and disadvantages of CSR

As the previous parts of the thesis revealed, there are many different ways to define CSR and there is no official definition for it. Despite of the many definitions for CSR, it is a concept that interests companies all around the world. However, it does not mean that all those companies would think that CSR is necessarily a good management concept. This chapter will take a closer look at the discussion on the advantages and disadvantages of CSR for companies and aims to present some of the possible negative and positive effects of CSR on companies. There are many theorists who believe that CSR should not exist in the first place and that there are no social responsibilities for businesses. (Crane et al 2014, 27-35; Friedman 1970)

This part consists of seven arguments that are commonly used in the discussion for and against CSR. First, there are altogether five arguments concerning the positive effects of CSR and after, two arguments that are often used in the discussion against CSR. The arguments have been developed based on numerous literature and online articles regarding the pros and cons of CSR. Some of the possible advantages of CSR that will be discussed are based on the list by European Commission, which determined that CSR "can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity". The aim of this chapter is to discuss both sides of the arguments: the side that the argument is true and the side that the argument is false. (European Commission n.d a)

3.3.1   Arguments regarding the benefits of CSR

At first, five arguments regarding the advantages of CSR will be discussed. These arguments are some of the most common ones on the discussion about the importance of CSR. Both sides of the arguments will be discussed based on literature on the matter.

Argument 1: CSR can help the businesses to be more successful

One of the important arguments to prove that companies can benefit from doing CSR is that they can increase their profits by being socially responsible. As most of the companies are

profit organizations, making profit is often the possible advantage of CSR that interests them the most. According to Chis Laszlo (2008, 80) the companies that "offer solutions to environmental and social challenges are discovering huge profit opportunities". Laszlo (2008) refers to the stakeholder value that drives many of the organizations today and states that by committing to sustainable business, companies can increase their shareholder value.

The intangible assets are more important to companies today than ever before. As Laszlo (2008, 120) states, "today over 70% of a company's market capitalization is driven by intangibles such as reputation, goodwill, and stakeholder relationships---- one hundred years ago 70% was based on tangibles". As the intangibles are strongly affected by the actions of the companies, a business can increase the value of their intangibles by being a socially responsible business. (Laszlo 2008) On the other hand, irresponsible business behavior can harm the public image or reputation of a business and reduce the value of its intangible assets at the same time although Cowe and Hopkins (2008) suggest that it applies only to those companies that have a brand that is strongly depended on the reputation.

Clearly, there is a link between socially responsible business behavior and the increased value of the intangible assets such as the reputation or goodwill, but is there a direct link between the profitability of a business and CSR? A research by Verschoor and Murphy (2002) that Cowe and Hopkins (2003) refer to, suggests that there is a positive link between the financial performance and CSR. The study examined the link between the financial performance of "Best Citizen" companies (by Business Ethics magazine) and the average of Standard & Poor's 500 (500 largest companies with stock listed on the NYSE). The research showed that the average financial performance based on eight different criteria was 10% higher for Best Citizen companies that for the S&P 500. There have been other studies too that suggest that there is a link between CSR and financial performance. However, it is difficult to prove that the actual reason for the enhanced financial performance has been the engagement for CSR activities (Amadeo 2014; Cowe&Hopkins 2008).

Even if there have been several studies suggesting that a positive link between financial performance and engagement in CSR exists, the usual results have shown that the positive effect to profitability is rather small (Cowe&Hopkins 2008). Many theorists have also discovered a negative link between CSR and profitability and some have discovered that there is no link at all. One of the well-known theorists suggesting that there is a negative link between the financial performance and CSR is previously mentioned Friedman.

In his doctrine, Friedman (1970) suggests that engaging to socially responsible activities will have a negative effect on the company's financial performance. According to Friedman (1970), companies that engage themselves in CSR activities will have to do it "at their own

expense". In fact, he argues that CSR will reduce the shareholder value and thus affect the profitability negatively. Moreover, a research by Wright and Ferris (1997) also discovered a negative linkage between CSR and financial performance, but has been criticized for applying their research only on financial stakeholders. (McWilliams, Siegel and Wright 2006, 5)

Some studies have also discovered that there is neither positive nor negative linkage between CSR and financial performance; in fact these studies have shown that there is no link at all. For instance a study by Arlow and Gannon (1982) discovered that engaging in CSR does not affect the financial performance in any particular way.

The effects of CSR on profitability remain contested as no research so far has shown a clear linkage between the financial performance and CSR. Nevertheless, as Robins (2011) states, "almost no large public company today would want to be seen unengaged in CSR. That is clear admission of how important CSR might be to their bottom line, no matter how difficult it may be to define CSR and link it to profits."

Argument 2: CSR can bring benefits in terms of customer relationships

CSR "can bring benefits in terms of customer relationships", as European Commission notes. Indeed, the benefits that CSR can bring in terms of customer relationships create another popular argument to define why companies should do CSR. Engaging in socially responsible activities is believed to create a more positive picture of the company in the eyes of the consumers and therefore affect the company's customer relationships. It is believed that engaging in CSR will affect the consumer behavior. It has been reported that CSR has an effect on the reputation of the company and value of the brand and these matters are believed to affect the customer relations. (European Commission n.d.a; Burchell 2008, 111-112)

The consumers of today are more and more aware of the effects of globalization. As businesses are believed to have a role in the negative effects of globalization, the overall public awareness of those negative effects create pressures for the companies to act in a sustainable manner. Consumers buy products or services from the companies that are responsible rather than from the irresponsible ones. The reputation and the public image of the company are believed to have an effect on the buying behavior of the customers. However, the pressures that consumers create on businesses do not necessarily affect non-consumer companies. (Bhattacharya, Luo 2006; Cowe, Hopkins 2008, 105)

When deciding to focus on CSR, the companies might attract new customers that are concerned about the negative effects of globalization. As already discussed in the previous argument, it has been discovered that engaging in CSR activities will have a positive effect on the

intangible assets such as reputation and brand of the company. Therefore, if the reputation and the brand are considered as important factors when it comes to buying decisions of the customers, it can be stated that engaging in CSR will increase the attractiveness of the company in the customers' eyes. Cowe and Hopkins (2008) note that CSR will lead to fewer disputes when it comes to the benefits regarding customers. They also note that advertising can benefit from CSR as the CSR actions can be cited in the advertisements.

According to WBCSD, only four in ten say they trust global corporations. As only so few people trust the corporations, it might be interesting for companies to engage more trust in them through CSR as it would increase the amount of people trusting in them and therefore might increase the amount of customers. The public expectations on the businesses have grown since the 1990's and the businesses today are expected to be sustainable. As Cowe and Hopkins state, "To reverse the loss of trust, the business world as a whole needs to demonstrate that it is broadly benefiting society and working to improve impacts in all areas". (WBCSD. Why now?; Cowe, Hopkins 2008, 103)

The role of CSR in customer satisfaction is discussed in a research by Luo and Bhattacharya (2006). In the research it was found out that CSR has an effect on the market value of the company through customer satisfaction. Considering the importance of customer satisfaction to companies, it can be stated that companies should do CSR because of its effects on customer satisfaction. Therefore, the positive actions in relation to CSR and customers can be a significant factor for the success of the business. (Luo&Bhattacharya, 2006)

On the other hand, it has been reported that engaging in CSR can also result in negative or insignificant impacts on the customer relationships and the overall market value of the business. This applies especially to companies with low public awareness, as Servaes and Tamayo (2013) suggest. Thus, if the public awareness about the firm is low, engaging in CSR will not have benefits in terms of the customer relationships and in fact, the impact of CSR on the customer relationships can be negative. (Servaes&Tamayo, 2013)

There is not much evidence that consumers are willing to pay more for responsible products. Even if the consumers claim that they prefer to buy products or services from ethical or sustainable firms, they actually do not do so, as a research by the Co-operative Bank that Smith (2014) refers to, suggests. The research discovered that the market share of products that are considered ethical is usually around 3% or less while 30% of consumers think themselves as ethical consumers. In other words, this research has shown that the buying habits of consumers are not necessarily affected by the responsibility or irresponsibility of the firm, even if 30% of consumers claim to be ethical. (Smith N.C 2014, 46). Cowe and Hopkins (2008) also

regard the increase in the price of the goods as a con of engaging in CSR and the increased prices could perhaps affect the buying decisions of those customers that claim to be ethical.

Considering the previous statements about the costs of CSR on the customer relationships, it can be stated that when it comes to customer relationships, investing in CSR would be just wasting the company's money. However, as previously discussed, there are also clear benefits of CSR in terms of customer relationships and as a result this subject also remains disputed.

Argument 3: Companies should engage in CSR because it will help the society

CSR is often described as the expectations that society has of businesses. When defining why companies should do CSR, often an idea that companies are obliged to do business without damaging the society arises. Carroll's theory (1979) defined that CSR is about engaging in such activities that will help the society. The philanthropic approach of CSR that appeared also in Carroll's pyramid is often important when it comes to defining why companies should do CSR.

The idea of philanthropy in business world derives from the assumption that the companies are willing to help the society. As many of the multinational corporations got criticized for the negative impacts of the globalization, companies seemed to realize that they should take part in making their business more sustainable and helping the society. Businesses are thought to be responsible for their actions to the society and not just for making profit. Today businesses are considered as important as governments in helping with social problems. (Smith 2014, 35-39)

It is often argued that the role of business is important when it comes to improving the conditions of the society around the globe and that is why companies should do CSR; to just simply make the world a better place. It is believed that engaging in CSR will help for instance in the fight against terrorism. As many are disappointed on the actions that governments do in order to fix the social problems, CSR has become more important. (Smith 2014, 35-39)

According to N.C. Smith (2014, 35-39) CSR can derive either from the business case or normative case. In the business case thinking, the companies are thought to do CSR because it will help the business to be more successful, not necessarily because it is ethically right. In the normative thinking the businesses do CSR because it is the right thing to do; they do CSR from the philanthropic perspective. For many companies the motivation to engage in CSR is the mixture of both business and normative grounds, as Smith (2014) states.

Clearly, it can be seen that the actions considered to be socially responsible have had positive effects on the social problems. A fairly recent example of CSR helping with social problems could be Accord, an international agreement of fire and building safety in textile factories in Bangladesh that has been signed by over 150 companies now. The agreement was created in order to make sure that the working conditions in the textile factories in Bangladesh are safe. The companies that have signed the agreement are paying for executing safety inspections in the factories. Signing such an agreement could be regarded as a part of CSR and clearly this kind of an action is overall helping the society in Bangladesh. (Accord 2014) Actions like these show that businesses engaging in CSR can help the society.

On the other hand, Friedman (2008) and others have argued that the companies should not spend their money on helping with social problems. As the Friedman doctrine states, the responsibility of a company is to make profit; not to help the society. Helping the society should be the objective of governments and non-governmental organizations (NGOs), not the goal of profit-oriented companies. Businesses are expected to do more than just business today and as this is not a part of the original idea of capitalism, it should not be something that companies are obliged to do (Friedman 2008)

But businesses today are powerful. In fact, they are often regarded as more powerful institutions than governments. Many think that governments have also failed in solving social problems. As the businesses are more powerful and the governments are not able to solve the social issues, more and more is expected from businesses. Engaging in CSR can reduce the amount of social problems. Although reducing the amount of social problems is not part of the ideology in capitalism, it can be important in today's world as businesses are becoming more powerful than governments. (Smith 2014)

Argument 4: Engaging in CSR will result in better workforce

When discussing the advantages that CSR can bring to companies in terms of employees, Starbucks is a company that frequently comes up. Starbucks has taken CSR strategy as a crucial part of their business operations. They are a well-known socially responsible company that considers CSR on all parts of their business operations: from serving fair trade coffee beans and respecting the environment to their commitment towards employees. Starbucks is a good example of a successful, global corporation whose success strongly relies on their CSR strategy. (Starbucks 2005a; Vogel D. 2005, 1-2&44)

Employees are an important part of Starbucks' CSR strategy. Starbucks considers employees as their partners that have helped in creating such a successful business: "More than 135,000 people work for Starbucks, and these people have been instrumental in our success." (Star-

bucks 2005b). Starbucks offers its employees numerous benefits including healthcare and according to David Vogel, "Starbucks now spends more on health care than coffee". Starbucks aims to provide its employees a great working environment. The success of Starbucks demonstrates that a responsible employee policy works. (Vogel D 2005, XVII)

Surveys have shown that the ethical values of businesses are important to their employees. For instance, a PricewaterHouse Cooper's survey that was referred to in an article in the Guardian showed that 71% of UK graduates would rather work in an ethical company and 76% would consider quitting a job because of CSR policy of the company. Another survey by BT Group discovered that more than one third of young professionals would rather work for a company that is ethical and provides good working conditions than a company that provides a good salary. (Finn A. 2014) On top of that, a survey by Net Impact showed that 35% would be willing to cut down their salaries with 15%, if the company was committed to CSR. (Meister J. 2012)

Considering the importance of CSR to the workforce, businesses might want to take CSR more strongly as part of their business operations. After all, committed and happy employees lead to increased productivity. According to Cowe and Hopkins (2008), a company engaged in CSR can easier recruit young people and increase the motivation of the employees and therefore increase the creativity and innovation inside the company. As Cowe and Hopkins (2008) state, "intellectual capital is increasingly important to business success". A good salary does not guarantee productive and innovative employees anymore, as the workforce is expecting the companies to be ethical. (Finn A, Cowe and Hopkins 2008, 102-103)

Cowe and Hopkins define four negative impacts of implementing CSR policy on employees. The company has to implement human right policies, put more effort on labor relations and include ethics in the training of the employees. On top of that, the company has to increase the communication inside the company. All of these issues create extra costs for the company but might also be less attractive for the employees, for instance including ethics in training makes the training period longer. (Cowe and Hopkins 2008, 102-104)

The research has shown that engaging in CSR can increase the motivation of educated workforce, but the same does not necessarily apply to employees in low-paid jobs. For those jobseekers that do not have much choice, the salary matters the most and whether the company is ethical or not is just secondary. These job-seekers are looking for a job which would first fulfill their basic needs for a job and after these needs are fulfilled, might be interested in the possible responsibility or irresponsibility of the company. (Albinger H.S and Freeman S.J. 2000, 243-253)

To conclude, it is worth noting that engaging in CSR can bring remarkable benefits in terms of employees, as for many educated employees it is important that the company is responsible. As Starbucks case shows, adapting the CSR policy to the whole business operations can lead to a successful business. However, it can be stated that engaging in CSR does not necessarily bring benefits to those businesses that hire people from less educated groups, as the salary matters the most for them.

Argument 5: CSR can bring benefits in terms of cost savings

It is often argued that CSR will help the company to save in its operational costs. According to some of those who believe that CSR brings benefits in terms of cost savings, the benefits can already be seen in the short run. Often it is the actions regarding the environmental sustainability that are believed to cut the costs.

In 2012, Walmart reported that its sustainability programs could save $150 million in 2013. The programs include waste diversion and recycling, using solar power and focusing on clean energy. Clearly, investing in solar panels or recycling programs is expensive, but the energy that is saved through using solar power will result in notable savings. (Kaye L. 2012)

Research has shown that taking the environment into consideration by saving energy or doing recycling can help companies to save in their operational costs. Engaging in CSR can also reduce the operational costs in the employee turnover, as adapting CSR policy can result in more committed employees and therefore less absences and less costs. (Carroll A.B and Shabana K.M. 2010) On top of that, adapting CSR to community development can result in tax advantages from the city or the government and as stated by Carroll and Shabana (2010), "In addition, positive community relationships decrease the number of regulations imposed on the firm because the firm is perceived as a sanctioned member of society."

Starbucks is again a good example of a firm that has benefited from their CSR policy when it comes to the operational costs. According to N.C. Smith (2014), "Starbucks' employee turnover is said to be less than a third that of the average for the retail food industry". Starbucks' example shows that focusing on CSR and enhancing the work conditions of the employees can inevitably help to cut the costs. (Smith N.C 2014, 43)

However, the savings in operational costs cannot often be seen right away. Investing in renewable energy or offering all the employees full benefits costs a lot of money and the results of these actions do not happen in the short run. When these kinds of investments are

made, the shareholder value can be affected negatively. The negative effect on shareholder value is one of the usual arguments against CSR. (Halme M. 230-232)

As several studies have shown, investing in CSR can lead to inevitable operational savings, like in the Walmart case. Nevertheless, these savings can often be seen only in the long run and making the investments will reduce the shareholder value, which is often used as an argument against CSR. (Halme M. 230-232)

3.3.2   Arguments against CSR

This chapter is formed from three arguments that are some of the most common ones used in the discussion against CSR. The first argument is the famous quote by Milton Friedman and one of the most popular ones in the discussion against CSR. Both sides of each argument will be discussed, as it was also done in the arguments for CSR.

Argument 6: The only responsibility of a business is to increase its profits

In 1970 the Nobel-prize winner Milton Friedman wrote an article on New York Times magazine. In the article Friedman stated that companies cannot have responsibilities, since only human beings can have them. Friedman argued that there is only one responsibility of a company – to make as much profit as possible without deception or fraud. (Friedman 2008)

Friedman wrote in his article that if an executive of the company would start to invest money in community projects, it would be just of his own interest and not from the company's interest since the company's only interest is to make money. In fact, he blamed the businessmen that were talking about social responsibility for socialism. In his opinion, engaging in CSR would mean that the shareholders would lose their interest on the company and as the shareholders are necessary for the existence of the company; this would eventually run down the company. Friedman strongly believed in free market and in his opinion, engaging in any social responsibilities would harm the free market and the competition. (Friedman 2008)

Friedman's way of thinking has been supported by many others. Aneel Karnani wrote an article on The Wall Street Journal in which it was argued that the idea of CSR is irrelevant since when companies are dedicated to make profit, it will at the same time enhance the situation of the society and thus affects the social welfare positively. He suggests that the driving forces of companies are barely ever related to CSR: companies were not willing to find ways to save energy until energy became too costly and healthy products would not exist if they were

not a good business. He also argues that doing the best for the society will sacrifice the profits. (Karnani A. 2010)

Like Friedman, also Karnani argues that the job of the executives is to maximize the profits and not focus on social responsibilities. However, he also states that "this is not to say that companies should be left free to pursue the greatest possible profits without regard for the social consequences". Karnani thinks that if the regulations that now exist are not enough, governments should do more of them and no company should do more than the regulations require them to do. He ends the article by stating that "corporate social responsibility will be truly embraced only by those executives who are smart enough to see that doing the right thing is a byproduct of their pursuit of profit." (Karnani 2010)

The opponents of Friedman state that CSR can result in financial gains; that it can actually help the companies to make more profit. Since there is not much proof that engaging in CSR is directly linked to better profits, often the defenders of CSR argue that it can bring benefits in other terms than just the profit; enhance the reputation and the brand, result in committed employees and increase the productivity. (Burchell 2008, 80-82)

Often it is argued that today companies' only responsibility is not just to make profit like it was before. The globalization has had negative impacts around the globe and the multinational corporations have caused environmental problems and social problems. As the multinational corporations are today more powerful than governments, the defenders of CSR are stating that it is definitely the responsibility of the companies to take care of the social problems and not just to make profit. But as the main goal of businesses is to make profit, they are not willing to do CSR without gaining anything from it. The so called business case of CSR means that companies do CSR as long as it helps them to make profit. (Burchell J. 76-82)

It is true that in the capitalistic society businesses exist to make profit and this will not be changed. But since Friedman's doctrine was written more than 40 years ago it perhaps cannot fully be adapted into today's business world. The most popular argument for CSR is probably that the first and foremost responsibility of business is indeed to make profit, but businesses have also other responsibilities towards the society.

Argument 7: Companies committed to CSR are not necessarily responsible in reality

The critics of CSR often argue that the existence of CSR has created a phenomenon called greenwashing. Greenpeace (n.d. a) defines greenwashing as "the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service." In other words, greenwashing is a public relations (PR) tactic that aims to

give the public an image of an environmentally friendly company when in reality the company is not operating in an environmentally friendly way. (Greenpeace n.d. a)

Greenwashing first appeared in the 1960's when the general public started to worry about the environment and how the multinational corporations might harm it. That is when the first corporations started to do green PR; they realized that by giving an environmentally friendly image of the company they can gain a better reputation and perhaps better profits too. Back then, the green PR was called ecopornography. However, most often the picture that the companies gave the public was not true. The term greenwashing was introduced around 1990 after some of the most polluting companies in the United States claimed that they were environmentally friendly. (Karliner J 2001, Greenpeace n.d. b)

"CSR is nothing more than a PR tactic" is a commonly used argument against CSR. The original idea of CSR is to be a management concept that both companies and the society can gain from. CSR is criticized for its nature: many of the critics argue that since CSR is purely a PR tactic, it benefits the companies much more than it benefits the society and therefore the original idea of CSR does not come true. As a Corporate Watch (2006) report states, "CSR sells. By appealing to customers' consciences and desires CSR helps companies to build brand loyalty and develop a personal connection with their customers".

Companies claim to do much more responsible actions than they actually do and the critics of CSR think that this is the fundamental problem of CSR. According to Aneel Karnani, the problem of CSR is that it exists; as the objective of a company is to make profit, why would the companies do something that would decrease the profits. However, as CSR is an important topic in today's business world, according to Karnani this dilemma between the objectives of the company and the objectives of CSR has lead to greenwashing. (Karnani A. 2010)

Interestingly, many of the codes of conduct, reports and other CSR strategies were created by PR companies. As long as there is no law for CSR, companies can engage in CSR the way they like and often means just doing PR. Unfortunately, CSR helps companies to polish their negative image by hiding the negative impacts of their actions behind CSR. Even tobacco and oil companies claim to be responsible; which is not true because of the fundamental nature of those companies. In fact, the leaders of CSR PR are unethical firms. (Corporate Watch 2006)

Greenwashing is indeed an undesired side effect of CSR. But the defenders of CSR think that CSR is much more than just PR. To the defenders, CSR is about the actual actions that can help the society but at the same time help companies to gain more profit. There is a great number of internationally acclaimed CSR frameworks, tests and tools that all aim to show the real picture of the responsibility. Moreover, the campaigns against greenwashing such as Stop

Greenwash by Greenpeace, aim to stop those companies that are misleading consumers through their green PR. (Corporate Watch 2006)

Argument 8: CSR will increase costs and negatively affect the shareholder value – it is a problem not a solution

Companies belong to their shareholders and therefore it is the shareholders' interests that companies want to meet. CSR is about fulfilling the needs of the society and therefore it is contradictory to fulfilling the shareholders' needs. A common argument against CSR is that money is what matters to the shareholders and whether the company is responsible or not does not interest them. (Friedman 2008)

According to Friedman, companies should focus on increasing the shareholder value instead of solving social problems. (Friedman 2008) Engaging in CSR will increase the costs and decrease the profits and thus it is not the right concept for managing social problems. CSR reporting and the PR create a lot of new costs for companies. It is the shareholders' interests that are crucial to companies and therefore companies should only be willing to solve social problems if solving them would help companies to gain much more profit. Corporate Watch (2006) states that, "Since CSR is also a vehicle for companies to thwart attempts to control corporate power and to gain access to markets; CSR is a problem not a solution". According to Corporate Watch report, as the future of planet do not seem good, something should change. CSR just is not the right kind of tool for changing anything. (Cowe and Hopkins, 103. Corporate Watch 2006)

CSR critics believe that because of the negative effects that CSR has on the profits, CSR can never be interesting enough to the companies. Companies are looking to maximize the profits, so even if engaging in CSR could create minor financial gains, the companies would not be interested in solving the social problems in reality. The public image means a lot to the companies and showing up as a socially responsible company can help to enhance the image. The discussion on CSR often regards values, but the critics of CSR argue that the only value that company can have is making profit. Thus, as long as companies are not forced to do responsible actions (by the law), most of them will not do them. (Corporate Watch 2006)

However, engaging in CSR can attract those investors who are socially responsible (Cowe and Hopkins, 103). A research by Katherina Glac showed that "shareholders have become some of the most important allies of the CSR movement over the years". This can be seen in the annual meetings of the shareholders, where the social issues are a common concern and also in the willingness of the socially responsible investors to sell the shares of those companies that

are irresponsible. Glac's research shows that shareholders have become more and more interested in CSR and that money is not their only motivation anymore (Glac K. 2010)

As previously discussed, engaging in CSR will at first result in extra costs but in the long run it can help to gain more profits. And as research has shown, there is a growing amount of shareholders that are concerned about the social issues. Therefore, engaging in CSR might help to increase the profits as well as the shareholder value instead of decreasing them.

3.3.3   Conclusions on the arguments

The arguments against CSR and for CSR show that CSR as a management concept has both advantages and disadvantages. Nevertheless, CSR is still a rather new concept and therefore neither the advantages nor the disadvantages can clearly be seen, though it is clear that CSR can affect the reputation or the brand of the company either positively or negatively. As long as there is no remarkable evidence on the advantages of CSR, the debate about it will continue.

3.4   The role of CSR in the modern business world

Clearly, the arguments in the previous part of the thesis showed how CSR is a concept with ongoing debates on whether it should exist or not. There are some clear advantages of CSR to companies and to the society but at the same time some notable disadvantages, like greenwashing. Despite of the many opponents of CSR, the prevailing opinion is that CSR is good both for the society and for the firms. And consequently, it has become such an important management concept in the modern business world.

The previous parts of the thesis aimed to reveal what CSR is about, why it has become such an important concept as well as to discuss its possible advantages and disadvantages. This chapter aims to reveal how CSR can be seen in the modern business world and how it is executed in reality. The chapter will start by discussing the possible motivations of companies to do CSR, continue by discussing how companies can engage in CSR and finally present some of the most well-known CSR guidelines and frameworks.

3.4.1   Motivation to do CSR – normative case and business case

On the discussion about the motivation of companies to engage CSR there are two approaches that appear: the normative approach and the business case approach. The normative approach is related to philanthropy: it is the pure willingness to help the society. In other

words, the companies that take a normative approach to CSR engage in it because it is the right thing to do. The business case approach for CSR means that the companies do CSR in order to gain value from it for instance by saving in operational costs or maintaining a better reputation. (Smith N.C, 42-43)

The business case approach for CSR is a more popular one as it regards the profits and the shareholder value as the motivator of businesses to do CSR. Cowe and Hopkins determine six main issues that are commonly used to describe the motivators in the business case approach: equity gained through the reputation or brand, better access to finance (banks are aware of CSR risks), motivated employees, increased innovation and intellectual capital, better risk management and improved public trust. If company's motivation to do CSR derives from one of these motives and not from the philanthropic perspective (because it is the right thing to do), it is the business case that motivates the company to do CSR (Cowe and Hopkins, 102-103).

N. C. Smith (2014) discusses that the motivations for engaging in CSR can be a mixture of both approaches. He argues that it is hard to say what actually motivates the company to do CSR: it might seem that the company's motivations are normative, but they are actually business oriented. Smith takes a pharmaceutical company GlaxoSmithKline as an example for the normative approach. The company decided to make a better access to medicines in poorer countries their priority and donate a number of its revenues to a global health fund because the company's priority is health, not profits. However, Smith also discusses that this might not be the only reason why GlaxoSmithKline decided to do so. He argues that "for example, shareholders' economic interests would be served if GSK's access policy motivates employees and these effects more than outweigh the costs associated with increasing access". If Smith's argument would be true, GSK's motives for CSR would be business case oriented, not normative case oriented. (Smith 2014, 42-43)

The motivations of companies to do CSR can therefore be normative or business oriented, or a mixture of these two approaches. No matter what the motivations are, it is clear that there are no longer many companies that would not be interested in CSR. The next part will discuss how companies can engage in CSR.

3.4.2   How can companies engage in CSR?

In its original sense, CSR is much more than a public relations tactic or corporate philanthropy. It is the continuing commitment from companies to do business by considering their impacts on the society at the same time. (Crane et al 2014) It might be clear for companies

what CSR is and what kind of benefits it might bring, yet it is not necessarily as clear to what kind of CSR strategy would be needed to receive those benefits. (Burchell 2008, 118)

Building an ethical or sustainable brand is an important part of becoming a socially responsible firm. (Crane 2014, 244) In CSR, the brand should be the real image of company. A company's brand can be for instance to be the cheapest mobile phone operator which does not have to be entirely true, but when it comes to ethical branding, company should be ethical in reality if they claim to be ethical. Building a CSR brand should not be about competing with other companies; ethical branding can aim to differentiate the brand by respecting other companies. What makes building an ethical brand difficult is that the stakeholders are demanding for visible responsibility but at the same time are very conscious that the brand should be the same as the reality. Ethical consumers demand for fast actions which makes it difficult for companies to build an ethical brand which is truthful. (Crane 2014, 246)

Applying CSR strategy on employees is another important part of creating a socially responsible business. A successful CSR strategy is considering the different needs that the employees might have. A study by Bhattacharya, Sen & Korchun (2014) suggests that employees should play a crucial role in creating a CSR strategy. The outcomes of CSR strategy and decisions on employees should be tested in reality; some examples of these outcomes could be the effects of the CSR decisions on the employee productivity, absenteeism and general attitude toward the company. Managers should consider the effects of their CSR actions on their employees, since the employees are a crucial stakeholder group. (Bhattacharya et al 2014)

Philanthropy was introduced as a part of CSR already by Carroll (1979) in his pyramid model of CSR. Today philanthropy is not only about giving money to charity like it once used to be. It has become a strategy of its own in the CSR management. The strategic philanthropy includes employee volunteering as part of the human resource development, links giving money to charity to marketing and sponsorship, and building better reputation through partnerships gained from community involvement. This kind of strategy is linked to the business case approach of CSR, as the philanthropic actions are not done purely for philanthropy but for their effects on the business success. The philanthropic actions that can help businesses to be more successful could include any community involving activities such as education programs in poor countries, creating jobs for unemployed or supporting farmers in poorer countries. Basically the idea of strategic philanthropy is to provide help with creating a competitive advantage for the company. (Crane et al 2014, 294)

Charity projects and community involvement are important parts of CSR but as the importance of CSR grows, stakeholders are demanding for more concrete results on CSR performance. Today companies can evaluate and report about their CSR performance with the help

of a large number of CSR frameworks and guidelines, codes of conduct and standards that have all been developed to help in creating and maintaining a successful CSR strategy. There is also a growing number CSR networks gathering together companies that are interested in CSR. There are some companies that have their own codes of conduct, but many of the companies are applying one or some of the publicly acknowledged frameworks or codes on their company. The most well-known reporting frameworks include for instance Global Reporting Initiative (GRI), OECD guidelines for multinational, the UN Global Compact, Accountability 1000s (A 1000), ISO 26000 and Social Accountability 8000 (SA 8000). (Burchell 2008, 119-122)

Three of these well-known, important frameworks and their possible advantages and disadvantages will be presented next. The frameworks and codes that will be presented are UN Global Compact, ISO2600 and Global Reporting Initiative (GRI) sustainability reporting framework. These three frameworks are among the most popular CSR frameworks. However, it should be noted that implementing these frameworks and standards is often time and money consuming. (Burchell 2008) The following part of the thesis will also shortly present Verso Teams, a Finnish CSR framework developed to suit the needs of SMEs as well.

3.4.3 GRI Sustainability Reporting Framework

GRI is a non-profit organization focused on sustainability. Founded in Boston in 1997, this network-based organization has so far created four generations of guidelines for reporting about sustainability and offers its users also other services along with the guidelines such as coaching and training. (GRI n.d. a) GRI's internationally acknowledged sustainability reporting framework is one of the most used CSR instruments along with UN Global Compact. (GRI 2013a) GRI's mission is "to make sustainability reporting standard practice for all companies and organizations." The reporting framework that CSR provides includes metrics and methods for measuring company's sustainability performance and thus will help the company to publish a sustainability report. (GRI n.d. a)

GRI's sustainability reporting framework includes the reporting guidelines and sector guidance. The guidelines have been created to provide help to companies in preparing sustainability reports. The sector guidance is focused on presenting the issues that companies from some special business sectors should include in their sustainability reporting. According to GRI, the reporting guidelines are suitable for companies of all size, from any location and all business sectors. (GRI n.d. b) The objective of the guidelines is to assist companies to make informative, useful sustainability reports and thus make sustainability reporting a standard practice. (GRI 2013b)

The fourth and the most recent generation of GRI reporting guidelines (G4) offers reporting principles, standard disclosures and an implementation manual for creating a sustainability report. The reporting principles present the criteria for preparing a sustainability report based on the GRI's reporting guidelines whereas the implementation manual focuses on how those criteria can be implemented. The G4 guidelines consist of three categories which are company's economic, environmental and social impacts. Social responsibilities are divided into four sub-categories: labor practices and decent work, human rights, society and product responsibility. There are two options to choose from according to which the report will be prepared: core or comprehensive option. The core option includes all the essential elements of reporting whereas the comprehensive option is more extensive including additional standard disclosures that the core option does not cover. (GRI 2013b)

The G4 guidelines are very detailed and aim to cover all the areas of sustainability reporting. A study by Greenbiz Intelligence Panel showed that GRI is among the most popular sustainability reporting frameworks. The most popular frameworks were described as comprehensive guidelines that cover all the areas of sustainability and focus on those areas that are important to the stakeholders of companies. (Davies 2013)

3.4.4   UN Global Compact

"The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business" as defined by Ban Ki-moon, the Secretary-General of the United Nations. (Korngold 2014) Originating from an idea proposed by the United Nations Secretary-General Kofi Annan in 1999, the UN Global Compact is a corporate citizenship and sustainability initiative that today brings together over 12 000 participants that include 8000 companies in 145 different countries, making it the world's largest in its field. (UN Global Compact 2008; UN Global Compact 2014)

The UN Global Compact aims to be an international platform that would suit both for industrialized and developing countries. It embraces the relationship between companies and the society and pays a close attention to the poorest. The compact consists of ten principles, according to which the companies should act and do business. The principles are related to four different categories: human rights, labor, environment and anti-corruption. The issues that the principles are focusing on include for instance the abolition of child labor, promoting greater environmental responsibility and working against all forms of corruption. (UN Global Compact 2008)

The stakeholders of UN Global Compact include governments, companies, labor, civil society organizations (CSOs) and different UN agencies. All the stakeholders play a role in the process of creating and executing the principles: governments have a legislative role in defining the principles, companies commit to operate according to the principles, labor takes part in developing internationally recognized labor standards and cooperates with International Labor Organization (ILO), CSOs play a critical part in offering their knowledge, problem solving capacity, and social legitimacy and the UN agencies (such as ILO and United Nations Environment Programme) are the network of the Global Compact initiative. (UN Global Compact 2008)

The UN Global Compact focuses on the actions and impacts. It provides tools for implementation of the principles as well as for collaboration with financial markets and stock exchanges. (UN Global Compact 2008) However, the transparency and the accountability of the compact have been criticized and the critics of the compact argue that it should have more regulatory power in order to make sure that all the companies taking part in the compact act accordingly. (Crane and Matten 2013)

3.4.5 ISO 26000

The International Organization for Standardization (ISO) is an NGO consisting of 163 member countries that form the standard bodies of the organization. ISO has developed over 18 400 global standards for the use of businesses, governments and the society. The standards provide guidelines and practical tools for sustainable development that are suitable for almost all the business sectors. (ISO 2010)

ISO 26000 is a voluntary standard which has been created to provide guidance on social responsibility regardless of the size, sector or location of the organization. ISO 26000 provides guidance, not requirements and thus it is not a certified standard. It focuses on the advantages that organizations can achieve by implementing the standard. ISO defines that implementing the ISO 26000 standard can result in advantages such as competitive advantage, enhanced reputation and better relationships with stakeholders. (ISO 2010)

ISO 26000 defines seven core subjects of social responsibility, which can be seen in the following figure.

Figure 2: Seven core subjects of ISO 26000

In ISO 26000 the organizational governance is the key to the social responsibility that all the other areas surround. Each core subject consists of issues that are a part of the core subject. For instance, the core subject of human rights includes altogether eight issues such as human rights risk situations, discrimination and vulnerable groups, and economic, social and cultural rights. (ISO 2010)

The outline of ISO 26000 consists of seven clauses that start from the scope of ISO 26000, continue with terms and definitions and go through phases of understanding and recognizing social responsibility to finally providing guidance on putting social responsibility into practice. ISO 26000 includes also a presentation of voluntary initiatives and tools for social responsibility as well as a bibliography of those international instruments and ISO standards that were referred to in ISO 26000 as a source material. According to ISO, the goal of practicing social responsibility is to "maximize the contribution to sustainable development". (ISO 2010)

3.4.6   Verso Teams

Verso Teams is a Finnish online tool for managing CSR. It offers real-time CSR consulting online regardless of the size of the company. It links together the CSR management and the

public relations of CSR in a cloud service. Verso Teams aims to make CSR reporting easier for SMEs and offers a new way to communicate with stakeholders. (Verso n.d.)

The purpose of Verso Teams platform is to offer guidance on CSR. The guidelines of Verso Teams consist of questions about responsibility and information on CSR standards and tools that are constantly updated by experts of CSR. The questions and the information provided in the guidelines will help the users to describe their responsible actions and practices. Verso Teams includes also a broad selection of indicators that are based on GRI framework. It offers also a possibility for the users to create their own indicators. (Verso n.d.)

In addition to the guidelines and the indicators, Verso Teams offers communication with other users of the tool, possibility for publishing Verso Teams profile as well as a possibility for sharing the information on Verso Teams profile on company's website, Facebook page or other platform. It is also possible to modify the user interface by changing the color, adding videos, pictures and for instance the company logo. (Verso n.d.)

Verso has also announced that they will soon publish a new tool called Verso Engagement. The tool will offer a possibility to include all the stakeholders in the company's responsibility process. (Verso n.d.)

3.4.7   The advantages and disadvantages of CSR frameworks and standards

The large number of generally accepted CSR frameworks and standards offers businesses a possibility to determine their level of commitment on CSR. The frameworks and standards provide indicators and tools for measurement that help companies in the process of creating a more detailed picture of their CSR practice. Public reporting on CSR has become an important part of the CSR management and thus the CSR frameworks and standards provide valuable information for the process of creating a publicly acknowledged CSR report. (Burchell 2008)

The usage of commonly accepted CSR frameworks and standards has created a competitive situation between businesses. Companies are now seeking to be recognized for their CSR performance through the frameworks and standards and this has created a slight competition between companies, which can be seen as an advantage as companies are aiming to receive the best results on CSR performance. Another advantage of the generally accepted frameworks and tools is that they are verified and therefore are considered more credible than companies' own codes of conduct or frameworks. (Burchell 2008, 122)

Even if the frameworks and standards offer clear advantages, they have also raised a lot of criticism. The critics of these frameworks argue that as they are mainly guidelines, the companies do not have to commit to change their activities to act more responsibly. The critics also note that since the frameworks are not obligatory, those companies who decide not to engage in them are not pressured to act responsibly. The critics argue that the voluntary approach of CSR does not ensure a commitment on the sustainability. (Burchell 2008, 122)

The UN Global Compact has been criticized for accepting all the companies to take part in the initiative, even those that have not been acting responsibly. The critics argue that instead of letting them to stay as members, they should be kicked out and punished for not acting responsibly. However, others recognize that the current situation is better than punishing them and that in the long run the resources that Global Compact provides would help companies to act more responsibly. (Crane and Matten 2013)

The generally accepted frameworks have also been criticized for not being suitable for SMEs. For instance, Perrini, Pogutz and Tencati (2006, 116) do not find GRI guidelines or SIGMA project suitable for SMEs since they are too complex, require formal procedures and do not provide enough flexibility for SMEs use. EUROCHAMBERS (2012) also refers to the frameworks such as GRI, ISO26000 and UN Global Compact and argues that "none of these instruments may be suitable for SMEs in particular". It has also been suggested that the frameworks are designed for multinational corporations and require businesses implementing them a considerable amount of resources to do extensive research. Thus, they are not suitable for SMEs that have limited resources. (Hermes et al 2004).

3.5   CSR for SMEs

Traditionally, CSR is a management concept of large corporations as the term "corporate" suggests. European Union defines small and medium enterprises (SMEs) based on their size: a small or medium enterprise falls under a category of a maximum of 250 employees, a maximum turnover of 50 million Euros or a balance sheet total of maximum 43 million Euros. (European Commission Enterprise and Industry 2014)

CSR for SMEs is rather different from CSR for multinational corporations. Research has shown that SMEs do not necessarily report about their CSR performance externally like most of the multinational corporations do, yet it does not mean the SMEs would not be engaged in such activities that are considered as CSR. (Crane et al 2014)

Financially, SMEs are very important part of the world's economy. Most of the employment and GDP are created by SMEs. Even if SMEs play an important role in the society, there has

not been much focus on CSR for SMEs. The amount of guidelines and frameworks made especially for SME is very limited. (Crane et al 2014) European Union, where SMEs are a crucial part of the economy, has noticed the lack of such frameworks and has created a short guidebook for SME advisors on CSR. The guidebook offers guidance for developing and implementing a CSR strategy as well as information on what CSR is and how SMEs could engage in CSR. (Knopf and Mayer-Scholl 2013)

The CSR for SMEs and for multinational corporations differ from each other in many ways. First of all, in the small business context, the owner-managers have most of the power when making CSR related decisions. In the decision-making process it is the social environment that affects the CSR related decisions of owner-managers. (Lähdesmäki 2012) When it comes to the multinational corporations, the managers are often making their CSR decisions based on the perceived interests of the shareholders. (Crane et al 2014, 14)

Secondly, the SMEs engagement in CSR requires flexibility and freedom as the SMEs are informal by their nature whereas the more structured multinational corporations require a structured approach for CSR. (Crane et al 2014, 13) This is why it is often perceived that the extensive, structured CSR frameworks are not suitable for SMEs and there is a need for simplified and less structured frameworks. (Hermes et al 2004, Perrini et al 2006)

Thirdly, because of the size of SMEs they have a lack of resources and time. SMEs are willing to spend their resources based on their key stakeholders' interests (often employees) and thus if implementing a CSR framework or standard would require a lot of resources, the SMEs are unlikely willing to implement them if it is not in their key stakeholders' interest. (Crane et al 2014)

Interestingly, small businesses seem to strongly distinguish ethical and economic aspects from each other. According to a research by Merja Lähdesmäki, the owner-managers of small businesses consider being ethical and being economic as two different aspects that one has to choose from. The small businesses do not recognize these two aspects functioning simultaneously. (Lähdesmäki 2012)

In SMEs, the social responsibility is embedded in their business operations, unlike for multinational corporations that are structured and rarely have anything embedded in their business operations. Multinational corporations are depended on the public image and reputations, whereas SMEs that are not as visible in the public do not have to focus on their public image or PR as much. However, the stakeholders are crucial to SMEs, even more than for multinational corporations and therefore the CSR for SMEs is often focused on building good personal relations and trust with the stakeholders rather than building a responsible brand. In fact,

often SMEs do not recognize that their actions that could be considered as CSR are actually CSR. The benefits of CSR in terms of building a better reputation or a brand are certainly not in the interest of SMEs, but they could find CSR interesting as it can also bring benefits in terms of better relationships with stakeholders. (Crane et al 2014) Clearly, CSR is no longer a concept that only corporations consider in their business operations.

3.6   CSR in Finland

In Finland, corporate social responsibility does not have a long history. The government has traditionally played an important role in the Finnish society and the legal requirements regarding environment, human rights or other CSR related issues were enough until the beginning of the 21st century. When the Finnish businesses were asked to define their most important values in a 1997 research by the Center for Finnish Business and Policy Studies, only 4% emphasized social responsibility as one of their most important values. The first CSR guidebook was published in 2001. (Vuontisjärvi 2006)

Despite of the late rise of interest, CSR has become an important part of the business operations in Finland today. The following figure illustrates that there has been a significant rise of interest towards CSR. The figure shows the number of Finnish companies considering CSR important in 1997, 2013 and 2014.
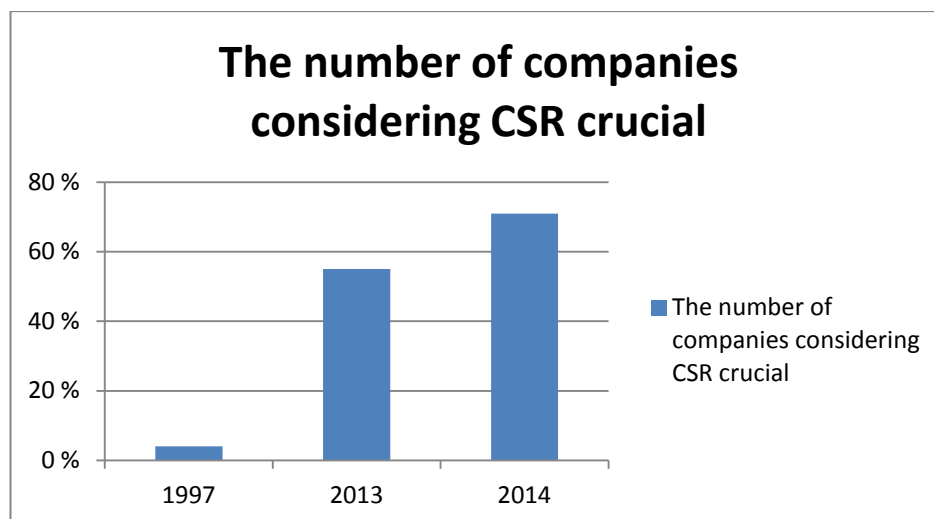

Table 1: The number companies that find CSR important in 1997, 2013 and 2014

As the figure shows, the companies' interest in CSR has grown significantly from the 4% in 1997 to the 71% today. The 2013 and 2014 numbers are based on a FIBS Ry CSR surveys that surveyed the CSR of 201 randomly picked companies out of the 1000 largest companies in Finland (203 in 2013). 71% of companies consider CSR as a crucial part of their business operations whereas a year ago (in 2013) just over 50% considered CSR as a crucial part of the busi-

ness. The FIBS Ry CSR surveys also show that the number of companies reporting about their CSR performance is growing: in 2013 the number of companies doing CSR reports was 37% and in 2014 44%. In 2014, almost one third of the surveyed 201 companies used the ISO26000 standard in their business operations. (FIBS Ry 2013, FIBS Ry 2014)

According to the FIBS Ry's CSR survey (2014), Finnish companies are aware of CSR and also almost half of them are implementing reporting frameworks. However, CSR is not considered as a source for better profits or increased innovation capacity. The reason why companies in Finland engage in CSR seems to be access better reputation and ensuring good possibilities for the future business operations. Interestingly, environment is notably the most important area of CSR for Finnish SMEs and human rights or consumer issues are considered as the least important areas of CSR. (FIBS Ry 2014)

3.6.1 FIBS Ry

FIBS Ry is a Finnish non-profit CSR network with over 230 members. FIBS Ry has been operating for 14 years and offers its members a number of benefits including "information, support, contacts and visibility through events and workshops, various communication channels and developing programmes and Master Classes" (FIBS 2013)

FIBS Ry is internationally cooperating with three global CSR networks: GRI, CSR Europe and CSR 360 Global Partner Network. As FIBS is cooperating with GRI, FIBS offers the Finnish companies that are willing to register their GRI based CSR reports to do so through FIBS. FIBS is directed by a 7-9 member board that is selected annually. As a non-profit organization, FIBS gets its funds in the form of fees from the members and funding from the Ministry of Employment and Economy. (FIBS 2013)

FIBS Ry was a partner of the thesis by helping to receive the company contacts for the thesis research.

3.7 Conclusions on the theoretical background

CSR is a constantly debated subject that has its supporters and opponents. Most of the subjects related to CSR remain contested. Three important, debated issues can be drawn from the theoretical background research.

Firstly, CSR is a complex subject with constant debates on what it actually is and how it should be executed if it should be executed at all. Therefore, there is a large number of different definitions of CSR and thus there is no generally accepted definition.

Secondly, CSR was born as the result of globalization and is closely related to sustainability. Some theorists consider CSR and sustainability as one concept and not two separate concepts, whereas others consider sustainability as one part of CSR. Like many other issues related to CSR, also the cohesion between CSR remains debated.

Thirdly, CSR has been debated about for its advantages and disadvantages. Some theorists suggest that CSR can bring companies enormous benefits in terms of better reputation, better profits or better customer relationships. The critics argue that CSR will reduce the profits and encourages companies for greenwashing.

Clearly, CSR is an important concept in today's business world. The large number of CSR frameworks encourages companies to report about their CSR performance. The growth of CSR's importance and transparency makes it an interesting subject for SMEs as well. It is no longer an abstract concept for SMEs either, as the large amount of different CSR frameworks and tools have made it more visible than ever before.

It is important to notice that CSR often looks different depending on the size, location or type of the business. This is why the available CSR frameworks might not be suitable for SMEs and there is a need for a SME-friendly CSR framework or tool.

4   Research approach and methodology

As already discussed in the introductory part of the thesis, the objective of this thesis research was to discover whether there is a need for CSR frameworks specialized for SMEs in Finland and if the case tool in this research, CSR4UTOOL, would be an interesting CSR tool for Finnish SMEs to use. Furthermore, the aim of the thesis research was to create concrete development suggestions for CSR4UTOOL in order to make it more suitable for the Finnish small and medium enterprises.

The research approach and the methodology used in this thesis were chosen based on the objectives of the thesis.

4.1   Research approach

The research approach used in this thesis was a case study approach. The objective of this thesis was to find development suggestions for CSR4UTOOL, and that is why the case study approach was chosen. Yin's (1994) definition of case study "A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context", can be con-

nected to this thesis as well, as the "case" in this case study was the CSR4UTOOL that was tested in its real-life context; it was tested by four Finnish SMEs that might be the potential users of the tool in the future.

4.2 Methodology

The research was conducted by using qualitative research methods. The qualitative methods used in this thesis included different types of interviews and a questionnaire. Qualitative research usually focuses on a small amount of chosen individuals that are examined through interviews, questionnaires, documents and tests. Qualitative data can be defined as a record of what people have said. According to Myers (2013), qualitative research is good for exploratory research when the topic is new and there is not much previously published research on that topic. (Tilastokeskus; Hennik, Hutter and Bailey 2011, 9; Myers 2013, 8-9)

Also secondary data in the form of previous research on CSR and SMEs was used for the research in order to find out if there is an overall need for an SME-specific CSR framework and to discover if potential competitors for CSR4UTOOL exist. Furthermore, empirical research was conducted as the author of this thesis took the CSR4UTOOL test in order to find the possible areas of the test that would need development and if they were similar to the partner organizations' opinions.

The qualitative data for the research was gathered through interviews and a questionnaire that each interviewee answered. The interviews were chosen as a tool, since the objective was to find out how the representatives of the companies felt about the tool and interpreted it. Questionnaires were chosen to support the information gathered in the interviews and to get additional information on how the testers felt about CSR4UTOOL. Moreover, the interviews and the questionnaires were conducted in order to discover if the companies' observations on CSR4UTOOL were similar to the author's observations.

4.2.1 Interviews

Three different interview techniques were used for conducting the four interviews. All the interviews consisted of a short e-mail interview that was conducted before the interviewees took the CSR4UTOOL test in order to find out about their backgrounds; this part of the interview was called a background interview. The second part of the interview was conducted with those companies with whom a telephone or a face-to-face interview was conducted. The second part of the interview was more of a discussion than an interview since it was done when the companies were taking the CSR4UTOOL test. No questions were made for the second part

beforehand, since it was a discussion of what the testers noticed while they were doing the test rather than an interview.

The third part of the interview was conducted after the representatives of the companies had already taken the CSR4UTOOL test and most of the questions for this part of the interview were made beforehand, although in some cases also the last part of the test turned out to be a discussion on the tool. After the actual interview, a questionnaire was sent to each company and the companies were given one to two weeks of time to answer the questionnaire. All the parts of the interviews were conducted in Finnish, since all the companies were Finnish. The answers were later translated into English.

One of the interviews was conducted face-to-face. The face-to-face interview was conducted with the representative of Curanda Terveyspalvelut Oy. The interview was conducted partly simultaneously to taking the CSR4UTOOL test and partly after the test was done.

Two of the interviews were conducted as telephone interviews. The first telephone interview was conducted with the representative of Kiantama Oy and the second interview was conducted with the representatives of Keliakialiitto (The Finnish Coeliac Society). Both of the interviews were conducted in two parts: as a discussion while the representatives were taking the CSR4UTOOL test and as a more formal interview after taking the test.

One of the interviews was fully conducted as an e-mail interview, because of the lack of time. The interview was conducted with the representative of Fiblon Oy. The e-mail interview was conducted after the interviewee had taken the CSR4UTOOL test.

4.2.2   Questionnaire

Questionnaires were conducted in order to receive more feedback from the interviewees: both negative and positive. Furthermore, more time was given for the questionnaire since it was considered that the respondents would need more time to come up with improvement suggestions for CSR4UTOOL.

The questionnaire consisted of mainly open questions, but it also included a multiple choice question and yes/no questions. Altogether the questionnaire had 10 questions for the first three companies and 12 questions for the interview with the Finnish Coeliac Society. The questions in the questionnaire had to be modified for the Finnish Coeliac Society since they did not have almost any previous experience on CSR, unlike the other organizations and therefore some of the questions would not have been suitable to them.

4.3 Data collection

The data for the research was collected from the interviews and the questionnaires. The data was used to draw conclusions on whether CSR4UTOOL could be suitable to be used in Finland in its current form or if it should be developed further to be more suitable for Finnish businesses. Moreover, the data was used to create concrete development ideas for CSR4UTOOL. The companies that took part in the research were rather different from each other and therefore the data provided useful information for developing the tool, as different types of organizations took the CSR4UTOOL test.

4.4 Thesis process

The thesis process began in February 2014 when the first e-mails with Ms. Laura Corazza, one of the developers of CSR4UTOOL, were exchanged. The thesis objectives were decided based on the e-mail discussion with Laura Corazza and the thesis topic was overall determined by the end of April 2014 when Laura Corazza arrived to Finland. The most important phases of the thesis research process are illustrated in Figure 3.

Thesis research process

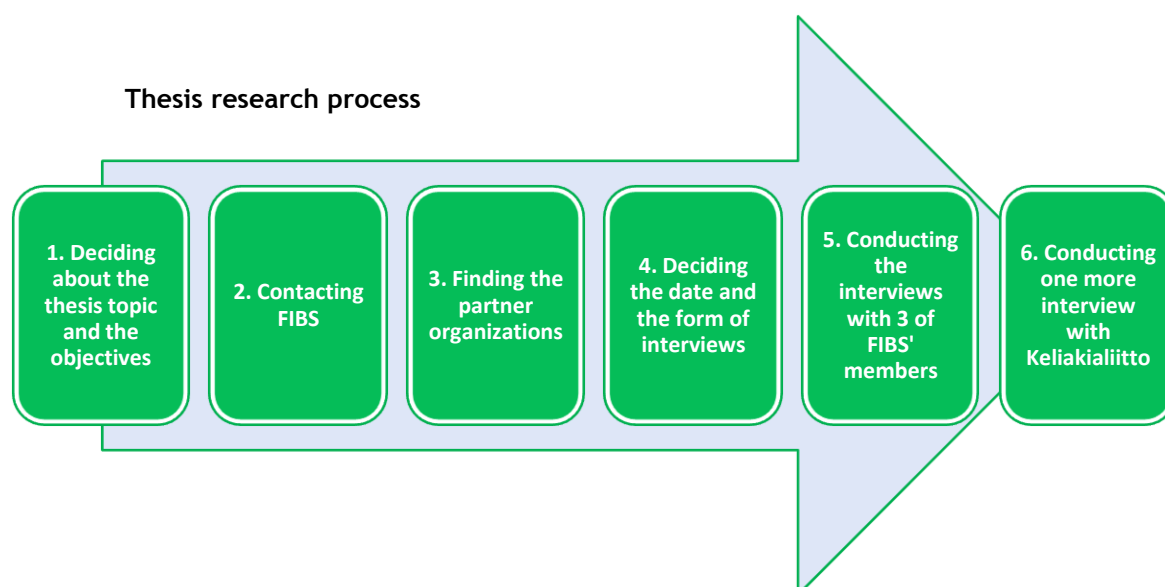| 1. Deciding about the thesis topic and the objectives | 2. Contacting FIBS | 3. Finding the partner organizations | 4. Deciding the date and the form of interviews | 5. Conducting the interviews with 3 of FIBS' members | 6. Conducting one more interview with Keliakialiitto |

Figure 3: The phases of thesis research process

After determining the topic and deciding about the thesis objectives, it was decided that altogether three Finnish SMEs would test CSR4UTOOL and after taking the test, they would be interviewed in order to discover what their opinions and observations on CSR4UTOOL are like and if it is suitable for Finnish SMEs. After the interviews, conclusions on how the test should

be developed to better fit the needs of Finnish SMEs would be made. The material for the theoretical background was chosen as well and CSR4UTOOL was tested and its advantages and disadvantages analyzed.

In the beginning of May 2014 six randomly selected SMEs were contacted and were asked to take part in the thesis project by e-mail. Unfortunately, only one of the companies replied to the-email and was not willing to take part in the project.

FIBS, a Finnish corporate responsibility network, was contacted to ask for their advice. After phone calls and e-mails it was decided that FIBS could help in finding the partners for the thesis. The SMEs were chosen from the FIBS' list of members. FIBS then contacted those companies that were chosen from the list and asked them to take part in the thesis project. The content of the e-mail was written together with FIBS.

At first, six FIBS members were contacted. Out of these eight companies, Curanda Terveyspalvelut replied that they would like to take part in the project. Two other companies were not willing to take part and the rest of the companies that did not reply to the e-mail at all, were later called after to ask if they had received the e-mail but none of those companies were willing to take part in the project. Therefore, since only one company had agreed to take part in the project, three more SMEs from the FIBS' members were decided to be contacted. Out of those three companies, two answered quite soon that they could take part in the project and thus all the three companies had been found.

The first interview was conducted with the administrative director of Curanda Terveyspalvelut in June 2014. The interview was conducted and CSR4UTOOL test taken at Curanda's office in Turku. Before the actual interview, the interviewee answered the background questions that were sent by e-mail.

The next two interviews were conducted in the beginning of August. The interview with the marketing and communications manager of Kiantama was conducted by phone and the interview with Vice President and marketing and communication specialist of Fiblon Oy, by e-mail.

After these interviews were conducted, it was decided that one more company would be needed since all the interviewed companies were quite experienced when it comes to CSR. A fourth organization should not have almost any experience on CSR as it could then be examined if their opinion on the tool would be different from other companies' opinions.

Moreover, it was decided that the fourth organization should be a non-profit organization, since it would thus be different from the other companies that were all profit-companies.

Therefore Keliakialiitto (Finnish Coeliac Society) was contacted and they were willing to take part in the project. The interview with Finnish Coeliac Society was conducted in the beginning of October 2014 via phone.

5   Presentation of CSR4UTOOL and the partner organizations

The following part of the thesis will present CSR4UTOOL and the partner organizations that tested CSR4UTOOL. All the four organizations were different from each other and therefore there is a short presentation of each organization. However, they all considered that CSR is an important part of their business operations. The partner organizations, their business sectors and representatives' positions in the company are presented in Table 2. The representatives will be referred to as interviewees in the following chapters and thus are numbered in the table based on the date of the interviews.

Company	Business Sector	of company's representative	Position of the representative
Curanda Terveyspalvelut Oy	Health services	Interviewee 1	Administrative Director
Kiantama Oy	Food industry	Interviewee 2	Marketing & Communication Manager
Oy Fiblon Ab	Textile industry	Interviewee 3	Vice President, Communication and Marketing
Finnish Coeliac Society	Not-for-profit	Interviewee(s) 4&5	Coordinating Manager & Financial Manager

Table 2: The partner organizations and their representatives

5.1   CSR4UTOOL

CSR4UTOOl is an online test that helps businesses to evaluate their CSR skills and performance. CSR4UTOOL has been partly funded as a part of an EU-funded project called LOIEs. The test was created since it was discovered that there is a lack of CSR tools suitable for SMEs. The tool was developed by Laura Corazza (PhD, M. Sc.) and Professor Maurizio Cisi from the Department of Management in University of Turin and has so far been tested by 138 different entities. (CSR4UTOOl 2014)

The test consists of 41 questions that evaluate the organization's CSR performance from three different points of view: social, environmental and financial. The questions are based on some of the most commonly used CSR frameworks such as GRI, UN Global Compact and

AA1000. The goal of CSR4UTOOL is to "create shared knowledge towards CSR especially for Small and Medium-sized Enterprises." (CSR4UTOOL 2014)

The tool is free of charge and it aims to minimize the time that companies have to spend on evaluating their CSR performance and reporting about it. The CSR4UTOOL test provides a report that is based on Carroll's pyramid of responsibilities and can be used for instance as a part of company's sustainability report. The test allows the tester to skip some of the questions if they are not applicable to the company in question. However, skipping questions might affect the final results of the test. The test has been "funded by "Master dei Talenti 2013" research program of CRT Foundation and GORIA Foundation." (CSR4UTOOL 2014)

The tool is based on an in depth literature analysis and complies with common social accounting standards. It seeks to help businesses to better understand the meaning of CSR and report about it to their stakeholders. CSR4UTOOL aims to provide an easy, fast and a free of charge solution for testing CSR performance. (CSR4UTOOl 2014)

5.2   Curanda Terveyspalvelut Oy

Curanda Terveyspalvelut Oy (terveyspalvelut=health services) is a medium-sized company established in 2003 in Turku. The company's main focus is in providing private dental services; however it is also offering psychotherapy services. Today Curanda is offering a wide range of dental services in Turku and Helsinki. (Curanda n.d.)

There are around 25 dentists and 24 other employees working for Curanda today. Curanda's turnover in 2013 was around 3 million Euros. The CEO of Curanda is Juha Lindgren. (Curanda n.d.) Curanda joined the FIBS corporate responsibility network in December 2013 and they consider that it is important to notice the different aspects of CSR in health care service sector as well as to have an overall sustainable business. Through their cooperation with FIBS, Curanda aims to strengthen the management of sustainability in their business operations. (Paajanen, J. 2013)

Curanda's representative was their administrative director and thus he tested CSR4UTOOL and took part in the interview.

5.3   Fiblon Oy

Fiblon Oy is a small family-owned business producing disposable tabletop and wiping products as well as travel comfort items for hotels, airlines, restaurants etc. Fiblon was established as

a micro-sized family business in 1979 and is located in Pori. Today, Fiblon has over 10000 m2 of production and warehousing facilities. (Fiblon n.d.)

In 2013, Fiblon had 34 employees and their turnover was just over 6 million euros. (Sanoma Media Finland Oy n.d. a) Fiblon's CEO is Pekka Ekberg. Fiblon is a member of FIBS corporate responsibility network and consider profitable growth, joy of working, satisfied customers and respecting the environment as their corporate values that are considered in all areas of Fiblon's business operations. Thus, they consider that CSR is an important part of their business operations. (Fiblon n.d.)

Fiblon's representative in the research was the Vice President in Fiblon's board of directors as well as responsible for Fiblon's marketing and communication.

5.4 Kiantama Oy

Kiantama Oy was established in 1973 in Suomussalmi. It is a small business producing and developing different types of berry products and raw material for cosmetics, food industry and health supplement industry both for Finnish and international markets. The production is emphasizing the importance of product safety and preserving the nutritional value as well as the original color and taste of the berries. (Kiantama Oy 2011)

In 2013, Kiantamas turnover was 10,5 million Euros and their operating profit was 421 000 Euros. The number of employees in 2013 was 33. (Sanoma Media Finland Oy n.d. b) Kiantama considers responsibility as an important part of their business operations. According to Kiantama, sustainable development is a key goal of their business operations. Kiantama is also a member of FIBS' CSR network and takes into account the guidance provided in ISO 26 000 standard.

Kiantama's representative in the research was their marketing and communication manager.

5.5 Keliakialiitto Ry (Finnish Coeliac Society)

Keliakialiitto Ry is a non-profit organization that was established in 1976 under the name Suomen Keliakiayhdistys (Finland's Coeliac Association). The current name, Keliakialiitto Ry, was registered in 2006. The Finnish Coeliac Society is a nationwide national health and patient organization that aims to enhance the daily life of Finnish celiac patients and their families. It consists of 30 smaller local celiac associations. The Finnish Coeliac Society offers its members a wide array of benefits, services and counseling.

The Finnish Coeliac Society has currently over 20 000 members. The Coeliac Society publishes a coeliac magazine as well as cookbooks for gluten-free baking and cooking. In 2013, they had altogether 27 employees. The Finnish Coeliac Society is partly financed by RAY (Finland's Slot Machine Association). In 2013, the subsidies from RAY accounted for 43,9% of revenue. The rest of the revenue was mainly covered by membership fees and cooperation partners. There was an excess return of 52 800 Euros in 2013.

All the operations of the Finnish Coeliac Society are based on their core value: equality of people. Keliakialiitto is actively cooperating with decision-makers, science, healthcare, food industry and others. Keliakialiitto also considers the values of reliability, expertise and fairness in all of their operations. In the interview it was discovered that the Finnish Coeliac Society does not have much experience of conducting CSR in practice, but they however consider it as an important part of their business operations because of the fundamental nature of the organization.

There were two people representing the Finnish Coeliac Society in the research: their financial manager and their coordinating manager.

6   Partner organizations' previous experience on CSR frameworks

As discovered in the previous chapter, Curanda Terveyspalvelut, Fiblon and Kiantama all had already some experience and knowledge on CSR and they are all members of FIBS and the Finnish Coeliac Society had the least experience on CSR. The position of the companies based on their amount of knowledge on existing CSR frameworks can be seen in Figure 4.

Experience and knowledge on CSR frameworks

High
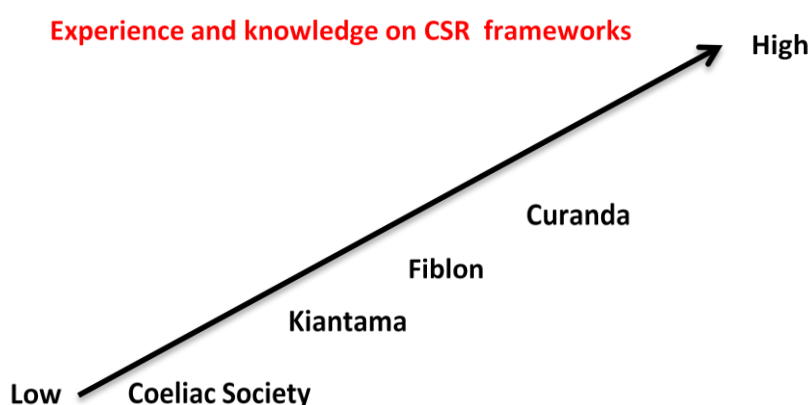
Curanda

Fiblon

Kiantama

Low   Coeliac Society

Figure 4: Partner organizations' knowledge on CSR frameworks

As previously discussed, the companies were asked to answer a few background questions prior to testing CSR4UTOOL. These background questions were designed in order to find out if companies already reported about their CSR performance or if the topic was rather new to

them. It was also asked if the companies were familiar with some CSR frameworks and tools and what kinds of advantages and disadvantages those frameworks had. The background questions were the same for Kiantama, Fiblon and Curanda that all were expected to have some experience on CSR already, since they are members of FIBS CSR network. For the Finnish Coeliac Society some of the background questions were changed or removed since it was found out prior to sending the background questions that they have only little experience or knowledge on CSR.

The companies are placed on the axel based on their answers on the background questions that showed how much experience the companies had on existing CSR frameworks. Interviewee 1 (Curanda) was familiar with several CSR networks, although he noted that "I only know the outlines of many of the frameworks though, so I cannot really say that I would actually know them". However, the interviewee was familiar with GRI, AA 1000, ISO26000 and SA 8000 and based on the background questions and the interview had more experience on CSR frameworks than other interviewees. Therefore Curanda is placed on a high place on the axle. It was found out during the face-to-face interview that interviewee 1 is very experienced on CSR and he had also done a master's thesis about CSR. Thus, he had a lot of knowledge and comments on other CSR frameworks as well as many ideas on how to improve CSR4UTOOL.

Interviewee 2, the representative of Kiantama, admitted that their company has very little experience on CSR frameworks since "we have not had the time or resources to familiarize ourselves with them". However, it was found out in the interview that interviewee 2 was rather familiar with the subject of CSR and had already got to know some CSR frameworks, mainly GRI. Thus, interviewee 2 had already some experience on CSR frameworks but not much.

Interviewee 3 from Fiblon was familiar with GRI and their company had already been using some parts of GRI in order to report about their CSR performance and they had already been reporting about CSR for more than 3 years. However, interviewee 3 was not familiar with other CSR frameworks and thus did not have as much knowledge or experience on CSR frameworks than interviewee 1.

Interviewees 4 and 5 from Finnish Coeliac Society considered CSR as an important part of their operations since they are a patients association. They also noted that responsibility is one of the organization's most important values and necessary for them. Nevertheless, they had not used a CSR reporting framework or written a CSR report before. Moreover, the interviewees were not familiar with any CSR frameworks, although they considered that CSR is an important part of the business. Thus the Finnish Coeliac Society had the least experience and knowledge on the existing CSR frameworks out of these four companies.

Three of the four companies that took part in the research had not previously used any of the existing CSR frameworks or reported about their CSR performance. The interviewees were asked to explain why they had not used them in order to discover if the reasons for not to use them were the same as the developers of CSR4UTOOL and scientific research on CSR and SMEs had considered, for instance lack of resources.

Indeed, lack of resources and too high costs were some of the most important reasons why the companies had not been using the existing CSR frameworks. The frameworks were considered to require a "remarkable amount of additional resources both in the implementation and maintenance phases", as interviewee 1 noted. The frameworks were also considered to require special know-how on CSR and interviewee 2 considered them as "more suitable for big corporations that have more knowledge about different areas of CSR". It was also noted that many areas in the existing frameworks are not suitable for Finnish companies or specific industries.

The frameworks were considered to have often either too much content or too little content, which means that some important areas would be missing from the framework and therefore the frameworks were not considered to be suitable for businesses of different sizes or industries. Interviewee 1 stated that "The management of the company still sees the advantages of implementing a reporting framework insufficient or irrelevant for the current business operations". Interviewees 4 and 5 explained that the reason why their company had not been using the existing frameworks was that they are simply not familiar with any of the frameworks but it was noted that they would be interested in a simple tool that would help them to keep track on their organization's CSR performance. Also interviewee 2 noted that they would like to use a CSR framework or tool in the future if they could find a suitable one for their company.

Interviewees 1, 2 and 3 were all familiar with GRI reporting framework. The interviewees considered that the disadvantages of this framework are the large amount of work and special know-how that its implementation and maintenance require. It was noted that GRI is not suitable for companies of different sizes and that it is mainly designed for large corporations.

GRI was considered as one of the most trustworthy CSR frameworks as it is based on up-to-date international research and development. GRI was considered as an extensive framework that covers all the crucial areas of CSR. Interviewee 1 noted that the obvious advantages of GRI were also comparison with other companies and the previous results of one's own company as well as measurement that it provides.

Interviewee 1 was the only interviewee who was familiar with other frameworks than GRI. On top of GRI, he therefore discussed the advantages and disadvantages of ISO26000 and AA 1000. The fact that ISO26000 is a part of a trusted "standardizing-family" was considered as its advantage. However, interviewee 1 considered that since ISO26000 is an unofficial standard unlike many other standards from the "ISO-family", it is a notable disadvantage of the framework. Since it is an unofficial standard, there is no possibility for official external auditing or comparison and thus ISO26000 is only a directional CSR framework.

Interviewee 1 saw as the advantage of AA 1000 its stakeholder perspective for CSR and how it describes and clarifies the interaction process with the stakeholders. As a disadvantage of AA 1000 the interviewee 1 regarded that the framework does not measure or test anything in practice. In interviewee 1's opinion the tool should provide tools for measuring CSR performance since that would create a possibility to compare CSR performance with other companies as well as with the previous results of the case company.

The information gathered from the background questions indicated that the partner organizations are looking for a CSR framework that would be suitable for companies of all sizes and would not require as much resources or know-how as the existing frameworks, such as GRI, do. It was also discovered that the existing frameworks were considered unsuitable for Finnish companies. However, all of the companies would be interested in a framework that would be suitable for their companies and thus there would be a demand for an SME-specific CSR tool like CSR4UTOOL in Finland. This is also supported by scientific research which has noticed a lack of SME-specific CSR frameworks as the existing CSR frameworks are not suitable for SMEs and thus there would be a demand for an SME-specific CSR framework (Hermes et al 2004; EUROCHAMBERS 2012; Perrini et al 2012)

7   Partner organizations' level of interest towards CSR4UTOOL

As the previous chapter concluded, the partner organizations would like to use an SME-specific tool that would be suitable for their companies. Furthermore, this chapter will discuss whether the partner organizations considered that CSR4UTOOL could be such a CSR tool that they could consider to use. The information in this chapter is based on the interviews and the questionnaires that were conducted after the partner organizations had taken the CSR4UTOOL test as well as on the interviewees' comments during the interviews. Figure 5 demonstrates the partner organization's level of interest towards CSR4UTOOL after taking the test.
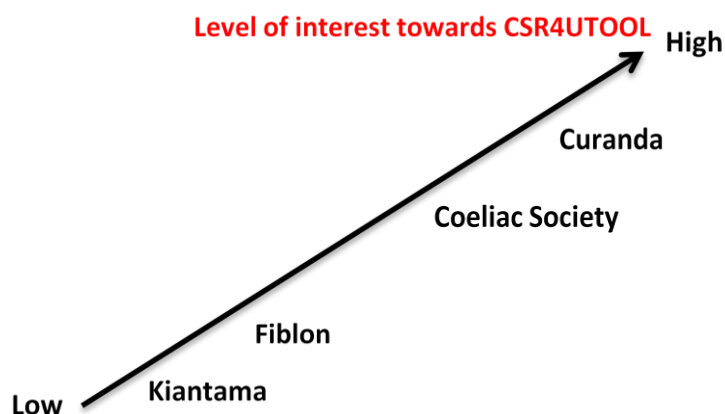
Figure 5: Level of interest towards CSR4UTOOL

As the Figure 5 demonstrates, Finnish Coeliac Society and Curanda found CSR4UTOOL rather interesting whereas Kiantama's and Fiblon's interest towards the tool was rather low. Thus, 3 out of the 5 representatives of the companies considered that the tool has a lot of potential. However, all of the representatives considered that the tool would require developing in order to be used in Finland and as such it would not necessarily interest Finnish SMEs.

Interviewee 1, who had a lot of previous experience on other CSR frameworks and tools commented that he finds the tool very interesting and potential. Interviewee 1 even offered to help in developing the tool to better suit the needs of the service sector. He found the test easy and simple to conduct and liked the fact that the tool was online and easy to implement. However, he considered that there are also some areas in the test that should be improved in order to make it more appealing for Finnish businesses.

Interviewee 2 was interested in CSR4UTOOL prior to taking the test, since she considered that there is a need for a CSR framework that is easy to implement. Nevertheless, after taking the test the interviewee did not find the tool very potential. She considered that the tool is not suitable for a company that is already paying attention to CSR but it might be suitable for a company that has no or very little experience on CSR. In other words, she did not find the tool suitable for their company but considered that companies that have not been paying attention to their CSR performance yet could find the tool interesting. Out of the 5 interviewees, interviewee 2 was clearly least interested about CSR4UTOOL.

Similarly to interviewee 2, the interviewee 3 considered that the tool is not suitable to their company but could be suitable for a company that has no experience on CSR at all. She considered that the test did not provide anything new to their company concerning CSR and the questions in the test were too basic for their company. That is why she considered that the test could provide some new information for a company that has not yet familiarized themselves with CSR.

Interviewees 4 and 5 found the test interesting. Interviewee 5 commented that "In my opinion this type of a tool could also be used by larger corporations as an indicator that would show the right direction towards sustainable behavior". The interviewees 4 and 5 considered that a tool like this could be helpful when making the annual report as some of the information provided in the tool could be used in the annual report too. The interviewees 4 and 5 also noted that they could consider publishing the most essential parts of the report that CSR4UTOOL provides.

On the contrary to interviewee 3, interviewees 4 and 5 found the CSR4UTOOL test rather diverse, not too basic. This might be due to the fact that as revealed in the previous chapter, The Finnish Coeliac Society has very little knowledge or experience on CSR compared to Fiblon that interviewee 3 is from. Overall the attitude of interviewees 4 and 5 towards CSR4UTOOL was positive.

Interestingly, it was the interviewees with very little experience or a lot of experience on CSR that were the most interested in the tool. Interviewees 4 and 5 might be interested to use the tool inside their company when interviewee 1 was very interested in the tool and found it potential but would not necessarily consider using it in his company. Furthermore, even if the interviewees 2 and 3 were not as interested in the tool they considered that it could be helpful for companies with little or no experience on CSR.

8   Advantages and disadvantages of CSR4UTOOL

This part will indicate and analyze the advantages and disadvantages of CSR4UTOOL that the partner organizations pointed out. Only the most essential advantages and disadvantages that the partner organizations noted during the interviews will be discussed and analyzed. There will be a SWOT analysis supporting the analysis. The SWOT analysis will also take into account the possible competitors of CSR4UTOOL in Finland.

8.1   Advantages of CSR4UTOOL

The most important advantages of CSR4UTOOL that appeared in more than one of the interviews are presented in Figure 6.
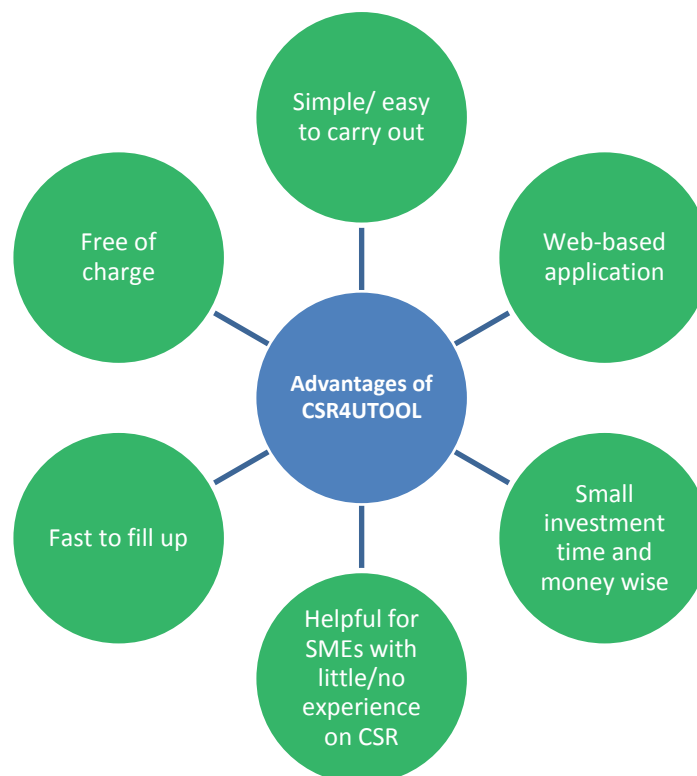

Figure 6: The most important advantages of CSR4UTOOL

It was considered that CSR4UTOOL is rather easy to fill up and carry out. This was noted by the interviewees 1, 3, 4 and 5. The interviewees noted that the open web-based and free of charge application is appealing to companies since the test does not require a large investment. Interviewee 1 commented in the questionnaire that "making the decision to implement the CSR4UTOOL must at least be easier than deciding to implement many other CSR frameworks". This is due to the small amount of money and time that needs to be invested in implementing the tool as well as the fact that the test is technically easy to carry out. As interviewee 1 noted, implementing the test does only requires working hours. Interviewees 1, 4 and 5 commented that the tool is also fast to fill up.

An advantage that all the interviewees noted is that the tool could be helpful for companies that have little or no previous experience on CSR. The interviewees noted that the tool could thus function as an indicator to get a better idea of what CSR is and which areas are included in CSR. Importantly, the test could help those companies to realize that being a socially responsible company does not necessarily require a large investment or difficult issues.

In addition to the above mentioned six advantages of CSR4UTOOL some of the interviewees mentioned other advantages as well. Interviewee 5 noted that the information that CSR4UTOOL provides could be helpful when writing an annual report, since it is necessary to include some issues related to sustainability in the annual reports. Interviewees 4 and 5 considered that the test covers a surprisingly large area of CSR, which is an advantage of CSR4UTOOL in their opinion.

It was noted by interviewee 1 that there is a need for a CSR4UTOOL type of an SME-suitable test in Finland, which can be considered an advantage of the tool. Interviewee 1 was also in favor of the theoretical background of the tool, which relies on Carroll's CSR theory. Interviewees 4 and 5 considered that the test was good, since they had not been considering the CSR of their partners prior to taking the test.

8.2   Disadvantages of CSR4UTOOL

The partner organizations found also quite a few disadvantages for CSR4UTOOL. However, most of the disadvantages would not exist in the future if the tool was modified. It is important to consider the current disadvantages of CSR4UTOOL in order to create development suggestions that could help to overcome those disadvantages. Six of the most common disadvantages that were noted by more than one interviewee are displayed in Figure 7.

Figure 7: Most common disadvantages of CSR4UTOOL

In the questionnaire the interviewees were asked to describe CSR4UTOOL in a multiple choice question that had both positive and negative words as options to describe the tool. The question and the answers can be seen in Appendix 1. Two of the interviewees chose the option

that the test is "not suitable for a Finnish company". The three other interviewees also noted that some parts of the test are not suitable for Finnish business culture. Interviewee 2 noted that "In Finnish companies CSR is often highly developed and therefore the test should be more demanding than it is now in order to be more suitable for them."

Interviewee 3 noted that some of the questions in the tool were such that a Northern European company could hardly consider them and also interviewees 4 and 5 noted the same issue. Interviewees 4 and 5 gave an example that for instance some of the options in question number 28, which is about community involvement, are not relevant for a Finnish company. Another part of the test, which was criticized by the interviewee 2, was the economic performance part. Finnish companies would not know what to answer in many of the questions regarding economic performance as in Finland companies do not keep a record on those issues. Interviewee 1 also noted that "The economic performance part of the test could be more diverse to better fit the needs of Finnish society by for instance paying more attention to taxation part." Thus, the most important reasons why the test would not be suitable for Finnish businesses as such were that it should be more demanding and diverse and the economic performance part should be modified in order to be more suitable for Finnish companies.

Another important disadvantage of the test is the lack of its reliability. Since there is no possibility for external auditing, it is basically just company's management's evaluation of their situation and thus not trustworthy enough. As interviewee 1 noted, "External auditing is more truthful, as someone has objectively examined the situation of the company" and thus compared to certified CSR frameworks, CSR4UTOOL lacks reliability. Therefore the tool's lack of reliability makes it less interesting for businesses.

Some of the disadvantages considered the structure of the tool. It was noted by all the interviewees that some of the questions should have open options, which could have been written by the tester. Interviewee 3 noted that "many of the questions did not have a suitable option for our company at all, so I chose one which is close enough". Basically, since there were no open options available, one had to pick up an option which was not necessarily suitable for the company.

Another disadvantage considering the structure of the tool was that some of the questions have too many options. This was also noted by all the interviewees. According to the interviewees, it was very hard to pick just one option when there were too many options to choose from. For instance questions number 10 and 28 were criticized for having too many options (both of them have altogether 15 options). It was noted that if the question has so many options, one should be able to pick more than just one option which was not the case in the

questions number 10 and 28. Interviewee 3 considered that it was not clear enough whether one could pick just one option or many options.

All the five interviewees also noted that the test requires some background research and information which is not necessarily easily available. Since the test can be used so freely and independently, the test requires familiarizing with the concepts of CSR prior to taking the test. Interviewees 4 and 5 noted that the tool requires previous reporting about the different areas of the tool. However, this is not necessarily a noticeable disadvantage, but "is probably good to take this into consideration when developing the test in the future.", as the interviewee 1 noted.

The test was criticized for not being suitable for different business sectors. For instance, interviewees 4 and 5 noted that many of the questions are not suitable for an NGO. Such questions are for instance 21, since NGOs do not have competitors and 27, since NGOs do not produce any products. Interviewee 1 noted also that some of the questions are not suitable for service sector, for instance the environmental questions where one has to count the amount of emissions that the company produces. Interviewees 4 and 5 noted that taking the test in English is a little bit too difficult and that it would be easier if the test was in Finnish.

Considering the structure of the test, interviewee 1 noted that "In some cases when you would answer "no" to a question, you would still move on to the next question in which the assumption was that the answer to the previous question was "yes"." This was the case between the questions number 5 and 6 as well as 10 and 11. Thus, the test still has some flaws in its structure.

Interviewee 1 noted that there are also some unclear parts in the test, for instance in question 26 it is not clearly explained what "locally based" means. Interviewee 1 noted that it should be explained whether "locally based" means a domestic product, a product within European Union or for instance a product which is produced within 200km. Interviewee 3 noted that the difference between the different options in the questions is not clear enough and that the test itself is too long and unclear.

Interviewee 2 thought that the stakeholder part of the test was not covered extensively enough. More in depth analysis and categorizing the stakeholders would have been needed. Interviewee 2 noted also that the PR-side of CSR was totally missing from the tool and considered this as a disadvantage of the tool.

The report which the CSR4UTOOL provides was criticized for not being clear enough. The report was criticized for being too detailed and according to interviewee 1; it should be simplified and summarized. The report was also criticized for being too hard to analyze.

Most importantly, it was noted that the test is not demanding enough for the use of Finnish businesses and in order to make it more suitable for Finnish SMEs the questions in it should be more demanding.

8.3 SWOT analysis

The SWOT analysis supports the previous analysis of the advantages and disadvantages of CSR4UTOOL. It includes the possible strengths, weaknesses, opportunities and threats that CSR4UTOOL might have when expanding to Finnish market. The analysis is based on the advantages and disadvantages that the companies noticed in CSR4UTOOL as well as academic research.

- Strengths:

The strengths of CSR4UTOOL are mainly its advantages that were discovered in the previous part of the thesis. CSR4UTOOL is a free of charge, online application that is easy to carry out. Compared to other CSR frameworks, it does not require a large investment from the company and implementing the test is easy. The test is fast to conduct and available for everyone. It provides a simple solution to discover the principles of CSR and thus it is well suitable for companies that have no or very little experience of CSR. Because of all the above mentioned factors, it is suitable for SMEs which is its strength. Unlike many of the existing CSR frameworks that are better suitable for large corporations that are expected to have some previous experience on CSR, CSR4UTOOL is targeted for SMEs that have very little experience on CSR.

- Weaknesses:

The weaknesses of CSR4UTOOL include its flaws regarding its structure, its lack of reliability as well as its unsuitability for Finnish SMEs. CSR4UTOOL is not considered to be entirely suitable for Finnish SMEs, since it is not demanding enough. In Finland companies are rather experienced when it comes to CSR and thus the test should be more demanding. Moreover, some of the questions in the test are not well suitable for Finnish SMEs.

Another weakness of CSR4UTOOL is that it lacks in reliability, as it is only the management's point of view of the organization's CSR performance and there is no possibility for external auditing unlike many of the other CSR frameworks have.

The structure related weaknesses include the too large number of options that some of the questions in the tool have as well as the lack of an open option, in which the tester could write down the answer if none of the other options are suitable.

- Opportunities

One of the most important external opportunities of CSR4UTOOL entering the Finnish market is that there is a need for an SME-specific CSR tool. This was confirmed by the interviewees and as previously discovered, there is also scientific research supporting the fact that there is a demand for an SME-specific tool.

The overall interest towards CSR is rising in Finland, as the theoretical background confirmed and thus the increasing interest towards CSR creates an opportunity for CSR4UTOOL to enter the Finnish market. If succeeding in Finland, there is a possibility for CSR4UTOOL to succeed in other Nordic countries too and thus become a worldwide SME-specific CSR framework.

- Threats:

There are already similar tools to CSR4UTOOL in Finland which creates competition for it. Verso Teams is a CSR-tool that includes "basically similar issues to CSR4UTOOL but takes a stakeholder approach", as interviewee 1 noted. One of the partner organizations had considered buying the tool since it was considered to be a rather diverse tool.

As unsuitability to Finnish SMEs is one of the weaknesses of the tool, there is a threat that if no modifications are made in order to make it more suitable for Finnish SMEs, there will be no market for the tool in Finland. Thus, translating the tool into Finnish would be just wasting time and money if no other modifications were be made.

There is also a threat of an overall reduced interest in CSR because of the economic crisis. For instance, a study by Karaibrahimoglu (2010) showed that companies do less CSR related projects during economic crisis than better financial times. Thus, a conclusion can be drawn that the economic crisis might have an effect on companies' interest in investing in CSR and the possible lack of interest in investing in CSR during the current economic crisis could also be a threat for CSR4UTOOL.

The key points of the SWOT analysis are displayed in the figure below.

Strengths: - free of charge - easy to implement - no large investment - suitable for SMEs with little/no experience on CSR	Weaknesses: - lack of reliability - not suitable for Finnish SMEs - questions have too many options
Opportunities: - There is demand for an SME-specific tool - increasing interest towards CSR - possibility to become a worldwide CSR tool	Threats: - competition (Verso Teams) - lack of interest in the tool if no modifications are made - possibility for reduced interest in CSR because of economic crisis

Figure 8: SWOT analysis

9   The potential users of CSR4UTOOL in Finland

This part of the thesis describes what the potential users of CSR4UTOOL could be like in Finland and how they could benefit from CSR4UTOOL. The potential user is created based on the interviewees' comments. The chapter will also analyze what kinds of advantages CSR4UTOOL could bring to the potential users.

Based on the interviewees' comments, the potential users of CSR4UTOOL would be SMEs that are interested in CSR, but have very little experience about it. They are not familiar with other CSR frameworks or tools and have mainly just a vague idea of what CSR is about. They could also be larger companies that do not have much previous knowledge on CSR and would like to get a better picture of what CSR is about. CSR4UTOOL would thus provide them some basic knowledge about CSR and its different areas. Therefore CSR4UTOOL could function as an indicator that would help the companies to make right kinds of decisions related to CSR and give guidance on how to do business in a responsible manner.

The tool would help the potential users to show their stakeholders that their business is responsible. The tool could also be helpful when writing an annual report as some of the information provided in the report could be directly used in the annual report. The tool would also help the users to understand what kinds of issues should be included in a CSR report.

The potential users of the tool could be from any business sector in case some modifications are made so that for instance a business from service sector would have to answer only those questions that are relevant for their business sector.

All in all, CSR4UTOOL would function as a CSR guidebook that would help its users to get a better understanding on CSR and thus it would be interesting to those kinds of companies that do not have much previous knowledge on CSR.

10   Development suggestions

The most important goal of the thesis was to create concrete ideas for developing CSR4UTOOL in order to increase its suitability to Finnish SMEs. As the interviews revealed, the tool would not be fully suitable for Finnish SMEs in its current form. Thus, the development suggestions that are presented in this part of the thesis are based on the assumption that implementing them would increase the attractiveness of the tool in Finland. The development suggestions have been created based on the interviews, questionnaires and discussions with the partner organizations as well as personal observations. Some of the development suggestions have also been discussed with Laura Corazza, the developer of CSR4UTOOL. Together with Ms. Corazza it was considered whether those suggestions could be implemented or not.

Implementing the development ideas would increase the strengths and help to overcome the weaknesses of the tool that were discussed in the previous chapter. The development suggestions are divided into three different areas: the development suggestions regarding the questions of the tool, the development suggestions regarding the report and other development suggestions.

10.1   Development suggestions regarding questions

More demanding questions

The interviewees noted that the questions in the CSR4UTOOL test were too basic and not demanding enough for Finnish enterprises that already are considering sustainability in their decisions. Therefore in order to make the test more suitable for Finnish companies, the questions should be more demanding.

Taxation could be involved in the test. Interviewee 1 noted that Finland's economy and enterprise culture are heavily based on taxation and thus taxation should be included in the tool. Moreover, it was discussed with interviewee 1 that there has been a lot of discussion in the news lately about Finnish enterprises locating a part of their business operations to countries where the tax rates are lower than in Finland, so called "tax paradises". An article on Helsingin Sanomat noted that European Union loses billions of Euros every year because of tax

planning and tax avoidance (Hänninen J, Mäkinen E, Pietiläinen T 2014). Tax planning is not illegal, but it is not necessarily responsible behavior. Companies might not consider tax planning as irresponsible behavior since it is not illegal and therefore it could be added to the tool.

There could also be questions regarding recycling in the tool. In Finland, recycling is considered overall important but companies might not necessarily do more than what is needed. Interviewees 4 and 5 discussed that the tool could ask for example if the company separates its waste and to what extent. For instance, separating energy waste and bio waste from landfill waste are issues that all the Finnish companies are most likely not doing. As waste management is considered important in Finland, the tool should demand more from the companies regarding waste management.

Overall the test should include more demanding questions than it does now in order to make it more appealing to Finnish businesses.

Better structure for the questions

There are three development suggestions regarding the structure of the questions. First of all, there should be fewer options for some of the questions and/or a possibility to pick more than one of the options. For instance, questions number 10 and 28 both have 15 options and were criticized for having too many options. 15 options were considered to be too many and to distract the tester since there were so many options that the tester had to consider. One of the interviewees noted that if there has to be many options in the questions, there should be at least a possibility to choose more than just one option.

Second of all, the questions should include open-ended options, where the tester could write down their own answer if none of the other options are suitable. In other words, there should be a box with an option "other, please specify". Interviewees noted that in some cases there was no suitable option for their company, so they either skipped the question or if it was not possible, chose the option which is "close enough". Choosing a "close enough" option is not good, since the answers would not be truthful then. That is why it would be important to include "other, please specify" box into the options.

Thirdly, the test should be designed so that when answering "no" to the previous question, the test would automatically skip the next question in which the assumption is that the tester answered "yes" to the previous question, or vice versa. For instance, even if the tester answered "no" to question number 5, one would see the next question which is designed for only those that answered "yes" to the question 5. Instead, the tester who answered "no"

should be automatically moved to question 7 and skip question 6 since it is not designed for those who answered "no".

Moreover, some of the questions should have more clear explanations of the terms that appear in the questions. As an example, in question 26 it is asked how many of the company's suppliers are locally based, but it is not explained what locally based in fact means. One of the interviewees noted, that he would like to know whether it means a supplier within 200km, supplier within Finland or a supplier within European Union for instance. Terms like these should be explained more clearly since the testers might understand them differently.

A calculator for calculating greenhouse gas emissions and energy consumption

It was discussed with interviewee 1 that filling up information in question number 37 regarding the energy, water and waste consumption and the amount of greenhouse gas emissions that the company is causing is not easy for a company from service sector, since they are not producing any products and thus do not keep a record on these matters. Therefore, it could be interesting to have a calculator for calculating the average amount of waste and greenhouse gas emissions that a company of the same size and sector would cause. However, the result would not be entirely truthful but would at least give the tester some sort of an image of how much emissions and waste they might be causing.

Furthermore, to calculate the sources of the company's electricity consumption, the company would only have to write down the amount of electricity that they spend every year and the calculator could divide the sources of the electricity (coal, oil, wind energy etc.) based on how much each source of electricity accounts for in Finland on average.

All in all, with the calculator included, the answers in this question would not necessarily be entirely truthful but would give the company a better image of their energy consumption and perhaps courage them to better waste management and focus on using more renewable energy.

10.2   Development suggestions regarding the report

The next development suggestions regard the report that CSR4UTOOL provides after finishing the test. The development ideas for the report are mainly gathered from the questionnaire.

Firstly, the reporting was considered too detailed so it should be simplified and summarized. The reporting should more clearly present the results so that they are easy to analyze and more easily understood. As interviewee 1 noted, presenting just a few of the results, not all

of them, would be enough for stakeholder PR. There should be a summary of the test results in the report that would clearly present how well the company performs in the areas of social, economic and environmental responsibilities. The summary would present how well the company pays attention to those three areas of CSR and manages them as a whole.

Secondly, the report could include comparison between other companies from the same sector or size as well as with the company's own previous results of CSR4UTOOL. Companies would find it interesting to compare whether they are acting more responsibly than similar businesses or not.

When presenting the results based on the social, economic and environmental responsibilities, answers to some of the questions could be highlighted in order to make the reporting more interesting. Reporting should be designed so that it could be used as stakeholder PR, since stakeholders are important to SMEs.

10.3   Other development suggestions

Designing the questions based on the business sector

Currently, some of the questions in CSR4UTOOL are not suitable for all business sectors. As an example, there are questions regarding customers, but NGOs do not have customers. There are also questions regarding products, but a company from service sector or an NGO does not produce any products and therefore the questions would not be suitable for those business sectors. Therefore, before starting the test, the tester would choose their business sector (NGO, manufacturing, service sector etc) and the questions in the tool would be based on the chosen business sector. This would increase the companies' interest towards CSR4UTOOL as the questions in the tool would be designed to the specific business sector in which the company operates.

Increasing the objectivity of the tool

One of the disadvantages of CSR4UTOOl that were discussed with the interviewees was the lack of objectivity, since currently it is only the company's management's point of view of their CSR performance. Therefore, in order to make the results more trustworthy, the tool should include external auditing. The external auditing could be done by including some of the stakeholders of the company to evaluate the company's CSR along with the management. For instance, some employees would have to evaluate the company's situation before the test results could be published. In practice it could be done so that at first the management would evaluate the company's CSR performance, after which the employees would also evaluate

those areas of the company's CSR performance that they have knowledge of. After both the management and the employees had evaluated the CSR performance, the results could be compared with each other and published. Thus, the results would be more trustworthy since there would be two parties evaluating the performance. Of course the CSR performance could also be evaluated by an external auditor, for instance a consultant, but that would require a larger investment.

The test should be in Finnish

The interviewees noted that in order to make the tool more interesting to Finnish companies, it should be translated to Finnish. Recently, a Finnish version of CSR4UTOOL was published and thus the tool now exists in Finnish. However, the Finnish version is still not entirely complete as the language in the tool is not proper Finnish as there are many mistakes and wrong kind of wording. Therefore, in order to make the Finnish version more interesting to Finnish companies, the translation should be completed.

More information on how to conduct CSR in practice

The last development suggestion was discussed together with Ms. Laura Corazza, the developer of CSR4UTOOL, and she agreed that this development suggestion could possibly be implemented. Since the main purpose of CSR4UTOOL could be to function as sort of a CSR guidebook for companies, it should provide concrete suggestions on how the company's CSR performance could be improved. The tool should list concrete actions that the companies could carry out in order to be more responsible. There should also be information about different types of CSR frameworks and standards that exist as well as CSR networks that the companies could join. Thus, CSR4UTOOL could be one of the companies' first steps towards responsible business behavior; a tool that would provide them with basic information on what CSR is about and how to conduct CSR in practice.

11   Theoretical linkage

The interviews with partner organizations confirmed the theoretical expectation that there is a demand for an SME-specific CSR framework. Likewise, the partner organizations considered that many of the existing CSR frameworks are not suitable for SMEs because of their complexity and the large investment that has to be done in order to implement those frameworks, the same issues that were confirmed in the theoretical background of the thesis.

CSR of the less structured SMEs differs significantly from the CSR of the structured multinational corporations. An SME-specific CSR framework should be flexible enough to suit the versatile needs of SMEs but also simple enough and less structured than many of the existing CSR frameworks are (Hermes et al 2004; Perrini et al 2006) Since SMEs have fewer resources than multinational corporations SME-specific framework should require only a small amount of resources and investment. It would take a stakeholder perspective to CSR, as stakeholders play an important role to SMEs. (Crane et al 2014) The development suggestions were designed by following those theoretical principles of SMEs; they were designed in order to improve the tool to better fit the needs of SMEs.

As the theoretical background confirmed, CSR has become an important part of the Finnish business culture in a short period of time. Therefore, there are probably many companies that have only basic knowledge of CSR and thus there could be a demand for a tool like CSR4UTOOL that would function as a CSR guidebook for companies that have only basic knowledge of CSR.

12 Conclusions and recommendations

CSR is no longer a management concept that only multinational corporations consider. SMEs are willing to demonstrate their stakeholders that they consider CSR in business decisions. There is a need for an SME-specific CSR framework in Finland.

In Finland, CSR4UTOOL could function as a CSR guidebook that would be SMEs' first step towards more responsible behavior. It would help SMEs to get a better understanding on CSR and to realize how to conduct CSR in practice.

In order to make CSR4UTOOL more suitable to Finnish SMEs, it is recommended to make some modifications to the tool. The development ideas presented in this thesis were designed to increase the overall interest towards the tool in Finland. As CSR4UTOOL would function as sort of a CSR guidebook, one of the most important development suggestions is that the test could include a large amount of guidance for conducting CSR and help the companies to understand how to take CSR into account in all of their business decisions. If the development suggestions were implemented, CSR4UTOOL could become a widely used CSR tool in Finland and abroad.

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Figures

Tables

Appendixes

Appendix 1: The questionnaire for members of FIBS translated in English

Questionnaire about CSR4UTOOL

CSR4UTOOL is a corporate social responsibility (CSR) tool developed by the management team of University of Turin. The tool is designed especially for small and medium enterprises (SMEs). Existing CSR reporting tools and frameworks are most often designed for big corporations and therefore might consume too much money and time for SMEs. The objective of this questionnaire is to find out possible areas of improvement for the CSR4UTOOL and discover if the tool is suitable for Finnish SMEs.

1. In your (your company's) opinion, what was the best about the test?

2. Are there questions or areas in the test that should have been left out? If there are, why and which ones?

3. Were there too challenging questions in the test? If there were, which question(s)?

4. Which one(s) of the following options would you use to describe the test? Please mark the selected options with an (x).
easy to use ( )
too long ( )
useful for my company ( )
unclear ( )
too challenging ( )
incomplete ( )
easy to fill up( )
clearly structured ( )
simple ( )
useless ( )
interesting ( )
time/cost saving ( )
complicated ( )
not suitable for a Finnish company ( )

5. Do you think that the tool would need improvement? If so, what kind of improvement would it need?

Report of the test results
6. Do you think that the test results are informative and clearly presented in the report? If they are not, why?

7. Do you think that your company could publish the report with its results as such? Please mark your response with an (x)
a. Yes ( )
b. No ( ), why?

8. Do you think that the report of the test results would need more developing? If so, how should the report be developed?

9. In your opinion, what is CSR4UTOOL test like compared to other CSR tools or reporting frameworks that you are familiar with?

10. Do you have any other comments about the CSR4UTOOL?

Thank you for answering the questionnaire! Please return it by email to:
venla.heikura@gmail.com

Appendix 2: The additional questions to Finnish Coeliac Society

Question number 9 was removed for the questionnaire of Finnish Coeliac Society and the following questions added:

1. Please mention 1-2 of the most important things that come to your mind when you think about CSR4UTOOL.

7. Did CSR4UTOOL help you to recognize new issues related to CSR? If so, what kinds of issues?

8. Do you think CSR4UTOOL could help your company to do responsible decisions?
a. Yes
b. No

Appendix 3: The background questions

Background questions

These following background questions were sent to the companies by e-mail before taking the CSR4UTOOL. The objective of these questions was to find out about their previous experience on CSR and CSR frameworks and tools.

1. Are you familiar with any/some corporate social responsibility (CSR) frameworks or tools?

a. If you are familiar with some tools/frameworks, which ones?

b. In your opinion, what kind of advantages and disadvantages are there in the CSR tools/frameworks you are familiar with?

2. Do you by any means evaluate the CSR peformance of your company? (If you answer no, you can move over to question n:o 5)

3. By what means do you evaluate the CSR performance of your company in case you do so? Do you for instance utilize some CSR framework/tool?

4. If your company reports about CSR, for how long have you been reporting about it?

a. Less than a year
b. 1-3 years
c. More than 3 years

5. In case your company does not utilize any CSR reporting frameworks/tools, what is the reason for you not to do so?