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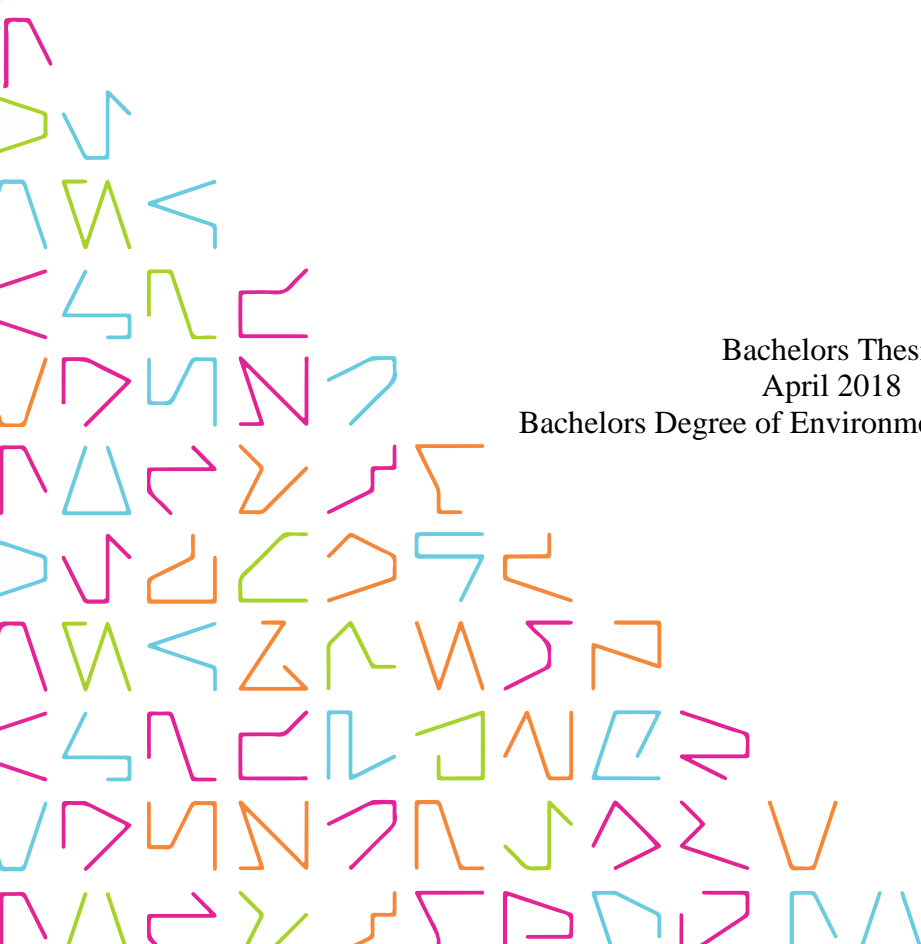
Modern CSR with additional analysis on CSR in regard to small and medium enterprises

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ABSTRACT

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Modern CSR with additional introspection on CSR in regards to small and medium enterprises

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This work aims to provide an insight on the modern version of CSR to any and all who have an insufficient understanding of the subject. Along with giving general information, the work aims to provide direction on where to go for more in-depth material on the subject, as well as provide some ideas on what to incorporate in a basic CSR policy. Additionally, the work focuses on CSR in small and medium enterprises, SMEs, and analyses on four studies on the relations between CSR and SMEs.

CSR or corporate social responsibility is a term encompassing many dimensions of management and policies focused on bringing a sustainable and responsible actions inside and outside the company. These dimensions are most often divided into economic, social and environmental.

SMEs are a classification of a corporation with a headcount limited under a certain number, turnover of under a certain limit or balance sheet total under a certain limit. In the EU the limits are headcount under 500, turnover under 50 mil. € or balance sheet total under 43 mil. €.

On the four studies on SMEs and CSR the importance of the managements attitude and ideals are presented as an important factor of implementation and monitoring. The polls and interviews in the studies also gave an insight from the perspective of the SMEs. The ones who had implemented CSR policies felt they had gained an advantage on their competitors through successful communication of said policies.

Key words: corporate social responsibility, sustainability

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Työn tarkoituksena on kertoa selkeästi yhteiskuntavastuusta niin, että asiasta tietämättömätkin hahmottavat sen. Sen lisäksi työhön koottiin ohjeista lisäinformaation löytämiseksi, syvällisempää materiaalia aiheesta sekä tietoa peruslaatuisen yhteiskuntavastuullisen yhtiöohjelman sisällöstä. Lisäksi työssä keskitytään PK-yritysten ja yhteiskuntavastuun väliseen suhteeseen tarkastelemalla neljää aiheeseen keskittyntä tutkimusta.

Yhteiskuntavastuu on yleismaallinen termi, joka sisältää hallinnollisia ulottuvuuksia sekä ohjelmia, jotka keskittyvät kestäviin ja vastuullisiin toimiin yhtiön sisä- ja ulkopuolella. Nämä ulottuvuudet useimmiten sisältävät taloudellisen, sosiaalisen ja ympäristöllisen puolen.

PK-yritykset, eli pienet ja keskikokoiset yritykset, ovat yritysmuoto joidenka henkilökoko, liikevaihto tai kokonaistase alittavat tietyt arvot. Nämä rajat ovat tällä hetkellä maa-kohtainen, mutta EU määrittää sen seuraavanlaisesti: henkilökoko pitää alittaa 500 henkilön määrän, liikevaihdon pitää olla alle 50 miljoonaa euroa tai kokonaistaseen pitää olla alle 48 miljoonaa.

Neljässä analysoidussa tutkielmassa PK-yrityksistä ja yhteiskuntavastuusta näkyi viitteitä hallinnon aatteiden ja ideaalien, sekä yhteiskuntavastuullisten ohjelmien käyttöönoton ja hallinnoimisen välillä. Tutkielmassa olevat kyselyt ja haastattelut antoivat syvällisen näkemyksen PK-yritysten perspektiivistä yhteiskuntavastuullisissa asioissa. Ne yritykset, jotka olivat ottaneet käyttöön yhteiskuntavastuullisia ohjelmia, näkivät saavansa niistä yhtiön kaupallisen yhtiön kilpailijoita vastaan.

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1 Introduction

CSR, being the acronym for Corporate Social Responsibility, has been the word used to bring many practices under one umbrella term. Public relations, environmental concerns, corporate philanthropy, human resource management and similar all fall under current common understanding of CSR. (Castka, 2004) Committee for Economic Development (CED) published 'Social Responsibilities of Business Corporations' in 1971 and stated the need for CSR with 'business functions by public consent and its basic purpose is to serve constructively the needs of society-to the satisfaction of society'. (Carroll, 2008)

The concept of CSR is relatively a new one. One of the first publications discussing CSR in its current form was Keith Davis in his business and society textbooks written in the 1960s. (Carroll, 2008) The concept of corporations and companies utilizing their funds for the benefit of communities and workers existed before the concepts designation as CSR. To better understand the future needs of and for CSR, it is good to know the history behind the concept. The historical focus will be on the United States, due to most of the early literature on the subject was published, but the history of CSR in Finland will be touched as well. (Carroll, 2008)

2 History of CSR

The late 1800s brought the Industrial Revolution to the western world. During this time the concept of corporations wasn't established, so it would be more prudent to talk about CSR as SR, or social responsibility. It is difficult to ascertain the reasons the practices were implemented. Whether the practices were put into practice for business reasons, to make the workers more effective and efficient or for social reasons, where the workers would become more contributing members of their communities and be generally more fulfilled are ultimately left for interpretation. Be that as it may, they can be still considered as the first examples of proto-social responsible practices. (Carroll, 2008) In Finland, the industry grew along areas with hydropower and cotton available. The industrialists would give incentives with the provided benefits to increase the work force. (Luoto, 2016)

2.1 Beginning of factory based industry

In Great Britain, the factory system was criticized for their employment of women and children. This was seen in America as well. Reformers for both countries sought out to improve perceived social problems amidst the workers. Daniel A. Wren, in his 2005 book *The History of Management Thought*, gives an example of an industrialist named John H. Patterson from National Cash Register as a fundamental figure in the future of the industrial welfare movement. He saw the necessity of providing the workers with social benefits such as profit sharing, hospital clinics, bath-houses, lunchrooms, recreational facilities and the like. (Carroll, 2008)

During this era, philanthropy was most prevalent form of charity. Patrick Murphy has for this reason named the era as the philanthropic era of CSR. (Murphy, 1978) This can be considered a reactionary effect due to the bad image given by the 'robber barons' to the industrialists of the era. (Carroll, 2008) After the turn of the century, philanthropy saw the rise of "community chests". This was a type of collective collection of funds, which were used on the benefit of their chosen subject. (Carroll, 2008) Prior of the 1900s, corporate contributions were seen by many in a negative light, as they were seen as giving away company assets without the approval of the stakeholders. They were also legally

restricted to causes that would benefit the company. (Carroll, 2008) Around the first decade of the 1900s company contributions were mainly aimed towards the Young Men's Christian Association, Young Women's Christian Association, United Way Campaign, Boy Scouts, Salvation Army and War Chests. (Carroll, 2008)

2.2 Start of corporations

During the 1930s the world was turning to, what Eberstadt has called in his 1973 article, a 'corporate period'. Previously a charter of incorporation, a document legitimizing a corporation by the authority of the United States, was given to only to businesses shown to be socially useful. (Edbert, 1973) After the American Civil War these charters were easily available and were next to impossible to revoke. Larger corporations started to have legitimate power, due to their domination of the economy. These larger corporations started to form into monopolies in their respective markets. The monopolies and trusts would defy the rules of market pricing and sometimes would cheat the stockholders. This time of a few controlling most of the American economy would be a prelude to the Great depression. (Carroll, 2008) Eberstadt writes about this with 'indeed, business might never have turned back towards responsibility and accountability if the culmination of corporate irresponsibility had not been the collapse of the economic system'. (Eberstadt, 1973) In Finland the beginning of the 1900s also brought the union movements, when the work force started to voice their need for more secure and stable employment. The demand for minimum wage, better hours and work environment led to better legislation for workers. (Luoto, 2016)

The themes of CSR were starting to become more common place in the 1950s. In 1946, the Fortune magazine polled business executives on their thought on whether the business should recognize the consequences of their actions past the profit or loss. The question was formed as 'do you think that businessmen should recognize such responsibilities and do their best to fulfill them?' The poll resulted on 93,5% choosing a 'yes'. The second question asked what portion they thought would work with the social responsibilities in mind and most frequent answers were either 'about a half' or 'about three quarters'. (Carroll, 2008) While this had been but a single poll, the years to come would see a change in the people's perception and demands for corporations.

2.3 From concept to a name

During the year 1953, Howard R. Bowen's book 'Social Responsibilities of Businessman' was published. This is regarded by many as the beginning of the modern period of literature on the subject. (Caulkins, 2013) This time period also saw the rise of social paradigm shift in thinking. This started as a general awareness into the responsibilities of businesses and its involvement in community affairs. The focus was affixed on urban decay, racial discrimination and pollution. Pollution was seen before the 1900s as an unfortunate but unavoidable consequence of industrial and manufacturing processes. (Luoto, 2016) 1950s were still a transitional era. During this time the definitions were being made clearer, but nothing of note was being done about it. Archie Carroll refers this time as of more talk than action in terms of CSR. Proposals were made on changing the composition of boards of directors, representation of social viewpoint in management, usage of social audit, social education of business managers, development of codes of conduct for businesses and further research in the school of social sciences. This talk was not heard then, but years later would become standard practices when CSR was concerned (Carroll, 2008)

'Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest'. This was one of the first universally lauded definitions of CSR in a research article written by Keith Davis in 1960. (Carroll, 2008) Research and publications on CSR started to become more commonplace in the social studies sector. An increasing amount of studies on 'corporate social responsiveness' were published during the 1970s. This can be considered a direct effect of the pressing issues brought by the times' social movements. This responsiveness was more of a reactionary side of corporate responsibility. Dealing with difficulties as they came about. (Carroll, 2008)

2.4 Modern CSR

Around with the change of the millennium, a lot happened with CSR. In the 1990s, Finland was amidst a recession and while the domestic corporations were mostly concerned with their own turnover, they still valued environmental issues over finances. The recession also collapsed the welfare state and the state couldn't take care of individual needs. The majority of social responsibility was on the citizens themselves or the corporations

they worked for. Corporations still saw environmental issues to be part of their responsibility during this time. (Louto, 2016) In Europe, the 1990s saw the beginning of the European Business Networks' Manifesto Against Social Exclusion (1995). This was brought to be with the help of the President of European Commission (EC) and a group of European companies. EC and EU kept the trend of legislating CSR up, by in 1998 founding the first CSR Europe Advisory Board. (Mullerat, 2013)

During Lisbon Summit in 2000, EU invited heads of State for business to support CSR. This was a part of the Lisbon Summits agenda. EC would later give a general idea in their First Communication to the whole of Europe on the merits and a common understanding what CSR entails. (Mullerat, 2013) EC also established their Green Paper system. A forum where studies of CSR, sustainable business and other similar issues could be brought forth. This would be used to bring CSR and other issues to the European consciousness by EC publishing their communications. (European Commission) On 2002, the European Parliament voted for a legislation that would require companies to publish their social and environmental performances annually as a means to bring personal responsibility to the board members of companies. This would also give an incentive for companies to develop responsible practices and bring companies abusing developing countries to the jurisdiction of the European Union. (Mullerat, 2013)

International Organization for Standardization (ISO), an independent, non-governmental organization had been established in 1947 in the hopes of bringing in universal industrial standardizations. The organization started forming as delegates from 25 countries met in London at the Institute of Civil Engineers in 1946. To this day, the organization has published over 22,000 internationally regarded standards. These standards vary from issues such as quality control and environmental management to social responsibility and security. (ISO) In 2010, the organization ISO published ISO 2600:2010. This document gives guidelines for companies to focus on when planning their CSR policies and practices. (Mullerat, 2013)

EC published their renewed CSR strategy in 2011. In this document the EC gave an update on their Lisbon Summit era strategy, as well as informed the development of CSR with European businesses. The document brought up the economic crisis that was happening during the time and stated their concern on the crisis affecting the trust between consumers and corporations. Greenwashing had become a widely known term by this

point. By focusing their image campaigns, the corporations could give a perception of prioritizing environmental concerns, while in reality doing nothing of the sort. Another intent was to encourage ways to reward CSR practices, to allow for self- or co-regulation. This would concern every facet of the chain, from the consumer to the stockholder. (European Commission, 2011)

EU enacted a directive for corporations to begin reporting their non-financial information, beginning from 2017. This was enacted due to European Parliament stating in 24.4.2015, about a need for a mandatory reporting system. Their aim was to focus on uncovering human rights violations in European companies supply chains. (Tiensuu, 2015)

3 CSR

The term has had many definitions since the conception of the acronym from Corporate Social Responsibility. This varies from the era in which the definition has been made and even between the people defining it. Mainly the term can be considered an umbrella term for many aspects of corporate altruism, management and environmental consciousness. (Castka, 2004) CSR is still very individual to a corporation. A CSR plan or CSR practices vary widely based on fields of practice or even between corporations in the same field. Organizations such as UK Government, Global Reporting Initiative, the European Corporate Governance Institute and many other distinguish CSR into three dimensions: economic, environmental and social. While a company can have CSR practices that is mainly involved in for example, economic dimension, the effect might also touch environmental dimension indirectly or directly. Along these dimensions the corporations do well to acknowledge internal and external dimensions. (Castka, 2004) The following segments will give examples of what is entailed in the three dimensions, with examples from Global Reporting Initiatives Sustainability Reporting standards, as well as some examples on what could be included.

3.1 Economic

Economic practices are everything that affects the shareholders and the economic system in local, national and global level. Economic dimension on CSR are the facets of the corporation that involve management of the assets and the trade. Economic transparency garners trust from the consumers and the employees.

3.1.1 Procurement practices

Disclosing where the company imports their raw material, if the company is a manufacturer, or their products, if they are a retailer, shows willingness to be transparent about where the products have been purchased. This will also allow the consumers to follow the path the goods have traveled. Supporting local businesses is also favored by consumers.

It is preferable to use renewable alternatives if such are available and aiming for maximum efficiency when using non-renewable material. Reclaiming and recycling materials left over from processes lowers the amount of materials required in the long run.

There are also non-essential materials or goods and parts that are required for the manufacturing while not being part of the final product. These include also packaging materials such as cardboard, plastics and paper. (ISO, 2016)

3.1.2 Anti-corruption

According to GRI standard 205, corruption involves ‘practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust’. (GRI, 2016) While the company itself can’t affect corruption outside of its own organization. It can give a written commitment to not do business with companies involved with corruption, not employ previously stated practices and have internal audits to police its own employees of such practices.

3.1.3 Sustainable financing

Sustainable financing deters anti-competitive behavior, since a healthy economy thrives in competition. In GRI 206, anti-competitive behavior is defined as ‘actions of an organization or its employees that can result in collusion with potential competitors, with the purpose of limiting the effects of market competition. This can include fixing prices or coordinating bids, creating market or output restrictions, imposing geographic quotas, and allocating customers, suppliers, geographic areas, or product lines’. (GRI, 2016) This also includes anything that would bar new entrepreneurs from entering the market or prevent competition. Committing the company to be in opposition of such practices invokes trust in consumers and stakeholders.

3.2 Environmental

Environmental dimension involves the corporation's interaction with its local environment and ecosystems. Environmental issues are a hot topic due to climate issues faced around the world and green values have been raised to the common consciousness for many years now. It is good to be mindful of the local environment, especially if the consumers and/or the employees live in the area.

3.2.1 Waste and effluent

Waste is generated in the manufacturing or producing the goods and services provided by the company. This can be in the form of manufacturing by-products, packaging material, paper waste from office work, bio-waste or plastics to name a few. Disclosing the amount of waste generated, how/where the waste is treated and having a plan to reduce the amount generated is a generally implemented environmental plan among corporations.

Effluents such as sewage, grey water and other liquid by-products from corporations can be handled along the corporations' property or through the municipalities water treatment sources. Some effluents, while not toxic by itself, can cause massive damage in the environment. Such an example is releasing heavy amounts of nutrients (nitrogen, phosphorous etc) into local aquatic habitats. The nutrient imbalance in the local limnological system can affect the drinking water as well. (GRI, 2016) Some productions produce effluent that is too toxic to be treated among the normal water treatment plants and require specialized treatment provided by private chemical treatment companies.

Disclosing the amounts when possible and committing to reducing these amounts while providing the same quality and number of production can be seen as one of the most common aspects of CSRs' environmental dimension.

3.2.2 Energy

Energy, while including, is not restricted to just electricity. Companies use or generate energy through fuel, heating, cooling, lighting and, as previously mentioned, electricity.

Energy can be generated by the company itself or bought from any number of producers in the energy field. The energy can be gained from non-renewable (e.g. coal, gas, oil) or renewable (e.g. hydro, solar, wind) sources. (GRI, 2016)

Reducing the energy used or increasing the efficiency of the electrical components or heating elements reduces the companies environmental impact and reduces the company funds used in utilities. (GRI, 2016)

Disclosing the amounts of energy used and differentiating the amount between non-renewables and renewables is one of the basics when designing CSR practices. If the company generates its own electricity, it is good to disclose it as well and have a final energy expenditure with the generation reduced from the consumption.

3.2.3 Water

Access to water is a human right as declared in the United Nations Resolution 64/292. Corporations can directly or indirectly affect the water resources available or its availability. Withdrawing water resources from the natural hydrological cycle can affect anything from ecosystems to the natural environment. These will then have a chance of impact the economic and social environments as well as the quality of life to the people depending on the local water resources. (GRI, 2016)

In Urban environments, the management of water impacts more of the municipal sewage systems. Offices can also try to reduce excess water used, with water saving toilets and urinals.

Disclosing the amount of water used and plans on how to reduce the amounts are seen as one of the basics when designing CSR practices. When the water is used in manufacturing, cooling, farming and other, it is seen as responsible practice to disclose where the water is taken and where it is let to run off, as well how it is treated, if it is.

3.2.4 Local ecosystem

When starting in a newly acquired area, it is responsible to take stock on what the future impacts on the area will be. This can be done with Environmental Impact Assessments. When done before anything has been constructed in the area, and if something were to happen due to the new activity in the area, the investigators will have something to compare. This can vindicate or indict just as much, but it will still give unbiased information on the state of the area before activities begun.

These can include local geographical data, biological indicators (species of fauna and flora and their approximate numbers); nutrient and chemical levels in the soil; proximity to delicate natural resources and protected areas, and so on.

3.2.5 EMS

EMS or Environmental Management System, is the monitoring of the environmental impacts and natural resources used by any and all productions, manufacturing and other activity inside a business. The most common and widely used standardized version of an EMS is the ISO 14001, but they can be individually constructed as well.

The general idea of an EMS is to be monitoring several aspects of activity from the resources used to the by-products, effluents and pollutants created. These values are reviewed in set intervals and the data from the monitoring is used to determine if any future changes or improvements are needed. This can also be used to find indications of malfunctions in the process, since if the data values have changed drastically from the norm, something has changed in the process as well.

3.3 Social

Social aspects change drastically from business to business, but generally social dimension can be considered how the business takes care of its employees. While the public sector does take care of citizens in their everyday life, it is the business' responsibility to take care of these aspects while they are working for the business' benefit.

3.3.1 Health and safety

Every employee has a right to a healthy and safe work environment. Healthcare can be provided by the public sector or by the private sector when appropriate. Health and safety can be affected by the work that is performed and where it is performed.

Both, health and safety, can be sectioned into preventative and reactionary. The former can be thought out as a passive way to improve general health and to make sure accidents will have a lower chance of happening. The latter can be considered an active phase, where an issue arises without prior notice and has to be dealt with on the scene.

In the aspect of health, preventative measures can be anything from encouraging the employees to live more active lives, and reduce fatigue related diseases, to making sure the air in the active areas is clean and won't harm respiratory systems. Reactionary measures are what are done when accidents or acute situations arise. Having epinephrine autoinjectors, aspirin, auto-defibrillators and similar on site, will allow for rapid response, when paired with proper training of personnel when to use these and how.

On safety matters, the preventative measures are done to make sure the accidental situations have a lower chance of occurring. This can be done with frequent monitoring of the active area for safety hazards, providing extra safety gear into areas where it is needed, marking hazardous areas with their respective signs and the like. Reactionary measures are usually handled by first responders (fire department, emergency medic technician, police, etc), but reacting to the first moments of the situation will be important. Having the employees train for possible scenarios will decrease the likelihood of further damages or cascading situations. Assisting the first responders to the correct areas improve the chances of minimizing the collateral and casualties.

3.3.2 Employment

Employment is the contract between an individual and the business for the continued legal relationship for their labor. The contractual relationship incurs legal rights and obligations to both parties. Employment within a business should be done without prejudice on unrelated characteristics of the individual. (GRI, 2016)

By disclosing a commitment to provide employment opportunities to any willing participants, the business can garner trust to their customers.

3.3.3 Education and training

While the employee might be a veteran from another company or a new graduate in their respective field, their methods might differ from what the company might expect from them. For this reason, the new employees should be given a mandatory cursory training. This should include the responsibilities of the employee, the company hierarchy, the company's active areas and giving information where to contact if problems arise. It is good to add ways to introduce the new employee to the current employees to hasten the integration process.

When the company has enough employees to warrant delegation of areas of expertise to them, this should be informed to everyone in the company. This can include health, safety and others. The person in charge of these areas should be given training in their area to improve their expertise. Proper training will allow them to pass down relevant information to the other employees. This will provide a consistent level of readiness in acute situations. The persons in charge can also be utilized to compile data of their fields. For example, the person in charge of security can compile information on the frequency of accidents, their causes and how to improve the security on the active areas. The people in charge can also gather relevant information on the new trends, responsibilities and requirements in their fields to further improve these aspects of the company. The persons in charge area also valuable when a company is being audited. The persons in charge will have all relevant information readily available and the head of the company doesn't have to know absolutely everything.

3.3.4 Labor/Management relations

The relationship between the labor and management should be one of communication, trust and shared responsibility. The requirements the management demands of the labor should be reasonable, fair and clearly communicated to the labor. The labor should do

their best to meet this requirement. When any issues on the subject arises, the labor should have an easy access to the management to discuss them. This can be made easier by having a representative of the labor force. They can carry out discussions and, if need be, negotiations about the issues to the management. This will allow for the labors needs to be met and at least have a sense of their needs being heard. The work morale has a chance of suffering greatly if the labor feels their needs are being ignored or if the management makes unscheduled sudden changes.

When major changes are going to happen, the workforce should be notified about it in a timely fashion prior to them going in effect. This can be announced in a gathering, through the representative, intranet, notice board or similar. When the affected parties are informed about changes in a timely fashion, they are free to plan and react accordingly. This will also minimize the amount of shock that will inevitably affect the labor force. The labor force should be also given a chance to open dialogue if they so choose. (GRI, 2016)

3.3.5 Communication

Communication is the keystone of co-operation and teamwork. Communication inside the company can be direct and indirect. This will also be sectioned into internal and external types of communication. The type of communication is determined with the relevance of information desired to share.

Direct communication can be through any instant messaging service, phone calls, video calls, radiophones and anything where the parties can interact in real time, when the recipient is near the receiving communication piece. This is great for issues that require fast reactions. This will keep the company thoroughly informed. The communication should be easy and new employees should be provided with address books at the start of employment to help find the correct persons internally. More modern companies can have electronic address books, making communication even easier. Alternatively, the company can and should gather in set intervals to discuss matters of the company. This is an opportunity to voice concerns through representatives or persons in charge. These meetings should be documented and be readily available to employees. This will provide transparency between the labor and the management.

Indirect communication can be done through group emails, posts on notice boards, public announcements systems or similar. This will provide more passive way of communicating, but is more effective for getting the information throughout the company. There's of course the possibility of someone missing the information, but the information will have most likely trickle down from personal discussions from fellow employees. In indirect communication, there should always be a chance to get further information through the original source. This can be done by adding the contact information of the person in charge in the matter.

Internally the information should be available to at least to the persons of interest. The amount of information shared should be paced as to not provide an information overload. The information should also be concise. This is especially important in workplaces where loads of text are processed daily by the employee. The employee should be able to easily see if the information concerns them. Externally the information is subject to "to whom it may concern". External communication, between the company and other parties, should be done by mainly persons in charge of communication. These people should have a general idea what is happening in the company and who is responsible of what area of the company's activities. This will make things easier for the company as well as external parties.

3.3.6 Human rights

Human rights are sanctioned by the United Nations "Universal Declaration of Human Rights" issued in 1948. (United Nations) This 30 article declaration secures the right to life, opinion, freedom of movement and other things such as asylum. Organizations can impact directly or indirectly human rights issues. Directly by abiding by the international labor laws, national labor laws and International Bill of Rights. These mandate certain privileges and rights to all workers. (GRI, 2016) Indirectly by their relationships with other business', governments and organizations. This ties in with the procurement of materials. By not doing business with business' and organizations involved in human rights violations as well as committing to survey their own supply chain, the company can garner trust in the consumer.

3.4 Risk management

Any business venture brings a chance of failure. This can be mitigated and subsequent actions can be planned out in advance. By having given thought on what might go wrong and how to best plan for such an event will give an advantage to any business that doesn't. Risk manage can be done for any aspect of business, but the scope of it should always be case specific. Higher and more thorough risk management should always be done to areas where the risk can be most costly.

3.5 Internal and external dimensions

All the dimensions and aspects of CSR can be considered to have internal and external dimensions as well. Internal aspects are the interactions between parties and aspects inside the corporation. These involve also the resources used inside the company, when considering aspects such as environment. (Castka, 2004)

Externally the CSR policies involve all the parties outside the company, that are affected by the company. Such as stakeholders, business partners, suppliers, customers, public authorities, non-governmental organizations and the local communities. (Castka, 2004)

One way corporations can show their support for communities is with corporate donations or sponsorship. Donations are given with no expectations of getting any gain from the action, while with sponsorship the receiving party will provide visibility to the sponsoring company. The Federation of Finnish Enterprises surveyed SME businesses in 2009 and found out that SMEs provided 179 million euros in sponsorship and 48 million euros in donations. (Hietala, 2009)

It does good to the company to maintain good relations with both dimensions, but prioritizing the internal dimensions will garner loyalty and morale with the employees.

4 Communicating CSR

To get the full benefit of CSR policies, external parties should be made note of them. This can be done in many ways from certificates to reports. While maintaining CSR policies and practices can bring financial gain through preventative measures, the companies employing CSR practices adamantly believe in the correlation between their social practices and financial results. (Murillo, 2006)

4.1 Certificates

Certifications refer to any documentation that confirms certain characteristics of a product, person, facility or ownership. These can confirm, for example, a person's capabilities in a trade, their academic achievement or having been trained in first aid. In products these can confirm their adherence to guidelines provided by governing bodies. Companies can receive them for proving their practices are adhering to standards set by professionals in quality management or responsible business. Certificates can be granted by an organization in charge of the standards or through consultation companies that help get the documentation right for it.

4.1.1 ISO 26000 and other standards

International Standardization Organization (ISO) is standardization organization which provides standards designed by experts on their respective fields to provide a standardization program ensuring materials, products, services and processes are fit for their purposes.

ISO has published over 22000 International Standards, from which ISO 9001, ISO 14001, ISO 31000 and ISO 26000 are the most known. ISO 9001 is a standard which gives guidelines and requirements to achieve a proper Quality Management. ISO 14001 is a standard for Environmental Management Systems. This is a set of guidelines that will improve environmental monitoring of effluents, waste and pollutants generated in the business activities. (ISO, 2015) ISO 31000 is the guidelines for Risk Management and provide guidelines for managing risks, while providing the opportunities to achieve objectives of

the business activities in a safe manner. (ISO, 2018) ISO 26000 is the standard for Social Responsibility and gives guidelines and resources on how to manage the business in a responsible manner. (ISO, 2010)

By employing the standards, the customers and business partners have an easy time to recognize what values and practices the company uphold.

4.1.2 CE

CE marked products are verified to be in compliance to the safety, health, environmental protection requirements set by the European Union and the Directorate-General of Environment. This mark is unique to the European Economic Area (EEA) and allows for free movement inside the EEA of the products. The origin of the product is not relevant and thus CE marking doesn't indicate that the product has been made in a member country of European Union. CE marking has to be identical in relation to the proportions of the two letters, though the size may vary. (EU, 2016)

4.2 Trade and labor unions

Unions have played a major role in developing social dimensions on CSR since the time of the industrial revolution. (Carroll, 2008) Today trade unions provide employees with many services, such as legal advice or counseling and access to a general unemployment fund. While the decision to join a trade union is the choice of the employee, the company can provide a better working environment by together with the representatives of such organizations.

4.3 Reporting

In 2015, the European Union put forth a directive, which requires companies employing more than 500 people to report their non-financial information. This responsibility reporting is the next step on CSR. The reports are a fantastic way of communicating simple metrics to the consumer as well as to the business partners. While having the reporting

being required by law loses the companies that reported their non-financial information of their advantage, the new system will allow for bigger sample sizes when the reporting system is being improved. While the format is not standardized by the Directive, the same themes seen in many older CSR reports can be seen: Economic, Social and Environment.

4.3.1 Documentation

Documentation can be implemented from a variety of data and activities. The amount of production generated, the amount of resources used, the amount of waste generated. All can be used to generate either better models on the same process or to audit the efficiency of the processes. Documentation can also be more qualitative, such as feedback from customers, employees and locals. All can be used to better the company.

The task can be made easier by having the documentations be compiled from raw data into internal reports on their respective subjects or gathered into more manageable, such as spreadsheets. The documentations should be easily accessed, but secured to the employees with clearance for it. Backups should be done in frequent enough intervals, so as to make sure no data is lost. Older data, which might be archived in paper form should be scanned or transferred manually into digital form and saved for easier access and data preservation.

4.3.2 Auditing

To provide more transparent and trustworthy image, the company can get themselves audited by a third-party consultation company. This will also allow for the company to have a fresh perspective on their own management systems and principles.

Auditing will require access to the documented data the company has gathered and information will be gathered from people in charge of their respective aspects (person in charge of health, security etc). Data catalogued in organized manner and under proper headings will improve the efficiency and speed of the process.

5 CSR resources and training

While CSR has not been a mainstream business form for long, there have been many organizations and bodies inside other organizations forming to provide information and resources on the topic. While these are not the only ones, they are the most well-known and prominent in the area of CSR.

5.1 EU

The European Union has worked with many organizations to bring together their expertise to utilize them into possible future legislations. This was seen in action in the Directive 2014/95/EU, which legally required corporations with more than 500 employees to report their non-financial policies in relation many CSR aspects such as environmental protection, social responsibility, anti-corruption and others.

Organizations like International Standardization Organization, Organization for Economic Co-Operation and Development and United Nations have distributed their websites for easy access as well as information on how to autonomous regulation and disclosing social and environmental information. Since CSR policies are very individual based on the field of business they are implemented in, EU has given specialized information on certain fields. An example of this is the ‘CosIng’, section where regulations and directives concerning cosmetics and ingredients used are detailed. These guidelines will help companies form their responsible policies with the best information available.

5.2 GRI

Global Reporting Initiative (GRI) is an independent international organization established in 1997. The initiative helps businesses, organizations and governments to improve their understanding and developing efficient and transparent reporting activities.

On their¹ website, GRI provides an abundance of material on the subject of sustainability reporting, as well as a learning environment through e-learning and courses. The courses provide an understanding on how reports should be constructed, what is to be documented and how to manage the data gathered. Their material, such as ‘Consolidated set of GRI sustainability reporting standards’, details what is required to be disclosed and what is recommended to be disclosed. When applicable, the method of gathering data, calculation of the data and how to process it into GRI reporting standards has been instructed in a concise and comprehensible manner.

On the site² you can also find any reports provided to GRI by businesses. These reports can be used as an example when designing the company’s own reporting system.

5.3 ISO

International Standardization Organization (ISO) is an independent, non-governmental organization, which aims to provide expertise in many aspects of corporate and manufacturing activities. This expertise comes from 161 standard bodies from over 160 countries around the world. ISO aims to provide safe, healthy and sustainable products and services through standards.

Additionally, to the standards ISO also provides resources and training in the field of CSR. From their website, anyone can access many case studies made about the benefits brought by the utilization of ISO standards.

5.4 FIBS

FIBS is a Finnish network focused on educating Finnish companies about corporate social responsibility. The organization promotes CSR practices through various means, as well as providing information about proper sustainability reporting. By holding conferences, publishing FIBS’ own newsletter and holding an annual sustainability report competition,

¹ www.globalreporting.org/Pages/resource-library.aspx

² <http://database.globalreporting.org/>

the organization encourages the Finnish business scene to get a competitive advantage on their respective market.

By buying a membership to the FIBS network, any company will get access to high quality services designed by Finnish experts in the field of CSR. These include many varieties of education on how to implement CSR practices based on the field of business the company practices. SME focused courses are also available.

FIBS gathers responsibility reports and case studies to their website which are available to the FIBS members.

6 SME

Small and medium enterprises (SME's) are defined by the staff headcount and either the turnover or balance sheet total of the company. The definition on what limits the headcount differs based on the country. For example, in the United States the definition through headcount is less than 500 employees and in the member countries of the European Union, the limit is generally 250 employees. (OECD, 2005) SME's are a major component on the European business world. 90% of all businesses in Europe are SMEs and in 2013 they provided 88,8 million jobs. (EC, 2015)

6.1 CSR and SME

While the SMEs are not getting the same kind of pressure through directives like larger companies, they can use this as an opportunity to take advantage from the unique position of marketing their CSR principles.

For this work, four studies were compared and analysed. Pavel Castkas 'How can SMEs effectively implement the CSR agenda? A UK case study perspective', Rüdiger Hahns 'Determinants of sustainability reporting: a review of results, trends, theory and opportunities in an expanding field of research', David Murillos 'SMEs and CSR: an approach to CSR in their own words' and Anna-Elena Luoto's 'Pk-yritysten yhteiskuntavastuu'. While Mr Murillos and Ms Luoto's works we're questionnaires for companies, Mr Hanh work was a meta review of 178 articles published in journals. Mr Castkas work was a case study on a training, consultancy and research solution SME Organizational Learning Center (OLC) Ltd and review of a survey done by the Department of Trade and Industry (DTI).

The former two interviewed and surveyed the representatives of the companies to answer multitude of questions regarding matters of CSR and their own attitude towards the concept. While many of the companies held CSR policies in high regard, several of the companies felt like the current business environment was either misinformed or had poor knowledge on CSR. (Luoto, 2016; Murillo, 2006) In Ms Luoto's work, several businesses claimed their CSR policies were primarily made to create customer satisfaction and bring image advantage over competitors. (Luoto, 2016) As Ms Luoto brings up in the chapter

detailing this factor, the customers satisfaction is an important factor in managing a successful business. Ms Luoto goes on to extrapolate on sustainability's role in today's consumer loyalty due to responsible consumerism mentality.

Mr Murillo states in his work how he 'found that the values of the founding entrepreneur/owner are of major importance when deciding on social or environmental sustainability strategies'. One of the companies interviewed stated 'the impact made by the founder is clearly visible in its performance model. According to the current company managers, it was the founder's values of professionalism a service to the community that established the model to be followed. Nowadays, the spirit of the founder is the very DNA of the company.' (Murillo, 2006) This shows the importance the lead managements ideals have to the company.

Mr Hahns comprehensive study of almost 180 articles provide a great perspective on how company size and how the consumer/customer pressure affects the implementation of disclosure of CSR aspects. He finds that 'corporate size can be considered to have a positive effect on the adoption and extent of sustainability reporting, assuming that larger companies cause greater impacts, become more visible and therefore face greater stakeholder scrutiny and pressure'. He adds the fact that smaller companies have a higher marginal cost on disclosure. (Hahn, 2013) This is one of the obstacles seen with the CSR among SMEs. Mr Castka found in his study of the DTI survey that many companies fear the bureaucracy, time and cost of formulating, maintaining and disclosing their CSR. (Castka, 2004) While the study doesn't tell, if the answer was based on companies who wanted to formulate their own CSR system, companies might feel the same when talking about programs such as GRI's sustainability reporting scheme or the ISO 26000.

From the same study, Mr Castka found that SMEs want a simple, transparent and local way to get support when designing CSR systems. This was further clarified by SMEs stating they 'want the experience of engagement to be simplified' and wanting 'a single, local point of contact through which they can network with other organizations, learn about current and best practice, the business case, the issues considered to be important and how to get started'. (Castka, 2004) This desired role is most likely covered in Finland by the FIBS, but this shows that decentralized systems like GRI and ISO 26000, might not provide all the SMEs with the same desired aspects.

7 Conclusion and thoughts about the future

While CSR has been a concept brewing for decades, it is truly getting the mainstream attention now. Be it from legislations like the EU directive or the current responsible consumer practices being favored by most of the customers, the trend is clearly not stopping soon.

Amongst the issues the customer concerns shared by retailers and manufacturers alike, is the origin of the product or the materials. In a seminar about sustainable business practices in Tampere University of Applied Sciences, in the 10th of April of 2018, Elli Ojala who is a Corporate Responsibility Manager talked about the importance of supply chain research. This was another way of talking about procurement practices. The transparency of a supply chain, from manufactured goods to refined materials and raw materials will allow for global monitoring.

The biggest problems with the integration of CSR into the basic components of company management is the lack of proper knowledge on the issue. Additionally, while anecdotal evidence at best, the managements attitude towards aspects of CSR is prevalent in the management systems. While it is understandable that profit and financial advantage is the main desire of all companies, it is also clear that the current demand from customers and stakeholders is turning more towards responsible and sustainable practices. As stated in the studies, the companies that employ CSR in their management claim that their profitable results are due to the fact they are employing CSR as an advantage of their competitors.

This will lead to organizations such as FIBS, EU, ISO and GRI gaining relevance and customers. While educational institutions such as the University of Tampere, Aalto University and Haaga-Helia have started recently teaching sustainability and responsibility in business in addition to ethics, this taught knowledge will have a harder time reaching the top of the management, if communication between the labor and management is emphasized in this matter.

In the future we will most likely see the competitors of these CSR employing companies desiring for their own CSR systems. While it may be standardized systems like the GRI or ISO 26000, the result will be a more transparent and responsible business world.

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