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ÅBO YRKESHÖGSKOLA**

Bachelor's Thesis

CSR IN THE FINNISH BANKING INDUSTRY

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<p>This study aims at identifying the key determinants to what is Corporate social responsibility (CSR). The sphere of CSR is examined, as well as the available guidelines to practice it. CSR reporting is evaluated on the basis of the found basics as well as further guidelines aimed at the reporting activity. Found theory of CSR is compared with empirical findings from the Finnish banking industry. How banks utilize available information in their CSR strategies and communication is evaluated. The implementation of found strategies is also examined. Improvement possibilities are sought for better global provisions of CSR, as well as its implementation in Finnish banking industry.</p> <p>This study argues that universal definitions of CSR are needed on the basis of economic, environmental and social provisions. It also suggests that motives and implementation of CSR practices and reported actions could be disclosed. The dilemma of commercial versus responsibility motives is discussed. The Finnish banking industry is found to follow guidelines, but the input of individual offices is unclear. CSR principles are not decided on location, which leads to question whether CSR is only a head office practice. While viable reports are published, the implementation of reported measures is not disclosed either in writing or in empirical findings.</p>	
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<p>Tutkimus tähtää yritysvastuun pääperiaatteiden tunnistamiseen. Yritysvastuun piiriä ja sen toteutukseen liittyviä ohjeistuksia tarkastellaan. Yritysvastuuraportointia arvioidaan löydettyjen periaatteiden pohjalta. Lisäksi huomioon otetaan raportointia erikseen koskevat ohjeistukset. Löydettyä teoriapohjaa verrataan Suomen pankkialalla tehtyjen empiiristen tutkimusten tuloksiin. Tarjolla olevan informaation hyödyntämistä yritysvastuustrategioiden ja kommunikaation luomisessa arvioidaan. Yritysvastuustrategioiden toteutumista käytännössä analysoidaan. Parannusmahdollisuuksia etsitään parempien globaalien yritysvastuusäädöksiä löytämiseksi. Myös pankkitoiminnan yritysvastuuiimplementoinnin parannusmahdollisuuksia pohditaan.</p> <p>Tutkimus esittää, että yritysvastuu kaipaa maailmanlaajuista määritelmää, joka pohjautuu taloudellisiin, ympäristöön liittyviin ja sosiaalisiin edellytyksiin. Yritysvastuuseen liittyviä motiiveja ja käytännön toteutusta ehdotetaan esiin tuotavaksi. Kaupallisten ja vastuun kantamiseen liittyvien motiivien välistä ristiriitaa tarkastellaan. Suomen pankkimaailman havaitaan seuraavan ohjeistuksia, mutta yksittäisten konttorien panos on epäselvä. Yritysvastuuperiaatteita ei valita paikallisesti, mikä johtaa epäilyyn yritysvastuun luonteesta ainoastaan pääkonttorien huolenaiheena. Julkaistut raportit ovat laadukkaita, mutta mittareiden toteutuminen käytännössä kaipaa selvitystä.</p>	
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1. INTRODUCTION

In recent years the number of natural catastrophes affecting human lives worldwide has continuously grown. The discussion on global warming and other environmental human induced phenomena is heated and constant. In the mean time, fighting for human rights and global welfare is raising arguments as often as ever. The sphere of altruistic objectives has raised an ongoing debate of the role of different organizations in the preservation and improvement of living conditions worldwide. Corporate social responsibility (CSR) has risen internationally as one of the key elements of defining conscientious business practices.

While the subject of CSR has been widely studied for decades, no single definition can be found. As wide as the resources are, conciseness is deficient. Even so, CSR is an immensely popular but still voluntary concept, which makes it an interesting field of study. How organizations respond to the demand for altruism varies greatly; the voluntary nature of CSR practices gives organizations the choice of which measures to publish. Steps that go further than legislation in economic, environmental and social spheres of patronage still seem to have risen as a new key factor in modern consumer decisions. Motives for practicing CSR appear to include a commercial aspect; a contradictory but undeniably effective incentive.

Whatever the drivers for CSR may be, the increasing number of environmental, social and sustainability reports indicate the growing impact these issues have on companies worldwide. Increase in interest is also visible in the amount of academic and empiric research conducted in the field. As scholars seek answers to certain issues, other questions arise. The ongoing process does not, at present, show signs of slowing down. On the contrary, more and more time and money is invested on research and development of non-monetary aspects of business. This bachelor's thesis provides a viewpoint to the question of reporting and implementing CSR principles.

1.1 Objectives of the study

This study focuses on three main categories; CSR, CSR reporting and CSR in the Finnish banking industry. It seeks to distinguish some clarity in what CSR fundamentally means, and what the most common classifications of CSR principles are. Available CSR guidelines are sought. The second category, CSR reporting, is researched on the basis of found CSR theory. The available reporting guidelines and principles are studied in order to find cohesion between them and the indicators of what CSR is.

The theory is tested in Finnish banks by examining their CSR reports, along with information found in interviews and questionnaires. Correlation with the found indicators of CSR and reporting guidelines is sought. Furthermore, as much as the field of CSR has raised questions and attempts at answers, the connection between what is said and what is actually done is a bit of a grey area. Thus finding out whether reported actions are truly taken is another objective of this study.

This study seeks to answer the questions:

- What is the basis of CSR?
- What are the available instructions for practicing CSR?
- How do the basics correlate with the basis of CSR reporting?
- What are the available instructions for reporting?
- How are the instructions utilized in the Finnish banking industry?
- How well are the CSR principles of Finnish banks implemented?

1.2 Research outline

The sphere of CSR is examined in order to find a foundation for the study. Economic, environmental and social indicators of what CSR is are explored, along with implications these dimensions have on companies. Guidelines for practicing CSR are defined and assessed. CSR reporting is studied on the basis of found definitions. The reasons, process and outcomes of reporting are critically evaluated. Guidelines for reporting are presented and limitations of the practice considered. The feasibility of found markers is also reflected on.

CSR reports of Finnish banks are scanned based on the theoretical findings. Comparisons between different banks are made among the contents, feasibility and implementation possibilities of the reports. Actual implementation of proposed CSR actions is assessed according to opportunities in each chosen bank as well as on an industry level by using interviews. Possibilities for consistency, feasibility and implementation improvement are sought.

The importance of this study is in focused assessment of the relationship between the indicators and reports. It is also important to examine if and how the reported actions are implemented. The banking industry is an interesting example, while customer orientation (that is closely tied to the social indicators) is a presumed fundamental value of said branch of business, whereas economic aspects of business are very much present in each task performed in banks; usually even statutory. Furthermore, banks proclaim to be environmentally conscious. The banking industry is a different kind of subject also due to its non-manufacturing status, which eliminates most discussion on emissions etc.

In addition, another similar study has been conducted for example in the Finnish forest industry (Tuominen, Uski, Jussila & Kotonen 2008). This study adds value to comparing different Finnish CSR spheres and to assessing the position CSR currently has in Finland. Internationally, for example the banking industries in Bangladesh and Nigeria have been studied in relation to CSR (Achua 2008; Khan, Halabi & Samy 2009). This study will provide a different viewpoint to the issue.

1.3 Definitions

Sustainable development is a concept based on human needs and the provisions related to their satisfaction. Sustainable development can be divided into categories of economic, environmental and social dimension. The same categories can be found in corporate social responsibility. The related concepts and definitions are numerous. The concept of corporate social responsibility can be seen both only as the social responsibility companies carry, or including all the three dimensions. (Rohweder 2004, 15: 77; Gandhi, Selladurai & Santhi 2006, 667)

For the purposes of this study, corporate social responsibility is considered to have the same three dimensions as defined for sustainable development. Corporate social responsibility as an action is considered as the building of positive measures on the basis of the three dimensions aiming towards achieving equilibrium between economic, environmental and social welfare. CSR report is used fundamentally as a synonym for sustainability report.

2. CORPORATE SOCIAL RESPONSIBILITY

“When considering a context that is not exclusively economic, businesses face a set of rights and responsibilities regarding the surrounding society that does not allow them to focus strictly on economic management for obtaining a business objective. On a daily basis, companies are faced with social, economic, legal, ethical, and environmental challenges that condition their behavior. The sole objective of maximizing equity, in its modern version of maximizing the creation of value, does not allow a company to meet its social challenges.” (Parada Daza 2009, 284)

Corporate social responsibility is an approach that esteems society, nature and ethics as central parts of strategy that can improve the competitive position of a company (Mittal, Sinha & Singh 2008, 1437). A company that wishes to engage in corporate social responsibility is in constant interaction with its surroundings. The ever changing operational environment poses a challenge to the alert company trying to act responsibly locally, regionally and globally. (Rohweder 2004, 31)

There are many reasons and incentives for practicing CSR. Moral and ethics are some of the drivers, while the values (both financial and ethical) and culture of each individual company also have a great effect. The economic incentives for CSR include demand for environmental/ethical products, public image and material and energy efficiency. Legislation has a great impact on the degree of environmental consciousness along with government regulated incentives (e.g. relating to taxes) and voluntary

guidance. (Rohweder 2004, 78-84: 86) The practice has become popular among companies also due to pressure from stakeholders. There are still opponents of this view. Their main argument is that CSR consumes much of the executives' time without giving explicit evidence of good performance. (Mittal et al. 2008, 1437-1348).

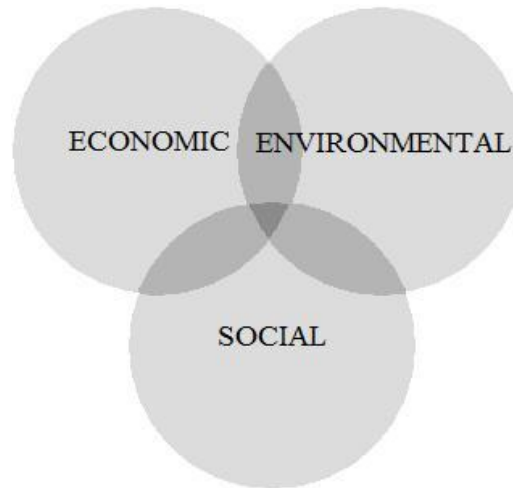


Figure 1. Interaction between the three dimensions

As observed in figure 1, corporate social responsibility can be seen as an interaction between three dimensions; economic, environmental and social. Overlaps and synchrony are crucial, while it is impossible to fully divide between actions taken in each sphere.

Within the three dimensions morals, ethics and values are important drivers. Briefly, the economic dimension concerns financial possibilities, for example competition, employment and long-term profitability. The environmental dimension refers to a company's effect on natural systems. Responsibility in this sense should reach further than regulations. One of the main goals is to preserve the environment as it is for future generations. The social environment focuses on affected social systems. Health, justice, safety and human as well as labor rights are some of the important social provisions. (Heiskanen 2004, 18-19; Jamali 2006, 811-812)

2.1 Economic dimension

The economic operational environment relates to the production of financial welfare. It has been said that regulated economic growth is the way to sustainable development. However, some consider the two concepts completely contradicting, making the definition of sustainable economic action impossible. (Rohweder 2004, 31)

Economic growth has traditionally been classified into two categories; neoclassical growth theory and dynamic competition model, the latter focused on resource-advantage theory. The neoclassical theory assumes growth to form principally around increase in labor, increase in capital, increase in capital/labor ratio or technological advancement. The research-advantage theory, on the other hand, portrays competition. This view stresses the impact that market segments, resources, comparative (dis)advantages and market positions have on economic performance. (Hunt 2007, 274-275: 278)

The concept of “environmental defensive expenditure” means the cost of reducing negative outcomes caused by the deprivation of environmental goods. Whether environmental goods could and should be replaced with man made goods has been a topic of debate for several decades, along with the implications of this replacement to economic growth. Especially the sustainability of growth has raised questions. The fact that environmental goods are not only raw materials but, for example, also the air we breathe and the water we drink complicates the issue. Thus, even as we are able to replace some environmental goods (e.g. building a swimming pool), the process often further exhausts the environment. Therefore the substitution actually causes exactly those problems it tries to mitigate. Consequently, economic growth can be linked with a decrease of welfare; as the level of activity in substitution grows it causes a vicious circle of further degrading environment and economic growth that doesn’t actually increase personal welfare. (Antoci, Borghesi & Galeotti 2008, 284-285: 288: 294)

Globalization has molded the economic environment in many ways. Worldwide production methods arise, trade restrictions decrease, foreign direct investment increases and productivity determines locations. The improving infrastructure is

unifying the business world. On the other hand, globalization can also be seen as something that further increases the social welfare gap, while the industrialized world is the main benefiter. This has increased the responsibility of companies to promote equal economic development. (Rohweder 2004, 33-41; Sibao & Huaer 2009, 134-135)

Social security is a distinct and costly section of government policy. As decisions affect all citizens, the area is much debated. The basic aim of social security policy is the mitigation of effects of social changes and securing the basic right for survival. Social security policy should also build up economic capital and assist in stabilizing the political situation thus ensuring welfare. Most arguments arise from limited resources. The cost of providing a superior social security policy is set against the cost of social crises such as extreme poverty. As real social security expenditures correlate with gross domestic product and capital stock, the economic decision has many implications. (Lee & Chang 2006, 386-387: 400)

Economic responsibility is made up by profitability, risk management and corporate governance. Directly it deals with cash flows, indirectly with the affect business has on national, regional and global economy, as well as on society. Immediate effects of economic responsibility include, for example, paying wages or taxes, whereas consequential effects can be seen, for instance, in employment and welfare derived from subcontracting. Due to the information revolution these effects are reported and discussed more often. This is one reason for practicing CSR on the other dimensions, as well, while maximal returns are no longer the sole agenda for many companies. Economic responsibility suggests that economic growth must be achieved ethically. This means equitable creation of human welfare without endangering the welfare of the environment. (Rohweder 2004, 97-99)

2.2 Environmental dimension

The increased knowledge of environmental problems has transformed the nature and objectives of international politics. Complexity in cause and effect complicates solving environmental issues. Definitions and possible solutions raise arguments. Often also vested interest labels actions. (Kantola et al. 1999, 111: 116) The environmental

dimension, briefly defined, aims at securing biodiversity by trying to solve current and prevent future problems. An important part of this is to invest in the sustainable use of natural resources. (Rohweder 2004, 45)

Major companies frequently try to affect the contents of environmental agreements. Especially costly regulations are protested. Major companies have both the resources and contacts needed to affect international environmental politics. Resources are also used in conducting environmental research of vested interest. These companies have most power where no binding international agreements have been made. The largest companies in the world even exceed many nations as economic entities. On the other hand, when legislation is stricter, companies subject to it often start supporting stricter international codes in order to eliminate the competitive advantage of companies under more lenient legislation. (Kantola et al. 1999, 139-140: 290)

The mass utilization of both renewable and nonrenewable natural resources is a historically recent trend. During this millennium the finite nature of these resources along with the sensitivity of the ecosystem has been the topic of discussion. Terms of usage are sought. This new trend has actually affected the very nature of operational principles. However, the current trend of environmentalism is focused on human beings; interest is only found in issues that have some impact on the realization of human concerns and values, along with moral relationships between humans. Protecting the environment is seen as a part of protecting human welfare, with the side product of sustainable development. The purely eco-centric view would be very difficult to achieve today. (Heiskanen 2004, 26; Roberts 2004, 47-48: 58-59; Rohweder 2004, 45-46)

Environmental protection is based on the problems caused by decreasing natural resources and the limits of environmental capacity and power of regeneration. Currently the issues discussed are divided between local, regional and global problems, according to their effect (and possible solver). These problems generate risks. Population distribution and the supply of natural resources is uneven, causing instability. The ongoing growth of production and consumption causes different types of risks. Awareness has raised the interest in finding the equilibrium between human action and

natural stability. (Kantola et al. 1999, 114-115; Heiskanen 2004, 26; Rohweder 2004, 48-50)

Environmental responsibility also has both direct and indirect features. Direct responsibility concerns controlling the problems and risks the company itself inflicts upon the environment, and sustainable use of natural resources. The foundation is finding a feasible strategy for expedient use of raw material and energy as well as to minimize waste and emissions; both throughout the chain of production. Outsourcing has increased the indirect effect companies have on the environment. Thus it is important to also consider the actions of cooperators. Indirect responsibility for the environment can also be carried by protecting the biodiversity outside immediate reach and taking part in environmental projects. Today, more and more companies are practicing environmental protection beyond the requirements of legislation. (Heiskanen 2004, 26-29; Rohweder 2004, 99-101)

2.3 Social dimension

The last dimension considers people. Culture defines identity and spirituality and links patterns of thinking and behavior, as well as norms, attitudes and know how within a certain group. Cultures interact and change constantly, with different global cultures and between local spiritual and earthly culture. Language is one of the bases of culture. Religion is another important feature, which also affects the internal possibility of economic development by defining whether passive or proactive and economic values are promoted. In addition to language and religion, economic and societal features connect and divide cultures. The globalization of cultures often includes battles between values. New and strange values from outside the culture seem threatening and raise resistance. The Western values are not always perceived as progress. Cultural differences have been used, for example, to justify authoritarian governments or deny Western ideas of human rights. (Kantola et al. 1999, 17: 237-239; Rohweder 2004, 66-68)

Population growth is a drain on the environment, but also on welfare. Population growth is a driving factor of social problems such as famine or poverty. Examining the

demographic transition model, population growth can be expected especially in areas that are even currently poor. Poverty also has a link to environmental sustainability; the possibility for, or interest in, environmentalism is unlikely to occur in the poorest areas. However, what must be noted is that more developed nations often use multiple times more natural resources, causing a larger drain on the environment. A further challenge is the rapid trend of urbanization. Civil wars and streams of refugees are also social problems. (Kantola et al. 1999, 23: 92: 173; Roberts 2004, 44; Rohweder 2004, 59: 61-64)

Welfare can be seen affected by societal structures, social and economic measures indicating the standard of living and the perceived quality of life. Improving the status of women is extremely important in battling poverty. This improvement and a rise in the level of education decrease birthrate and increase welfare and health. Even though women benefit from education and family planning, emphasizing Western family values over traditions is not worthwhile. Population growth in poor areas can also have positive effects, for example developing cultivation methods that preserve the soil. Employment is another important indicator of welfare, along with the paid wages. The relative nature and cultural context of these measures complicates the estimation of welfare or development. (Kantola et al. 1999, 23: 92; Heiskanen 2004, 287; Rohweder 2004, 62-65)

Human rights are the major social responsibility sphere. Violations can be used as means of power and control. Nowadays armed conflicts increasingly cost the lives of civilians instead of soldiers. Women and children are the object of violence and humiliation. Children are forced to become soldiers or minesweepers. In addition to war for example famine, natural catastrophes and different epidemics drive people to become refugees. Even though this means escaping some of the causing issues, refugees are frequently the object of further human rights violations. Issues such as malnutrition, illiteracy or absence of health care are repeatedly forgotten. Nowadays the major problem is that countries are not following agreements. Multinational corporations have the ability to either exploit or try to improve the human rights situation in the countries where they operate. (Kantola et al. 1999, 221-226: 247: 251)

The direct impact of carrying social responsibility is caring for the welfare and education of employees, as well as respect for their culture and values. A company also has direct responsibility for its services and products, for example health and safety requirements and truthfulness. Indirect social responsibility can vary from local to global. Locally responsibility can concern interaction with authorities, communities and inhabitants, for example through communal projects. Globally social responsibility concerns multinational corporations that affect the regional development of welfare. Indirect responsibility also handles good procedures and cooperation within a network, for example relationships with business partners. The most common negative issues concerning social responsibility deal with trying to benefit from the limited nature of corresponding legislation abroad, enabling for example child labor. (Heiskanen 2004, 282-283; Rohweder 2004, 103-104) Even as social issues have received more attention, many international organizations still foster the Western values over social problems (Kantola et al. 1999, 84).

2.4 CSR guidelines

Guidelines are a way of pointing companies to which measures can or should be taken to invest in corporate social responsibility. Guidelines increase the manageability of distinguishing problems and create a framework for action. Guidelines do not, however, offer explicit advice on implementation. (Rohweder 2004, 121) Some of the most important guidelines are briefly described in the following. Similar guidelines can be found under the next chapter.

United Nations' guidelines

The United Nations' (UN) Global Compact policy offers principles on human rights, labor, environment and anti-corruption. The Global Compact is currently the largest initiative of this kind in the world; it has close to 8000 participants from most of the world's nations. The compact offers strategy guidelines on advancing sustainability and corporate citizenship. In addition to the compact principles, Global Compact aims at promoting other UN initiatives, including the Millennium Development Goals. All participants are obliged to give an annual report on their progress in order to express true commitment to the cause. The guidelines help private sector players manage risks

and opportunities. Universality of the principles is sought in order to benefit everyone. (United Nations Global Compact 2009 [referred to 15.2.2010])

The UN also provides Principles for Responsible Investment (UNPRI), UN Environment Programme Finance Initiative (UNEP FI, a partnership between the UN Environment Programme and the global financial sector) and UNEP Climate Neutral Network, addressing global warming. (Principles for Responsible Investment [referred to 7.10.2010]; UNEP Finance Initiative [referred to 7.10.2010]; UNEP Climate Neutral Network [referred to 7.10.2010])

OECD Guidelines for Multinational Enterprises

The Guidelines by the Organization for Economic Co-operation and Development are a part of the OECD Declaration on International Investment and Multinational Enterprises. They are recommendations from participating governments to multinational enterprises providing principles and standards for responsibility in business. These principles are harmonized with government policies. The Guidelines aim at improving the foreign investment climate and enhancing sustainability. They support multinational enterprises on economic, environmental and social development as well as on minimizing negative effects. (OECD 2008)

ICC Business Charter for Sustainable Development

The International Chamber of Commerce Charter contains sixteen principles. It sets environmental management as a top priority and promotes integrated management along with the process of improvement. Education and training for employees is encouraged. Impact assessment before taking on a new procedure, as well as safety and environmental friendliness of products are sought after, along with energy and material efficient production. Advice for customers and cooperators is considered important. Conduction or supporting research on environmental effects and prevention of environmental harm are equally important principles. Along the same lines, endorsing environmental technology and contributing to projects enhancing environmental awareness are required. Preparedness for possible emergencies and open dialogue and

measuring of environmental performance are sustained. The ICC principles should also be endorsed upon cooperators. (ICC 2010 [referred to 15.2.2010])

WBCSD Guidelines

The World Business Council for Sustainable Development is an association of companies promoting sustainable development. It is an arena for discussion, promotion, sharing and cooperation. It aims at advocating sustainable development, participating in policy and framework creation, demonstrating business contribution to sustainable development answers and contributing to a sustainable future for developing nations. (WBCSD 2010a [referred 15.2.2010]) The increasing effect of sustainable development on business has encouraged the WBCSD to publish works on the subject in order to help companies understand and act on it. (WBCSD 2010b [referred to 15.2.2010])

WBCSD is also a co-founder of the Greenhouse Gas Protocol Initiative, along with the World Resources Institute. The Protocol addresses climate change and is a basis for many other similar programs. The Protocol offers assistance also to policymakers in developing countries for both business and government decisions. (Greenhouse Gas Protocol Initiative 2010 [referred to 7.10.2010])

Other relevant international metrics

Carbon Disclosure Project was founded in 2000 as a means to affect the climate change. It includes measuring and disclosing greenhouse gas emissions as well as climate change strategies. Carbon Disclosure Project is currently the only global climate change reporting system. (Carbon Disclosure Project 2009 [referred to 7.10.2010]) The Equator Principles offer guidance in evaluating social and environmental risks in project funding. They are a framework for implementing companies' own strategies. (Equator Principles [referred to 7.10.2010])

Green office is an environmental service offered by the World Wide Fund for Nature (WWF). It aids offices in environmental management, resulting in cost savings and slower climate change. It is suitable for any organization and promotes environmental awareness in daily operations. (WWF 2.9.2010 [referred to 7.10.2010]) LEED

(Leadership in Energy and Environmental Design) is a green building certification system developed by the United States' Green Building Council (U.S. Green Building Council 2010 [referred to 8.10.2010]). UNI Global Union is a collection of international labor unions that promotes global agreements for the benefit of employees worldwide. It encourages labor legislation and its enforcement. The Union was established in 2000. (UNI Global Union [referred to 7.10.2010])

3. CSR REPORTING

Want of clearness and responsibility voiced by stakeholders and external organizations are the driving factors urging companies to employ CSR practices. Thus there is a want also for common implementation and communication procedures. Still, only guidelines exist to prepare companies for said task, which leaves many ill-equipped. Lack of generally agreed perspective and terms hinders the consistency of reporting on CSR issues. (Nielsen & Thomsen 2007, 25-26)

CSR reporting is the function of clarifying – in writing – which CSR measures a company has taken during a set reporting period. The report can be used both internally and as a medium of public communication. The expenses of writing a report consist mainly of acquiring a control system for measuring performance and possible inspection by an external evaluator. However, a report benefits the company by offering valuable information for internal decision-making, and it is an important tool in maintaining good stakeholder relationships. By reporting on CSR, companies can affect the way they are perceived. A good CSR reputation can be a valuable asset as stakeholders become more conscious, as well as when competitors are found lacking in the area. (Rohweder 2004, 211-214; Unerman 2008, 362)

There are several challenges related to CSR reporting. As the want for transparency has occurred, many certificates and auditing procedures have appeared. Yet, as CSR is a voluntary concept, reporting guidelines have a weaker effect. Nonetheless, the effort put into reports grows. One problem that remains is selecting priorities. Ensuring that set

objectives reflect those of the stakeholders is important. Another concern is the number and extent of actions reasonable to ask of companies. Because social responsibility fundamentally has no limits, finding the balance between expectations and possibilities is crucial. In the end, companies must be able to justify their choices to all stakeholders. For example, when CSR increases costs, the necessity and positive outcomes of the action must be clarified in order to maintain goodwill among the shareholders. (Nielsen & Thomsen 2007, 29-30)

The steps of reporting include defining the objective of the report, planning the schedule, resources and contents, and deciding on distribution. Feedback is essential in assessment. Because the report is an essential communication tool, care should be taken of clarity, necessity, precision, dependability and value of everything stated. As well as good results, reporting on possibilities and plans for improvement is important. (Rohweder 2004, 217: 231)

Sustainability is a difficult concept for reporting. Companies haven't got the means to report on, for example, how their actions have affected attempts to equalize income or have they contributed to overall environmental sustainability. Sustainability is a global concept, and cannot fully be assessed at organization level. Additionally, a single company is not as crucial as the range of companies affecting the ecosystem. Thus action should also be taken on a wider scale in order to truly assess how the environment has been affected. Sustainability as a goal seems to require a higher geographic or community authority to control resources. (Henriques & Richardson 2004, 97-99)

In addition, a voluntary concept is suggested only to be credible if most people are willing to accept and commit to the terms. The other option is further official regulation; legislation would, undeniably, increase the number of reports. Also the quality of voluntary reporting is problematic. As some metrics are chosen to be reported, major social issues like affected increase in consumption or distribution of wealth can remain overlooked. Auditing a CSR report should be regarded equally important as financial auditing. (Henriques & Richardson 2004, 92-93)

Development suggestions for the current reporting practices need to be taken into consideration. Without defining the terms relating to CSR systematically and universally, consistency cannot be achieved. Legislation that requires straightforward reporting would also increase the comparability of reports and offer an objective guide to reporting undependable of the reports of leading companies. The measures of sustainability should be inspected in order to rule out the obsolete ones. Furthermore, sustainability itself should rather be seen as a systems concept instead of an organizational theory. While ecology cannot configure on institutional lines, institutions should reform along ecological lines. (Henriques & Richardson 2004, 99-100)

Although Parada Daza (2009) suggests a mathematical, utility based framework of assessing CSR, most guidelines still are purely verbal. In the following some of the guidelines for CSR reporting are briefly described.

3.1 International Organization for Standardization

The ISO 14000 is a collection of standards concerning environmental management. It is written as a solution for constructing environmental protection systems. The ISO 14001 sets environmental performance requirements, while the rest of the standards merely provide guidelines on how to accomplish those goals. Continual improvement is the basic principle of following these standards. The ISO 14031 provides companies with a framework on how to evaluate performance by offering ideas on finding the correct indicators and method of evaluation. (National Research Council Staff 1999, 11; Morris 2004, 17-18: 24) The weakness of the ISO certificates is that they are relatively easy to attain, mostly due to the role of industrial companies in their development (Kantola et al. 1999, 141).

The ISO 14031 focuses on patterns and variation over time. The dynamic process of arranging, applying, reciting, assessing and developing the evaluation procedure should be implemented by gathering, examining and announcing relevant data. The suggested metrics include environmental, operational and managerial indicators. (Hervani, Helms & Sarkis 2005, 342-343) However, while the ISO 14031 guidelines are voluntary and

can be completed in many ways, differences in constructed reports occur (Matthews 2003, 101).

3.2 Eco-Management and Audit Scheme

The Eco-Management and Audit Scheme (EMAS) is a voluntary European Union established management tool. The current version of the regulation entered into force in January 2010 and offers means to assess, report and develop environmental performance. (EMAS 2010 [referred to 16.2.2010]) EMAS requires the use of ISO 14001 environmental management system. In order to gain EMAS registration, a company must complete four steps. First, a thorough environmental review is performed, then an efficient environmental management system is formulated on the basis of the review. To complete the steps, companies must still conduct an environmental audit and provide a statement of performance. (EMAS 2009 [referred to 16.2.2010])

The EMAS required environmental statement must fulfill set terms, and should be renewed at least three-yearly. The terms include, for example, the following provisions; Publishing organizations should be clearly cited and a summary of operations given. The environmental strategy and management systems should be identified, along with a description of the organizations' environmental impact. Objectives and outcomes should be stated. (European Union 2009)

3.3 Global Reporting Initiative

The Global Reporting Initiative (GRI) was established in 1997 in order to develop universally suitable guidelines for CSR reporting. The first version of these guidelines was released in 1999. The GRI aspires to preserve, improve and distribute its guidelines. Its objectives are: to raise sustainability reporting to equal importance with financial reporting; to plan, publish and endorse standardized reporting procedures, key measurements and industry specific measurements; and to guarantee a stable and efficient institution to endorse global reporting. In modifying the guidelines, GRI has included members of the main institutes aiming towards similar objectives (for example, the ISO 14000, the Global Compact and the OECD). (Hopkins 2003, 141-142)

GRI wishes to consider all possible viewpoints, which has made its guidelines excessively long. While there is no notion of priority, many companies choose to follow the guidelines that are easiest for their purpose; this also due to the expensiveness and duration of following through all the guidelines. Thus the goal of making reports comparable is difficult. Still, the GRI is the widest spread CSR reporting framework. (Hopkins 2003, 143)

*Table 1. Example of proposed measures of CSR
(Adapted from GRI 2006 [referred to 16.2.2010])*

Economic	Environmental	Social
Direct economic value created and distributed	Energy consumption	Investment agreements that include human rights
Risks and opportunities relating to climate change	Water consumption	Operations that have a risk of or taken to eliminate child labor
Benefit plan obligations	Materials used & recyclability	Operations that have a risk of or taken to eliminate forced labor
Financial assistance from government	Impact on biodiversity	Percentage of workers represented by health and safety programs
Wage compared with legislative minimum	Emissions (Greenhouse, ozone- depleting, etc.)	Average hours of training per year
Practices and spending on local suppliers	Amount and type of waste & disposal method	Adhering to marketing and communication laws, standards and codes
Policy of local hiring	Initiatives to mitigate environmental impacts	Required product and service information

Development and impact of infrastructure investments and services	Non-compliance sanctions (with environmental law and regulation)	Programs that administer the impact of operations on surrounding community
Indirect economic impacts and their extent	Impact of transportation	Public policy position and participation in development & lobbying

Table 1 clarifies some of the GRI metrics. Economic measures are monetarily definable, but still resonate to environmental and social dimensions. This can be seen between any of the categories, proving the interrelation of the dimensions. The most important environmental provisions relate to the usage and preservation of natural resources, along with the output of environmentally harmful substances. Social measures consider human rights both inside and out of the reporting organization.

3.4 Other metrics

In addition to the above, other metrics and guidelines exist. For example, International Labor Organization, European Foundation for Quality Management, Social Accountability International and European Union Green Books all provide metrics or marks to their own cause relating to sustainability and CSR. Fair Trade and the Finnish Swan Mark are other examples. However, most of these only offer guidance in certain dimensions. (Rohweder 2004, 242)

Table 2. Guidelines concerning CSR and their extent

(Adapted from Rohweder 2004, 242)

Guideline	Dimension of CSR		
	economic	environmental	social
Global Compact	x	x	x
OECD	x	x	x
ICC	x	x	x
GRI	x	x	x
EU Green Book	x	x	x

WBCSD	x	x	x
WBCSD reporting guidelines		x	
ISO 14001		x	
ISO 14031		x	
EMAS		x	
Swan Mark		x	
SA 8000			x
Fair Trade			x

In table 2 the guidelines and metrics discussed in chapters 2 and 3 are categorized by their extent in relation to the different dimensions of CSR. While environmental issues have been widely considered, economic and social measures of CSR seem to have a more limited specified metrics database for reference. However, most of the modern guidelines give directions in all of the dimensions.

4. BANKING INDUSTRY

It has been argued that economic growth requires financial development. The idea concerns well-functioning markets and financial institutions that have a diminishing impact on transaction costs and issues with ambiguous information. In the meantime, financial institutions also have a role in detecting opportunities in investment, projects, savings possibilities etc. The European Monetary Union has had a great impact on how banks conduct their business, while still increasing competition in the industry. Adopting a single currency and a common monetary policy has further contributed to the issue. Despite political turmoil, banks operating within the European Union have portrayed great strength in adapting to changing conditions and improving the financial stability system wide. (Ferreira 2008, 512-515)

Today the banking industry is concerned with offering a full set of financial services. Changes in the working environment and customer demand call for the need and possibility for quick changes in strategy. Before the downturn in the 1990's, Finnish

bank customers relied on deposit accounts. Liberalization, competition and openness to foreign banks contributed to the change in both consumer behavior as well as the structure of the financial markets. (Holstius & Kaynak 1995, 10-11)

As customers' wealth and demands increased, banks developed their services to include property management, securities, and advisory services, including legal advice. In the mean time, service charges increased and became more complex, which drove customers to ask for offers in many different banking institutions. (Holstius & Kaynak 1995, 12)

Finnish banks soon digitized their services, which decreased the advantage foreign competitors had on electronic services. Even though the industry shifted towards a market based formation, the leading banks maintained their market position. The banking industry was a leader of the whole Finnish financial system for a long time, with a vast share of providing housing finance and management of the payment system. However, more recently banks have been integrating into the financing service sector with credit, investment and insurance companies. (Lähtenmäki 2006, 97-98) Mergers between banks, insurance companies and telecommunications companies aim at stronger common strategies that would ensure a good market position (Karjaluo 2002, 331).

The current leaders of the financial market in Finland have all been formed through more or less complicated mergers. OP-Pohjola was formed in 2005 when the cooperative Osuuspankki merged with the insurance company Pohjola (OP-Pohjola [referred to 23.2.2010]). Nordea came into being in 2000, after MeritaNordbanken (Merita being a combination of many old Finnish banks, Nordbanken a Swedish bank) merged with other significant Nordic banking institutions (Nordea 2010 [referred to 23.2.2010]). Sampo Group was first formed in the merger of the insurance company Sampo with the banking institution Leonia in 2000, but was officially renamed through mergers with Mandatum and If, other Finnish insurance companies. In 2007 Sampo Group sold Sampo Pankki bank to Danske Bank A/S. (Sampo Group 2010 [referred to

23.2.2010]) In addition to these, many similar groups as well as smaller banking organizations can be found in the Finnish financial market.

*Table 3. Structure of the three largest financial groups in Finland
(Adapted from Finanssialan Keskusliitto 2010 [referred to 23.2.2010])*

Group	Banking	Life insurance	Non-life insurance	Employee pension
OP-Pohjola Group	OP-Pohjola Group	OP Life	Pohjola	Ilmarinen (cooperator)
Nordea	Nordea Bank Finland	Nordea Life	TrygVesta (Cooperator)	Varma (cooperator)
Sampo Group	Danske Bank / Sampo Pankki (cooperator)	Mandatum Life	IF P&C	Varma (cooperator)

Table 3 clarifies the form of major Finnish financial institutions by categorizing the core service areas and the provider of said services for each of the largest financial institutions in Finland. Even though all of these groups have many operations under their own name, each of them also needs cooperators in order to provide full financial services.

Historically, banks have often been the object of dissatisfaction, distress and critique, especially by customers in economically challenging circumstances. Today, however, banks have risen to be advocates for environmentally and socially responsible practices. In addition to funding ethical causes, banks have begun to carry responsibility in denying funding for questionable projects. By rejecting some contracts, banks can obtain more business from highly regarded customers, who are conscious of the gained good reputation. An increasing amount of customers are choosing their banking institutions according to which actions the banks do not partake in. (Funding ethical causes is no joke, 35-36)

Achua (2008) argues that banks are more sensitive to the affects of CSR than other organizations due to the complex and diverse nature of the public they are subject to much more than other institutions. Globalization has brought upon an even further multifaceted public that also requires an increasing amount of CSR obligations. Therefore, CSR cannot be alienated from banks. (Achua 2008, 59) In the United States, for example, banks use a notable amount of their commercial budgets to promote responsibility issues such as equality, environment and consumerism (Peterson & Hermans 2004, 207).

Banks have, in general, many industry specific responsibilities. As a number of offered products and services are largely mere promises at the time of agreement, there is a great deal of responsibility in conveying all relevant information and advice available. Customer orientation leads to responsibility also in knowing specific customers' needs, wants, etc. in order to be aware of the full financial situation of and best policies for said customer. Knowing the customer has also a legislative implication in unacceptable business transactions (e.g. money laundering). Regulation for consumer protection is characteristic in the financial area. Strict regulation aspires to minimize imperfections and provide optimal competitive conditions. (Decker 2004, 715-716)

The research on similar studies offered interesting results. In Bangladesh, no formal reporting methods can be found, and reports are inadequate both in length and content. Still, human resource can be pointed the key area for banks. Participating in and supporting social activities is the most widespread form of CSR. (Khan et al. 2009, 353) In Nigeria, many obstacles for practicing CSR exist. Personal vice, leniency of regulations, discouraging environment and corruption prevent effective CSR strategies. (Achua 2008, 68)

Even though CSR itself has not been the subject of a widespread study in the Finnish banking industry, non-financial performance measures have previously been studied in Finnish banks. These measures, however, were not found important, and were irregularly used. Non-financial performance measures unrelated to profitability were principally not used at all. Customer satisfaction was still even then found an important

driver for financial performance, along with quality service. Furthermore, some managers did also consider social work to be a good way of ensuring long-term performance. (Hussain, Gunasekaran & Islam 2002, 460-461)

5. METHOD

In order to gain as much knowledge as possible, both surveys and interviews were used. The combination of both quantitative and qualitative data collection should decrease the possibility of error in using only one research approach. In addition, mixed methods provide a more thorough empirical knowledge of the subject, which improves the quality of study findings.

In late 2009 and early 2010, the opportunity to participate in this study was offered to many different banks in West Finland. Questionnaires were not separately sent out, because the purpose was to complete both interviews and questionnaires within the same offices. As the subject is a current topic of interest to most organizations, the response rate was surprisingly low. Only five banks answered; one could not participate, one suggested a further contact at a later time (which was not answered), and only three showed genuine interest in the study. As these three were of a suitable size and location, and as three in-depth interviews were the original objective, further arrangements were made with these three banking offices.

The research was conducted within representative offices of the three largest financial groups in Finland in the spring of 2010. Interviews aimed at pointing out how CSR is perceived and implemented within the office, while questionnaires measured the level of knowledge employees of said office had on the subject. These results were then compared with knowledge gained from reports given by each group. The representative offices were from Helsinki, Rauma and Uusikaupunki, which was an asset in determining whether there is a difference in the importance of CSR between small local banks and larger head offices.

While questionnaires are quick and inexpensive, they may yield into a lower response rate and higher ambiguity. However, personal interviews are much more time consuming and even they include the possibility of biased answers. Thus, along with selected interviews, questionnaires offer a wider foundation for study. A questionnaire based on gathered theory as well as secondary data from analyzed CSR reports was offered to the chosen offices (*see Appendix 1*). These questionnaires were instructed to be filled by every possible employee. In order to guarantee versatility, it was advised that answerers should come from different levels of hierarchy.

Time consuming as they are, in-depth interviews provide a comprehensive image on the subject. Open ended questions and the possibility for free discussion are important tools in achieving this. Interviews with the representative members of some of the major players on the Finnish banking industry provide a more detailed view of the business and its CSR practices (*see Appendix 2*). Interviews also allow for further exploration on the questionnaire items in order to compare and contrast between the answers gained by both methods. Interviewees were chosen from management level in order to guarantee comprehensive knowledge of the company.

The representative for Sampo Pankki was Stefan Thesslund, the Development Manager, working in the main office in Helsinki. Thesslund is responsible for CSR implementation according to the policies stated by Danske Bank, Sampo Pankki's parent company. Due to the distance, questionnaires could not be filled in Helsinki. Instead, questionnaires were completed by representatives of the Turku office. This may affect the liability of the results to some respect, but while Thesslund is responsible for the whole of Finland, he has a complete view that can be reflected by any other office. Thus he may represent the managers of the largest offices.

OP-Pohjola was represented by Länsi-Suomen Osuuspankki and the Office Manager of one of its larger offices, Jari Tammi. Nordea Uusikaupunki and its Executive Manager Hannu Hakanen represented the Nordea Group. From both of these offices also questionnaires were collected. These interviewees were chosen to represent medium and small sized offices.

While Helsinki/Turku, Rauma and Uusikaupunki represent large, medium sized and small cities, and the offices within them large, medium sized and small ones respectively, the differences between different banking groups may affect the reflection that can be given on how the size of the city or of the office affect the results. Indication and suggestions for further study can still be given. The true value of this specific study is in the deep analysis of said offices, and comparison between the actuality and expectations raised by group reports.

All in all, the number of filled out questionnaires was very low (eight in Sampo Pankki and Osuuspankki, only four in Nordea), which may give a biased picture of the real state of knowledge. However, as the questionnaires are to be viewed somewhat as measures of also the interviews, especially when both methods were completed within the same office, they have been included in the study. A mitigating factor is also the size of the offices, as the Nordea office in Uusikaupunki is very small, whereas the Osuuspankki office is medium sized. Further research is still granted necessary in order to fully research the extent to which personnel are familiar with CSR practices. The results of this study can be seen as a starting point and a reason to conduct further research.

Along with these gathered data, the CSR publications of the three groups were inspected to provide a base for expectations and comparisons.

6. CASE OSUUSPANKKI

6.1 CSR report

Osuuspankki does not publish a separate CSR report anymore, but has a responsible leadership section in the OP-Pohjola Group annual report, constructed using the GRI guidelines. Along with strategy and values, economic, environmental and social responsibility is discussed. Highlights include internal communication, risk management, energy and material efficiency and employee satisfaction. The report is built along the lines of group – responsibility – business – organization.

OP-Pohjola group creates prosperity and stability in its operating environment. Local Osuuspankki offices are both interested in and need a successful environment. Actions are directed by the group values, with the cooperative system as the cornerstone. Responsibility is incorporated in strategy, and as a part of the management system. Sustainable financial success, welfare and security are some of the key areas of concern, with trustworthiness, responsibility and good reputation as the key traits. Risk assessment and minimization is an ongoing process. In its CSR practices, OP-Pohjola aims at transparency, unity and strengthened information flow. Group wide communication is a strength. One of the main goals is offering the best concentration benefits for customers. In 2009 OP-Pohjola was chosen by consumers as the seventh most responsible company in Finland.

OP-Pohjola has the widest net of banking and insurance offices in Finland. Locality means having a face everywhere in Finland. The group sponsors and donates to organizations of public utility, on a national level focusing on culture. Spreading financial information and literacy are supported, for example study material and guest lecturers are offered to schools. Environmentally both direct and indirect effects of business are taken into consideration. Paper consumption is managed by web services and e-invoicing. Web solutions have also reduced the amount of travel. An indirect effect of quick, user-friendly web services is also portrayed in customers' electricity usage.

OP-Pohjola aims at offering the best know-how of the business sector. Personnel management systems are developed on the basis of responsible interaction and coaching. Personnel strengths are utilized, and equality is promoted. Cooperation is a central issue. Rewarding systems exist both in the short and long run. In addition outside activities are supported, for example by Hippo ski competitions for children. OP-Pohjola takes part in the UNPRI and the Carbon Disclosure Project. The group also co-operates with the Finnish WWF, and some of its members have been awarded the WWF Green Office certificate. Along with these, OP-Pohjola is a member of the Unico Banking Group. Unico Banking group is a collaboration forum for banks of a co-

operative nature, and the largest banking alliance in Europe (Unico Banking Group [referred to 7.10.2010]).

6.2 Interview

CSR on a company level is something we consider to be locally commonplace. The bank is very regional and the decision makers have a face, we are where our customers are. This is a significant factor, along with being cooperative and thus expected to act a certain way. Competitor reports are examined occasionally. Sometimes competitor information is also received via email or through local newspapers. CSR is seen as a widespread concept that is also present in everyday tasks. Aiming at growing customer satisfaction and the well being of surrounding community, along with decisions on financing, function attendance or applications for financial support are regular parts of banking. For example Christmas card funds are donated to a different cause every year.

Financially the support of Länsi-Suomen Osuuspankki is significant to the whole cooperative's CSR function, while it is one of the largest members. The bank is also involved in the decision making of the group, with its executive manager being one of the group wide management team. Representatives of individual banks are also invited to share their ideas in smaller groups connected with the management team of Osuuspankki group's centre bank. As there are many possible targets, Länsi-Suomen Osuuspankki avoids automations in order to be able to benefit as many causes as possible. Donations are not given to same receivers every year, and the receiving parties are chosen from ethically sound causes, usually being of a public utility. Along with money, time and research effort is invested in order to seek out the worthiest causes. The receiving organizations are chosen already when deciding on the yearly operating plan. On this occasion, also the focus area is defined; for example culture or sports.

While Rauman Seudun Osuuspankki still existed, before the merger that established Länsi-Suomen Osuuspankki three and a half years ago, the bank received a Green Office certificate. It has also been highly placed in Finland's Best Workplaces competition. Along with these, Länsi-Suomen Osuuspankki has received a Ruorimies ("Helmsman") award that the city of Rauma allots to an organization that has

significantly benefitted the home district in its work. No sought recognition has ever been denied.

Länsi-Suomen Osuuspankki has been little affected by the recession. Even during a difficult financial era, the bank has made a good profit and has thus not had to go short of CSR. A step in the opposite direction can be seen in offering even more summer jobs to students than before, thus enabling them to complete work placement along with earning money. In contrast to this, the trend in many industries has been to scale down on summer jobs.

Environmental issues are taken into consideration in energy saving methods such as turning off the lights, completely shutting down computers and reducing the amount of paper usage. These issues are also considered in financing, and for example funding wind parks has also increased knowledge of alternative energy sources. Legislation concerning banking is monitored by the Financial Supervisory Authority, along with which Osuuspankki has internal supervisors.

Social responsibility is visible in how customers' mismanages are handled. For example, if repayment of loans is delayed, the bank will first use any other option than forced sale. Also, managing the business well yields to good profits, and these profits must suffice to social causes as well. This scheme of things enables the bank to make significant donations. Being a cooperative facilitates the possibility of using the profit for more than doling out. The opinions of customers are taken into consideration when choosing receiving organizations, so that there has never been any complaint on why donations were made. One of the issues remaining is that because the operating area is so large, the number of worthy organizations is substantial. It is a difficult decision, also considering the possibility of making one sizeable donation versus dividing the amount to make many smaller donations, and how many people each method can reach.

As a company engages in CSR, it is seemingly altruistic. However, it is still well thought out, and aims at getting positive publicity. The purpose of reporting is to emphasize what is believed to be of interest to wider crowds. These issues are printed in

the financial statement but in addition to this, Länsi-Suomen Osuuspankki publishes a more marketing oriented annual report. In the annual report is stated for example which donations have been made. Sometimes these actions are also announced in newspapers. Along with the annual report, the bank publishes a similar report to business customers. There are also two group magazines aimed at farmer customers, in which the bank sometimes buys pages for its own information. Another, OP-Pohjola magazine, is printed four times a year, always containing specific information also on Länsi-Suomen Osuuspankki. Much effort has been put in the bank website, but in this there is still room for improvement. Internally CSR issues are discussed in regular meetings as much as possible. The importance of communicating CSR issues is seen also in the amount of questions employees face from family and friends during their free time.

Information gathering for the communication channels is controlled by a marketing group. This group also coordinates the actions, and makes proposals to be presented in the managerial board. The bank has a half year planning policy, which includes CSR projects and their implementation being planned for the coming half year. In the end of each year, the plans and results are collected and summarized. Numeric data is mainly visible in the budget. These are also reported to Osuuspankki Centre, which constructs the group wide report.

In spite of the effort, common knowledge of CSR issues is probably low. If real, concrete value was sought, communications surely would have to be heightened. However, in Finland praise and superlatives are shunned. Highlighting these issues, possibly seen as self praise, might alienate customers. On the other hand, when faced with played down accounts, black-and-white proof would be beneficial. It must also be noted that public media does not willingly publish anything that might be considered advertising. If there is a briefing given, for example when making a large donation, the inviting party must always be the receiver, as otherwise no one would attend. The same goes for cooperation projects.

6.3 Questionnaires

Only 12,5% Osuuspankki answerer knew of a CSR report, while 75% claimed there isn't one, and the remaining 12,5% did not know. 25% still reported to know the report on the surface, 12,5% poorly and 62,5% not at all. Each respondent knew of CSR activities, but none claimed to have participated in projects or seminars. 37,5% reported to receive encouragement in CSR issues daily, 50% weekly and 12,5% yearly.

25% perceived their wages to be of average industry level, 50% below industry level, 12,5% insufficient and 25% sufficient. Monetary support given to ethical causes was known of by 62,5%, while the remaining 37,5% did not know. Other monetary support, defined as youth sports, marketing and wind power, was known of by 62,5% again, while the rest did not know. 50% claimed their employer has never received a sanction or a warning for non-compliance with economic regulations, while the other 50% did not know.

Operating methods that preserve natural resources were reported to exist by 75%. The remaining 25% did not know. Waste separation and recycling was reported done in every possible material by 25%, in some materials by 50%, and not at all by 12,5%. The remaining 12,5% did not know. Environmental and biodiversity preservation projects were reported positively by 12,5%, while negatively by another 12,5%. The remaining 75% did not know. Emission concerns were claimed tried to keep at minimum by 25%, while 75% could not answer. 62,5% were of the opinion that their employer has never received a sanction for non-compliance with environmental policies, while 37,5% did not know.

100% of the respondents felt their work is valued and reported that their employer follows human rights provisions. None knew of projects aimed at removing child or forced labor. 100% again knew of local cooperation projects, defined as sponsoring events, sports clubs, summer theatre and wind power. Still 100% perceived their health and safety plan adequate, out of which 12,5% also perceived it straightforward. 62,5% reported to participate in mandatory training, another 62,5% in voluntary. 12,5% did this weekly, 62,5% monthly and another 12,5% yearly.

6.4 Cross-company analysis

The OP-Pohjola group report is clear and well constructed. Because it is actually an annual report, it is rather long. Even though the report has a separate responsibility section, CSR concerns are present also on other pages of the report. Thus, if wanting a quick scan, it is rather time consuming to read. However, as an annual report the publication does offer a view on if and how CSR issues are incorporated into other parts of the business. The sectional division provides clarity and eases navigation. This report is written in Finnish, which is a benefit to its understandability among potential and current customers.

While Tammi seems to have a complete view of CSR activities within his offices, he does not have a view of group activities or deeper knowledge of the group report. In fact, in Länsi-Suomen Osuuspankki the group report is not seen as belonging to their offices. Länsi-Suomen Osuuspankki is rather seen as a separate entity responsible for its own actions, thus explaining the spread of questionnaire answers to questions one and two. While this fits with the locality claim of the group, it does not reflect well on the unity portrayed by the group report.

The interview being as informative and precise, and not too far from information received from the group report, the questionnaire answers leave a gap between expectations and results. They lack true signs of the internal communication clearly stated in the group report and less empathically expressed by Tammi. While the employees definitely have a picture of what CSR is and how CSR is conducted in their workplace, the amount of “I don’t know” answers to deeper sectional questions seems to suggest either lack of interest or information, both contradictory to report and interview. However, it must be noted that most social responsibility indicators yielded 100% positive answers, much in accordance with both the CSR report and the interview.

As Länsi-Suomen Osuuspankki is one of the largest offices of the group, it has a certain amount of decision making power. This may be one of the reasons for excellent

management level knowledge of CSR activity. The questionnaires show a lower common knowledge of the subject. Due to this internal division, it is probable that Tammi's expectation of low outside knowledge on the subject is accurate.

7. CASE NORDEA

7.1 CSR report

Nordea Pankki Suomi Oyj does not have its own CSR report, but is included in the international Nordea group report. The report is lead by a short word from the CEO, followed by brief descriptions of the year 2009. The main focus areas are also described in specific short articles. These include stakeholder relations, customer relations, employee relations, environmental efforts and supported international causes, groups and other commitments. Country specific data is included in some figures. Nordea also uses GRI, with a separate index of which of the GRI metrics are used and to what extent. The report also contains some words about the future, and an audit of the report.

The 2009 report is the second CSR report published by Nordea. Responsibility is seen as a requirement for sustainable results. The current secretariat is modest, and the complete implementation of CSR will take time. CSR is in close connection with the underlying company values; Great Customer Experience, One Nordea Team and It's all About People. The goals for 2009 were environmental friendliness and integration of CSR to internal processes, while assisting customers in overcoming the economic downturn was a top priority.

While customers are the most important stakeholders, employees are the most important asset. Open dialogue and daily management is promoted in order to motivate employees, enable success experiences and promote learning. Web banking is promoted as an environmentally sound process, both due to the reduction in paper waste and in transportation while paper statements and invoices need not be sent, and customers need not come to the local office. Web banking is also a communication channel between customer and bank. Nordea has developed risk assessment tools to assist in corporate

lending decisions. Responsible investment is also promoted. Suppliers are required to pay attention to sustainability issues as well, while discussion with holdings on the same issue is developing.

The environmental indicators only cover Nordea offices in the Nordic countries. Nordea has its own Ecological Footprint Programme, which aims at increasing awareness, changing behavior and reducing energy consumption. Carbon dioxide emissions are controlled by obtaining green certificates to cover used energy. Utilizing information technology in a sustainable and ecological way, recycling and reducing water consumption are other areas of interest. Nordea has its own corporate citizenship program, and is committed to UNPRI, UNEP FI, Global Compact and the Equator Principles. Some of the larger offices have also received LEED certification.

7.2 Interview

CSR is largely to do with the outward information given about the bank. It is a group reporting effort, handled by group communications. That report is not separately followed under this name in smaller offices. We do follow what is reported out of the bank, but CSR stays within general information.

CSR provisions are made in the group head office in Stockholm. Finland has no specific group responsible for Finnish banks' issues. Not much implementation information is received from Stockholm, but the banks should be responsible for doing what they can, effecting things they have the capability of effecting. The information flows to the extent that is needed. In daily office work we may not need the overhead principles.

CSR actions are a part of everyday tasks. Saving paper is done by actively using email. However, truth be told, after moving towards a paper free office the consumption of paper has grown everywhere. Energy is saved by shutting down computers whenever unused for a longer period of time. Also, the bank's cars must be fuel efficient, with preferably under 120g emissions. The bigger picture and sustainability must be in focus. The things that are possible to effect are contemplated, and action taken accordingly.

Stakeholder responsibility and CSR provide that the bank is, in comparison with the surrounding society, in such an economic picture that it is possible to survive even challenging financial conditions. This is in close connection with economic responsibility. In every situation it must be possible to survive on one's own.

Economic responsibility is important, because it doesn't only mean that the bank does well. Nordea is also responsible for providing services and products that help customers succeed. This success is always financial. For a private customer and their personal economy, the bank needs resources to give extra opportunities. For company customers, the bank helps them carry out their own economic responsibility, which on a wider scale also concerns job creation. This leads to the social responsibility of companies. Through jobs, tax returns grow and more welfare can be created. Moving from social responsibility to environmental responsibility, the environment must be preserved. It is one of the bank's principles, that if any action is known to be harmful for the environment, no part is taken in it.

It is a difficult question, how social responsibility within a bank is understood, while operations, whatever they may be, are always mainly connected with financial issues. Social responsibility mainly derives from working within universally accepted principles. Following the rules, both in social conduct and in environmental matters. The possibilities to effect are limited; the economic sphere is more involved. But there is always the question of what is the role of banks within the surrounding society. There have been times, when banks had major social influence within their operating area. Banks should not be in an influential role outside their own decision making.

It is one of Nordea's values that customer experiences are good. The other is that people are decisive. This means that employees are skilled and motivated, appreciate the Nordea values and work for them. Job welfare is paid much attention, with measures from healthcare to soirees. Physical fitness is also promoted. Concerning the customers, Nordea aims at providing financial solutions that will keep their personal economies in good shape. This provides for mental well being, at least where the bank is concerned. Cooperation with, for example, schools is an ongoing social project. Bank

representatives go to schools, and students come to the bank to gain financial knowledge. Work practice places are also offered.

Environmentally speaking, bank operations are not that harmful. But consideration is given to environmental issues when making financing decision. Environmental effects of the business are defined so far as it is possible with the bank's expertise. If we know of any necessary permits, we provide for and believe that they are in order. In the future much more attention will be given to the environment. If there are universally acknowledged environmental marks in existence, they most likely do guide people's behavior. But it has to be clear and controlled, who has the right to certify. For example WWF and the UN have noteworthy recognitions.

Information on CSR issues is not separately asked for. But the information is within some other reports and data. It is a summary of the bank's actions. Fortunately there is not much reporting to be done. But to put it that way, if something peculiar should happen, the feedback from customers and society would spread fast. Bank operations are largely based on numeric statistics, along with customer satisfaction surveys and employee satisfaction surveys.

It is enough to report on these issues through a group wide publication. Within the group there are certain directions that each bank must follow. In these issues there are not many possibilities to build own solutions, nor is it necessary. The principles given from the head office are very acceptable. In Nordea CSR and reporting are in a good state. Comparisons between different banks are made in order to remain in top places where CSR is concerned. It is a part of action follow-up. Nordea wants to do its part in CSR.

Employees are not directly encouraged to think about CSR, but it is embedded in other information. Knowledge goes hand in hand with what is really expected to be done. The abbreviation "CSR" is not known. It is not necessary to report on these issues locally. It is not an option in a large group that one member could differ from the set rules. If there is a set of rules and principles, and someone notably differs from their implementation,

they will not have to do so long. Everyone is working on a salary. On the other hand, if someone finds a better way of doing things, it is their responsibility to carry it forward within the organization.

7.3 Questionnaires

100% of Nordea respondents knew of the CSR report. 25% claimed they knew it on the surface, 25% poorly and 50% not at all. 25% knew of CSR related projects, while 75% did not. 50% had participated in a CSR seminar or project, 50% had not. 25% responded CSR issues were encouraged to be thought of daily, 25% weekly and 50% monthly.

75% of the respondents thought their wages were average industry level. 25% thought they were insufficient, while another 25% claimed they were sufficient. Charity was reported to be partaken in by 75%, 25% did not know. Other types of monetary support were reported not to exist by 50%, whereas the other 50% did not know. 50% of the employees thought their employer had never received a sanction for non-compliance with economic regulations, while again the other 50% did not know.

Operating methods that preserve natural resources were positively reported by 100%. Recycling and waste separation was also reported positively by 100%; 50% claimed it to include all possible materials, and 50% only some materials. Preservation projects were reported by 25% of the respondents, and this was defined as electronic services. The other 75% did not know. Emissions and similar substances were reported to be considered by 25%, while 75% did not know. 25% answered no fine had been given to Nordea for non-compliance with environmental policies. Again 75% did not know.

100% of the respondents felt that their work was valued. Human rights provisions were also reported to be acknowledged and followed by 100%. 25% reported their employer was involved in projects aiming to remove child or forced labor, while 75% did not know. The question about local development or cooperation project was answered negatively by 25%. Once more 75% did not know. 100% thought their health and safety plan was adequate, 25% of which also reported it to be straightforward.

Mandatory training was partaken in by 100%, while 75% also took part in voluntary training. 25% participated in training weekly, 25% monthly.

7.4 Cross-company analysis

The Nordea Group CSR Report is a generic, clear and concise publication. It takes stakeholder interest as well as performance metrics into consideration, providing an international well-rounded report. However, as country specific information, moreover in native languages, is not available, the report does not benefit customers to its full ability.

In the interview with Hakanen it is clear that the group internal information flow concerning CSR either does not work or exist as portrayed by the report. While there's no denying that Nordea does its part concerning CSR, the "One Nordea Team" doesn't seem to include CSR information or the remote small offices in Uusikaupunki. (On a large scale it may be mentioned that another possible interviewee from a large regional head office of Nordea asked to receive the questions in beforehand in order to prepare answers.) However, Hakanen has some important points and the interview is very enlightening on what CSR means in the small scale. The underlying values of the group are visible even if concentrated CSR information isn't; this is in accordance with the group report.

As suggested by the interview, also the questionnaire answers portray a lack of precise knowledge. The small amount of answers may be a contributing factor as to why they are merely generic, but the question that remains is why there are so few answers. This is an interesting possibility for future study, as it may be an indicator of lack of genuine interest, completely contradictory to public statements.

8 CASE SAMPO PANKKI

8.1 CSR report

Sampo Pankki does not have its own report, either. The group report from Danske Bank covers all local branches. In addition to the report, Danske Bank publishes a CR Factbook, which includes country specific figures related to CSR. The Danske Bank report is well structured, giving a company profile, a message from the executive and some facts about how CSR issues are dealt with on a theory point of view. The report consists of articles on subjects that have been in the centre of Danske Bank CSR in the previous year. These key points for the year 2009 include: surviving the economic downturn, employee support, climate challenge, youth work and customer satisfaction. The report is written using the GRI guidelines.

Danske Bank aims at stabilizing the economies it is a part of, and managing the social and environmental effects of its business. Promoting financial literacy and education is seen as a central concern both for the sake of customers and financial companies. Helping customers to adapt to changing conditions is a key task. As a result of the downturn, cost reductions and layoffs had to be made, which trade unions helped to mitigate. Integrating responsibility into the core business is sought, but prioritization still considered. In regard to this point, it is beneficial that many environmental activities also cut costs. Achieving carbon neutrality was a major triumph of 2009, along with a data system that allows monitoring the progress in CSR tasks. Internal auditing also provides for this purpose.

Danske Bank has responsibility authorities embedded in the administrative structure. Major country units also have their own local executives responsible for implementation in their area. Danske Bank engages in the Global Compact, UNEP FI, UNEP Climate Neutral Network, UNI Global Union, Greenhouse Gas Protocol and ISO 14064-1. In addition to these, Danske Bank is noted in three different sustainability stock indexes.

8.2 Interview

In Sampo Pankki, the term CSR is not used as such. A couple of years ago Danske Bank, Sampo Pankki's parent company, launched a strategy of Corporate Responsibility (CR) where customers, personnel, environment and society form four focus groups. This four pillar strategy widens the area of responsibility thinking and ensures multi-faceted consideration. The basic principles of CR are generated by a Denmark based secretariat, whose responsibility it is to coordinate the four pillars throughout the group. This secretariat writes down policies concerning the four focus groups and objectives within them providing a philosophy and objectives in the form of common activities and numeric goals. The set framework is then implemented in local banks in different countries belonging to the group.

Even though local banks are bound by the objectives set by the group, specific local CR goals are also generated. In Finland, a control group formed of managers of different fields (e.g. personnel, logistics and development) meets regularly and sets local goals and projects. Many of the current projects are significant also on a time and money scales. Noteworthy investments are made for the cause, also in the amount of work. The implementation of environmental programs or management systems, or moving from paper prints to digital communication, make changes both in technology and working routines.

For every coming year, functional and numeric improvement objectives are set. Naturally those objectives are monitored throughout the year. Systematic comparison between reports published within the industry is not on the main agenda, while other tasks consume all available time. However, cooperation with other players on the field is active through the Federation of Finnish Financial Services. The federation is a co-operation body for banks, insurance companies, trust companies, etc., where also corporate responsibility issues are discussed. Comparison between different companies falls to analytics, whose job it is to find resonance and decide on superiority for example for investment purposes.

The CR report of Danske Bank is somewhat actively monitored by Sampo Pankki, but Sampo Pankki produces its own statements as well. These statements often regard resource consumption, for example the consumption of energy or paper. Information on personnel statistics, travel data and monetary subsidies are also reported back to the group. These data are then visible within the CR report of the group, as well as in the regular numeric Factsheets produced by the group. Coordination responsibility brings CR things into focus in following different projects and cooperating with the parent company. Daily activities also include spreading information about CR activities. Every business unit is responsible for the implementation of projects assigned to them, including for example gathering relevant data. Every project also has an implementation plan.

Sampo Pankki has not locally applied for environmental marks or other similar recognitions. However, Danske Bank as a group is committed in different environmental goals, for example carbon dioxide neutrality. Danske Bank is also noted in the CSR stock index that has its set limitations and provisions, which are actively followed. Reporting, management systems, ISO-standards and working conditions are regulated. The CR secretariat is often the active party in these issues, but marks are not systematically sought after. The group is committed to GRI and Global Compact, which are objectives of a general level, but specific marks such as Green Office have not been applied for in Finland. This type of activity is practiced and WWF and other goals are considered but, even though the criteria are fulfilled, the situation of Sampo Pankki is currently not as far as applying for recognition. This does not prevent for such applications in the future. No applications for recognition are known to have been rejected.

The aspects are all very different, but in the end that responsibility is shown and that actions are sustainable are building the bank to profit the customers. The solutions are always aimed at better and more sensible tools of serving the customer. But this does provide that the other areas are in order. Environmental issues are focal, as well as how we build the future society and bring out the expertise. And profit is made through skilled and committed personnel. Thus it is difficult to raise one area in importance.

The recent recession is visible in banking in the disposition towards customers. The recession has affected customers' financial situation and solvency. Also the valuation of different investment products has changed. In this situation the role of the bank is heightened as the provider of core know-how in financial issues, and in giving aid to customers facing problems. Thus Sampo Pankki carries its social responsibility as an expert in the private financial industry. Advise service and development of products are a primary goal, but spreading financial awareness is another key factor. Sampo Pankki is committed in raising financial know-how and financial literacy within local communities. The target group is especially children and youth. Gaining financial know-how is supported by launching informative websites, which enables children and youth to grow into the future challenges of society and to plan their own economy. Websites are also provided to support teachers of financial subjects. Higher customer satisfaction through meeting and exceeding expectations is one of the major improvement goals. Development projects concerning personnel skills and motivation are also planned. Employee well being and commitment are key factors.

Achieving carbon dioxide neutrality has been a massive effort. Currently many energy saving programs are running, and awareness of resource efficiency is raised. Environmental management is also visible in supplier relations. Suppliers are also required to commit to responsible methods. Obviously everything is visible also in the bottom line. It is not charity, but an effort to build an image of a responsible actor, as well as an interesting employer. Even though significant investments are made, it is believed to benefit both the company and the stakeholders in the long run.

GRI as a reporting method is globally used and thus most transparent and comparable for international companies. Even though it is not the most flexible reporting method, the generality and extensiveness are important. In Danske Bank, every country saves information in a group wide system, through which reports are made in Denmark. Information services are also outsourced, for example to companies following changes in corporate responsibility and environmental legislation. Even though reporting can be wearisome, it is of primary importance and in close connection with carrying

responsibility. Communication to stakeholders of achievements is a central part of building CR. The centralized information system eases work and provides consistent, manageable data that is more easily analyzed.

In addition to reports, the primary communication method is the international CR website that is frequently updated. Information on progress in different projects and set goals is reported there, as well as other topical data. Inter-company progress reports are made to group managers every quartile. This type of communication with top management is frequent, and ensures that the subjects stay on the agenda. There is currently much room for improvement in other inter-company communication of these matters. The transitional period of joining the Danske Bank group during the past three years has brought on a lot of work. CR issues have possibly been neglected due to the vast amount of other critical information. But the objectives for this year emphasize also internal communication of CR issues.

8.3 Questionnaires

Out of Sampo Pankki respondents 87,5% knew of a CSR report, 12,5% did not know. 62,5 knew said report poorly, 37,5% not at all. 50% knew of CSR related project, the other 50% did not. 12,5% had participated in a CSR seminar or project, while 87,5% had not. 12,5% considered or was encouraged to consider CSR issues weekly, 75% monthly and another 12,5% yearly.

75% perceived their wages as average industry level, 12,5% below industry level, another 12,5% above industry level and yet another 12,5% sufficient. Charity or other monetary support for ethical causes was reported partaken in by 62,5%; the remaining 37,5% did not know. 25% reported other types of monetary support, defined as scholarships, sports and youth work. 75% did not know whether these types of support existed. 37,5% of the employees answered their employer had never received a fine for non-compliance with economic regulations, while 62,5% did not know.

Natural resource preserving operating methods were reported to be in use by 87,5%, while the remaining 12,5% did not know. 25% thought their employer practices

recycling in every possible material, 62,5% thought in some materials and 12,5% did not know. Environment or biodiversity preserving projects were reported by 12,5% and defined as energy production in India. 87,5% did not know. Considering emissions and other harmful substances was answered to be done by 37,5%. The larger 62,5% did not know. A sanction for environmental reasons was reported negative by 50%. The other 50% did not know.

All of the employees felt their work was valued. 100% also perceived that human rights provisions were followed. 12,5% thought their employer participated in projects to remove child or forced labor, 87,5% did not know. 12,5% also reported of local development projects, but these were not further defined. 12,5% answered no such projects exist, while the remaining 75% did not know. 87,5% perceived their health and safety plan adequate, 25% straightforward. 12,5% participated in mandatory training, 14% in voluntary. 12,5% participated in training weekly, 25% monthly, 50% yearly and 12,5% never.

8.4 Cross-company analysis

The Danske Bank report is also very international and well written in article rather than notification form. In addition the Factbook provides some country specific numbers, which may be of interest to native stakeholders. The report gives a good view on what CSR means in Danske Bank on a daily basis.

As a local CSR responsible manager Thesslund has a complete and concise view of the group activities, and as such is capable of giving an interview portraying the reported actions in the Finnish perspective. However, Thesslund also notes that they are really group provisions, and the Sampo Pankki scope of CSR is limited to some country specific projects.

Thesslund explains the Danske Bank CR function well, and is as informed an interviewee as one can hope for. On the other hand, his input gives not much more than is already publicly available through Danske Bank's communication channels. As such

it is difficult to make estimations as to how much is integrated into daily operations and which – if any – part exists mainly in writing.

In the case of Sampo Pankki, questionnaires showed a limited level of understanding. While employees knew of the existence of the CSR function, not much knowledge of its deeper contents seems to have spread. A simple pattern of what is known and what is not isn't visible through the results, but they indicate a top level awareness of the existence of economic, environmental and social efforts, while the view of what these mean is hazy. These results are surprising in light of the interview with Thesslund, although it must be noted that he mentioned internal communication as one of the improvement goals.

9. CROSS-CASE ANALYSIS

9.1 Guidelines

While guidelines are undeniably a good way of getting to know all CSR aspects, it is questionable whether they can actually work to their full benefit. Companies may be attracted to merely choosing guidelines suitable for their specific needs, or ones that they already reflect well on. Furthermore, some of the guidelines cannot be accessed without payment; important to the writing organizations, but a possible hold back to potential users. As the whole practice of CSR is voluntary, along with using guidelines to implement CSR functions, the question of comparability will always be present.

The guidelines on CSR and CSR reporting are partially, even mostly, similar. Thus it might be beneficial to find a way to combine the information in order to create a clear-cut, comprehensive guide. As Hopkins (2003) suggested, lack of priority is a problem, as it may be too difficult, or expensive, or even unnecessary to complete all the suggested reporting principles. It seems that the interaction between the indicators of what is CSR and how to report CSR should be tightened. However, it must be noted that lacking the resources to fully access all the discussed guidelines, reports, etc. a wholly formed and informed opinion cannot be given on the subject of interrelated guidelines.

The sphere of CSR being so wide, a possibility for a tire approach could still be sought. Having a tire approach to CSR would mean to consider the principles in a prioritized way. Figure 2 clarifies this view. Constructing the first tire of the most important principles and indicators, they could then be widened in the following tires. Thus all companies could find the suitable guidelines, and even move up the tires as the practices become integrated into daily functions. This would give the smaller and less equipped companies the possibility to perform relatively as well as the larger. Complicated as the formation of these tires may be, they would certainly benefit the companies practicing CSR or establishing new CSR strategies. At the very least, it is an important notion for future study.

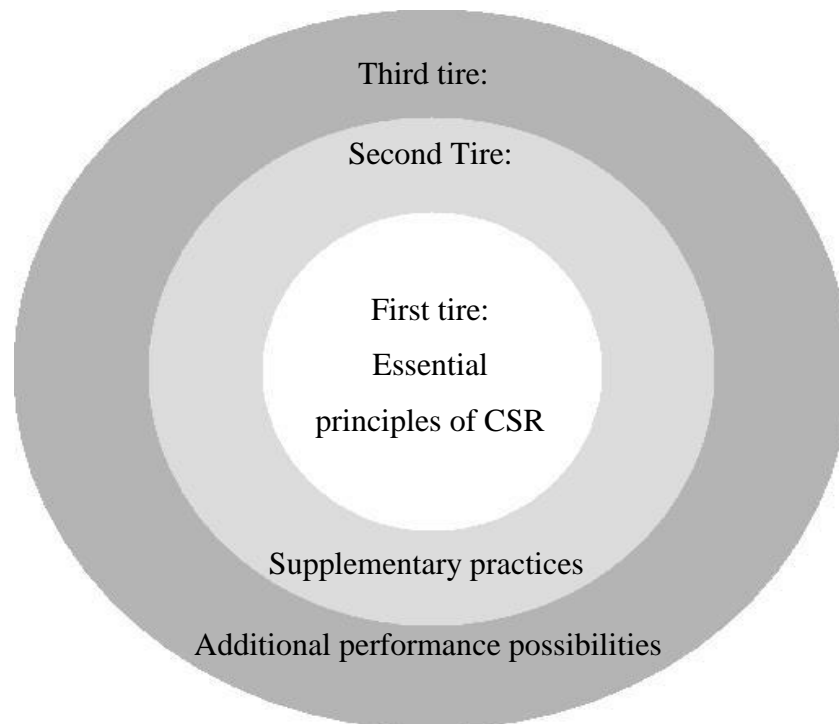


Figure 2. Proposed tire approach

When companies engage in CSR, their motives may be quite different from the altruistic objective of preserving the nature and increasing welfare all around. This is natural, but it does form a contradiction between the do-good nature of practices and positive publicity outcome. As suggested by Tammi (28.4.2010), a conflict between doing good and boasting is always present. One universal set of guidelines would also help solve this issue, as the same rules for everyone would eliminate the possibility for

some players gaining undeserved attention. Still, as many companies already have chosen their methods and guidelines, the tire approach might not be adopted even if it was well constructed.

The studied banks have embraced the opportunity of gaining competitive advantage from CSR activities in accordance with the research-advantage theory. They aim at close interaction with stakeholders. Local activity is present in offices, yet international groups also have regional projects. As suggested by Hakanen (3.5.2010), it is impossible for a bank to separate between economic and other spheres, thus the interaction of the three dimensions is fully visible.

What may be seen as a central issue in the banking industry is the claim for equitable creation of human welfare. This is an issue of which none of the studied banks report. For example humanitarian work in third world countries might be a way of redemption. Donations may be given, but ongoing aid is not reported. Human rights provisions are supported and followed, but no measures to eliminate violations are reported. However, the above questions fall under the category of what it is reasonable to expect of companies. Responsible investment is a way forward. Environmentally banks have responsibility for their offices, and for their supply chain. Indirectly banks can be involved in projects and investment decisions of an environmental nature.

9.2 Questionnaires

Of all the respondents, 60% knew that their employer has a CSR report. 30% answered no, and the remaining 10% answered they didn't know. None of the respondents claimed to know the report very well, but 25% knew it on the surface. 35% admitted to knowing it only poorly, whereas 50% not at all. In spite of these, 65% reported to know of economic, environmental or social projects their employer is involved in. Respectively, 35% did not. Only 15% reported to have attended a CSR project or seminar given by their employee. However, all of the respondents experienced encouragement to consider CSR issues: 20% daily, 30% weekly, 40% monthly and 10% yearly. These results of the general knowledge the respondents had of their employees' CSR practices are also portrayed in table 4 below.

Concerning economic responsibility, 55% of the respondents regarded their wages to be of average industry level. 20% evaluated their wages below industry level, whereas 5% above. None of the respondents thought their wages unsuitable for their skill level, but 10% reported them to be insufficient. On the other hand, 20% claimed their wages to be sufficient. A visualization of contentment with wages, and the correlation between answers, is shown in table 5.

Table 4. Visualization of general CSR knowledge

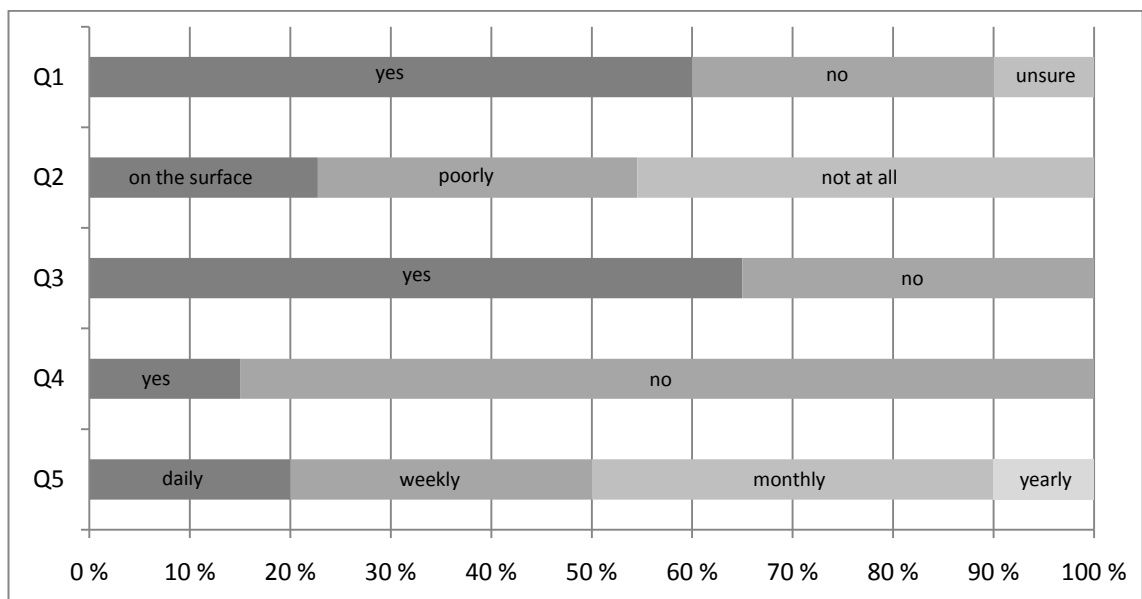
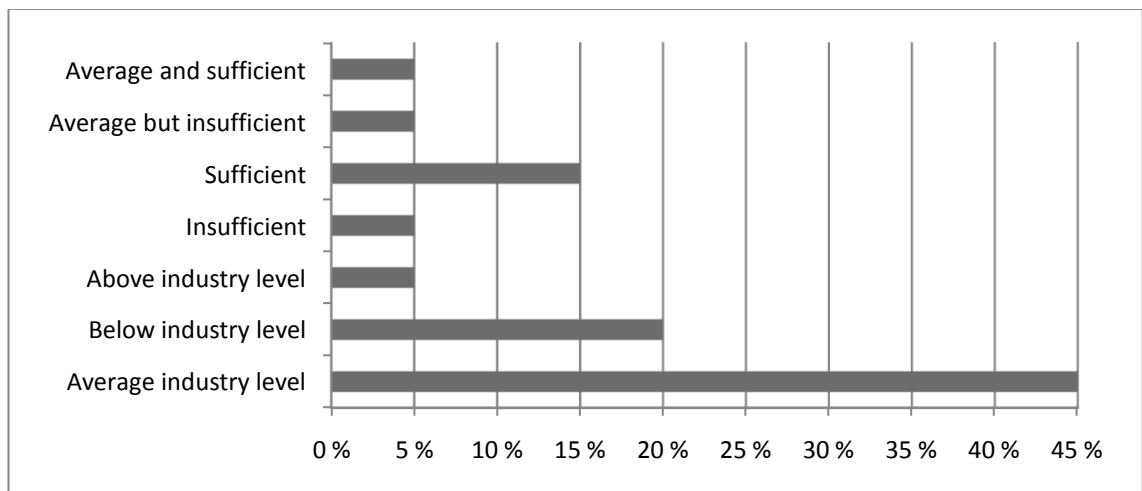


Table 5. Perceived wages



65% of the respondents knew of charity or other monetary support given by their employee to support ethical causes. None claimed the opposite, but 35% responded “I don’t know”. 35% also reported of other types of monetary support, while 10% did not. 55% of responses were “I don’t know”. 45% answered that their employee had never received a non-compliance sanction, but 55% again claimed not to know.

Moving to environmental responsibility, 85% of the respondents reported to be aware of their employer’s efforts in trying to preserve natural resources. The remaining 15% did not know. 30% answered that every possible material is recycled, whereas 55% were of the opinion that only some materials. 5% reported that no recycling is done and 10% that they do not know. The distribution of answers in this question is shown in table 6.

Only 15% knew of projects to preserve the environment or biodiversity. Emissions and other harmful substances were reported by 30% to be tried to keep at minimum. An overwhelming 70% again answered “I don’t know”. 50% reported that no environmental sanction has ever been given to their employee, whereas the other 50% did not know.

Concerning social responsibility, 100% of the respondents felt that their work was valued, and 100% answered that their employee acknowledges and follows human rights provisions. 5% answered that their employer engages in projects to remove child or forced labor, whereas another 5% answered that they do not. Again an overwhelming 90% answered that they did not know. Local development and cooperation projects were reported by 45%; the distribution of these answers is shown in table 7.

Table 6. Recycling

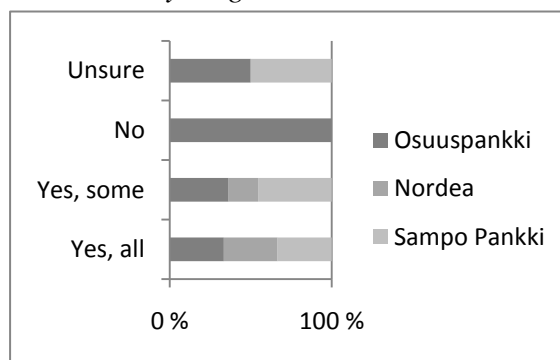
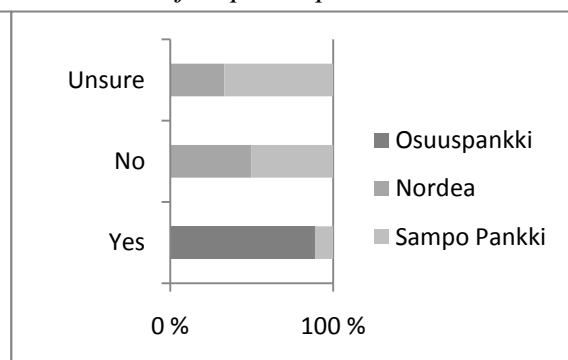


Table 7. Project participation



95% of the respondents evaluated their health and safety plan to be adequate and 20% also claimed it to be straightforward. 50% of the answerers attend mandatory training given by their employee, and another 50% voluntary. 15% attend training weekly, 40% monthly, 25% yearly and only 5% not at all. The answers received from each bank concerning health and safety and training, as well as their inter-relations, are portrayed in tables 9 and 10 below.

Table 9. Health and safety plan

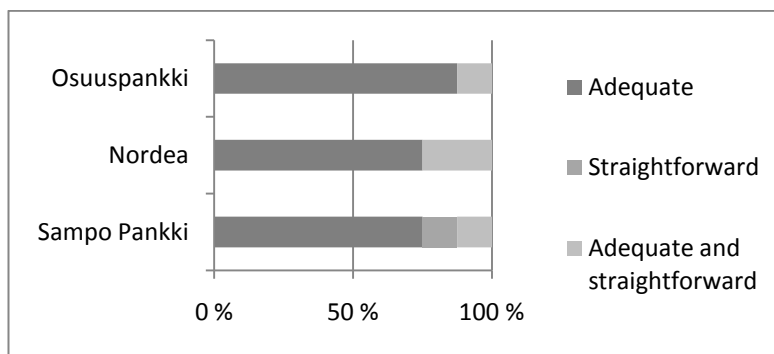
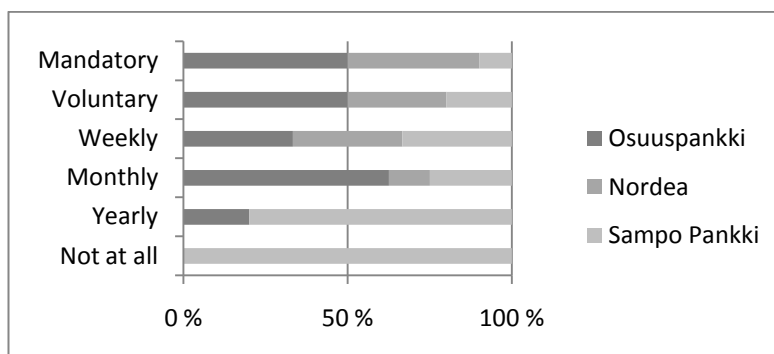


Table 10. Training



60% of the respondents who participated in mandatory training also participated in voluntary. Out of these, 50% participated monthly, and 17% yearly. 5% of all respondents reported to participate in mandatory training weekly, and another 5% in voluntary training monthly.

9.3 Comparative analysis

While all the groups have a well written, good quality, GRI based CSR report, none of them offers much knowledge of local banks and their activities. Thesslund and Tammi think this should be rectified, whereas Hakanen does not value local reporting. In the customer point of view, if interested in responsibility issues, the interest will include local offices. Language may be another issue, as not all customers have a good enough knowledge of English to be able to understand the Nordea and Danske Bank reports. This is a problem mainly facing international groups.

The contents of the reports are very similar. In fact, Nordea and Danske Bank reports are nearly interchangeable when it comes to topics of discussion. OP-Pohjola offers a Finnish version, still fundamentally addressing the same issues, but in a manner less trendy, down-to-earth and adapted to the Finnish market. While all of these reports tell about achievements, values and norms, the credibility of such reports would benefit from also reporting on what might have gone wrong and where improvement is needed. All of these reports touch on this issue by offering prospects of future activity. These proposed actions, along with the ones reported, are feasible. Implementation of said activities is not discussed, leaving room for interpretation and adaption. Only Nordea has a visible auditor's report included in its publication.

All of the interviews were informative in their own way. Where Thesslund had a comprehensive picture of the whole Danske Bank, Tammi offered a view to Länsi-Suomen Osuuspankki not seeable from the group report, but did not claim to be an expert of group CSR. Hakanen, on the other hand, had little knowledge of CSR, but could shed light on the viewpoint of a small country office. The interviews and their answers in relation to CSR reports can have two possible implications. First, it would appear that head office managers have a more comprehensive view on this subject than small remote office managers. Second, it may be that Sampo Pankki presses on these issues more strongly than Nordea, with Osuuspankki as the middle ground. However, taking the questionnaire answers into consideration, the first option seems much more

likely. Further study should be completed in order to gain a comprehensive view on this issue.

The questionnaires show relatively poor results all over. Not much variance can be seen internally or between the banks. The only drastic measure is the Osuuspankki employees' outlook of the group report not being their employer's. On the other hand, Osuuspankki employees seem to have slightly more knowledge of the actual CSR activities of their employer than Sampo Pankki or Nordea employees. This would be in accordance with the claim of excellence in internal information; if not group wide then office wide.

What is visible through the questionnaires is the state of internal social responsibility. All of the employees feel valued, and most perceive their wages acceptable. Human rights provisions are the only specific issue all answerers agree that are followed. Noteworthy is that only few employees seem to have participated in CSR projects or seminars. This would either suggest lack of knowledge or lack of involvement, both contradictory especially to the published reports, but also to the interviews with Tammi and Thesslund. This may also be caused by employees not recognizing what is a CSR activity, especially considering answers given to question five regarding how often these issues are stressed.

In reference to discussed CSR guidelines, especially the written reports portray knowledge of their provisions. Many guidelines are not mentioned, but all of the CSR spheres receive adequate attention. All of these groups have committed to different international agreements, all of which have similar requirements. GRI is the only visibly utilized set of norms, but it must be noted that most international agreements do have their own verification processes thus ensuring engaging companies' willingness, ability and performance regarding specific provisions. However, it may be that Finnish offices do not follow these guidelines as strictly as possible; this information is impossible to get from group wide, in two cases international, reports.

Implementation of these activities, agreements and provisions is poorly visible in the empirical findings. This does not necessarily mean that CSR reports aren't accurate, but it does raise questions of how well the system can work, if the ones responsible of making it happen do not know of it. While management level personnel may have a comprehensive view, "standard" employees do not. This would indicate much room for improvement, and should be taken into consideration if ever further study is conducted on the subject.

10. CONCLUSION

It seems to be agreed that the basic provision of CSR consists of considering society, environment and ethics as key factors in strategy (Mittal et al. 2008). The three dimensions, as suggested for example by Rohweder (2004) are another common thread in estimating CSR. Economic key determinants include profitable business practices and successful management of risks. Economic actions also include wider considerations of world economy. In addition, economic responsibility has consequential effects in the other CSR dimensions. These include issues such as employment and welfare. (Rohweder 2004)

Environmental indicators deal with complications a company may inflict upon nature due to its operations. Raw material and energy usage are key determinants of environmentally responsible practices. In addition waste reduction, recycling and emission control are agreed upon as good environmental practices. Environmental concerns are present also in cooperator relationships. Furthermore, projects and preservation are increasingly taken part in also outside immediate reach and beyond legislative provisions. (Heiskanen, 2004; Rohweder, 2004)

Employees form an important focus group of social responsibility. Welfare and education are important indicators, both in and out of the company. Product

responsibility is another important indicator of social responsibility. This includes safety as well as truthfulness. Interaction with local organizations and caring for global welfare are further implications of a socially responsible company. Human rights are a major issue among social responsibility. (Heiskanen 2004; Rohweder 2004)

Guidelines to CSR considerations aid in identifying and controlling measures. They also give action suggestions, but no concise advice on implementation. (Rohweder 2004) In the Finnish banking industry the most commonly used general guidelines are provided by the United Nations (Danske Bank 2010; Danske Bank; Nordea; OP-Pohjola Ryhmä).

CSR reporting aims at written clarification of the used measures and their outcomes during a set period. The resulting report may be used both as an internal decision guide and an external communication tool. One major driver of CSR reporting is the attempt to affect public image. Feedback is an essential tool in report assessment and revision. Stating also improvement plans along with already taken measures is important. (Rohweder 2004; Unerman 2008) Currently the GRI is the widest spread reporting guideline available, and also the norm in the Finnish banking industry (Danske Bank; Hopkins 2003; Nordea; OP-Pohjola Ryhmä).

The current reporting methods have many development possibilities. It would improve the consistency of global reporting, if CSR terms were universally defined. Also ruling out obsolete measures would benefit the cause. Changing the view of sustainability as an organizational theory to one as a systems concept is another improvement suggestion. This derives from the notion that organizations should form to fit ecological outlines. (Henriques & Richardson 2004)

Critique against the wide spread GRI (Hopkins 2003) leaves room for questioning the motives of choosing said guidelines for reporting. Even though it is evidently one of the most popular sets of guidelines, following GRI may not give as comprehensive a view as possible on a company's CSR practices. As Hopkins (2003) suggests, only the easy guidelines may be chosen. Thus it might be another improvement possibility for companies, including Finnish banks, to commit to a wider set of guidelines, for example

the ones discussed above. The tire approach, also discussed above, would benefit this goal.

While the guidelines on reporting take the basic provisions of CSR into consideration, it seems that none of the organizations offer guidelines on both aspects. While basic guidelines consider the question of what CSR is, the reporting guidelines give advice on how CSR should be communicated. Better links between, or indeed the combination of, the two would provide for clearer and more multifaceted CSR guidelines.

As Holstius & Kaynak (1995) suggest, the banking industry aims at offering a full set of financial services. Electronic banking still is an important competitive advantage (Lähteemäki 2006). Examined banks also take part in responsible investment endeavors (Funding ethical causes is no joke). Hakanen (3.5.2010) states his believe that environmentalism may affect customer behavior in accordance with the article Funding ethical causes is no joke.

Finnish banks do try to improve their competitive position through CSR, as suggested possible by Mittal et al. (2008). The value and moral drivers suggested by Rohweder (2004) are also present on the field. This is visible both in the reports portraying the want to be a number one player, as well as the interviews claiming the same. While “Nordea’s goal is to become a great bank in all respects” (Nordea CSR Report 2009), Tammi (28.4.2010) admits that positive public image is a major goal. Furthermore, one of the main concerns for Sampo Pankki is increasing customer satisfaction (Thesslund 16.4.2010). This objective of competitiveness is in accordance with the research-advantage theory (Hunt 2007). Interestingly, Hakanen (3.5.2010) still seems to be somewhat in agreement with Mittal et al. (2008) on the notion that CSR consumes much time without direct impact on good performance.

A bank inevitably has major responsibility in explaining the nature of its products truthfully (Decker 2004). This responsibility is also portrayed in the advising actions taken by the three examined banks during the financial downturn (Hakanen 3.5.2010; Tammi 28.4.2010; Thesslund 16.4.2010). The recent downturn brought about also other

aspects. Major international banking institutions such as Lehman Brothers gained a vast amount of negative publicity. This continues the historical trend of banks being the object of dissatisfaction and critique in financially difficult times (Funding ethical causes is no joke).

According to CSR principles, economic growth should be achieved ethically. One major issue among international companies is the promotion of equal economic development. The industrialized world benefits from globalizing business more than developing countries. (Rohweder 2004; Sibao & Huaer 2009) This is a concern for banks claiming social awareness, while little evidence of equal benefit exists. As suggested by Kantola et al. (1999), vested interest may indeed label actions. However, Nielsen & Thomsen (2007) state the question of what it is reasonable to expect. They claim that as social responsibility essentially has no limits, the balance a company finds must be such that it can explain responsibility decisions to stakeholders successfully. Another similar point is made by Henriques & Richardson (2004), stating that companies haven't got the means of thoroughly reporting on global sustainability effects.

Banks show concern in the sustainable use of natural resources, which is an important indicator of environmental responsibility. Finding a feasible strategy for expedient use of energy is a basic provision. (Heiskanen 2004; Rohweder 2004). Energy efficiency was discussed in every interview. No human welfare reason was given to this notion. (Hakanen 3.5.2010; Tammi 28.4.2010; Thesslund 16.4.2010) However, that could be assumed if judging by the view of environmentalism being currently focused on human beings rather than being eco centric (Heiskanen 2004; Rohweder 2004).

Hakanen (3.5.2010), Tammi (28.4.2010) and Thesslund (16.4.2010) also commented on keeping an eye on cooperators and suppliers. This claim of CSR conscious partners were also mentioned in reports (Danske Bank; Nordea; OP-Pohjola Ryhmä 2010). This is another point in accordance with the basic provisions of CSR (Heiskanen 2004; Rohweder 2004). Human rights (Kantola et al. 1999) and the welfare and education of employees (Heiskanen 2004) are main social concerns. The success in these is clearly

visible in the questionnaires, although training attendance seems irregular. These are also the points that best connect the interviews, published reports and questionnaires.

Stakeholder wants and objectives (Nielsen & Thomsen 2007) seem to have a significant role in CSR reporting. Tammi (28.4.2010) says that the principal reason for reporting is to emphasize issues that are believed to be of interest to stakeholders. Thesslund (16.4.2010) on the other hand states that communicating triumphs to stakeholders is a key concern in building CSR. Even though Hakanen (3.5.2010) does not stress on the point, the CSR Report 2009 (Nordea) affirms that it is aimed at communicating most important CSR aspects to stakeholders. This also confirms the nature of the report as the written clarification of CSR measures taken during the year, and its use in public communication. The extent to which, if at all, it is used as a guidance for internal decision making was not found in the empiric research. (Rohweder 2004; Unerman; 2008)

Although Nielsen & Thomsen (2007) claim that lack of generally agreed perspective and terms hinders the consistency of reporting on CSR issues, there is notable similarity in all examined CSR reports. As said above, thematically the Nordea and Danske Bank reports are close to interchangeable. This raises the question of who in the end is responsible for making the CSR decisions, and if they are made independently or as a result of investigating the measures and reports of other players on the field. This issue fits in to the notion of problems with voluntary reporting.

Auditing the CSR report is suggested to improve credibility. (Henriques & Richardson 2004) Nordea is currently the only report that has a section for auditor's report (Nordea CSR Report 2009). This is perhaps one of the key improvement areas for the other banks. Along the same lines, Rohweder (2004) suggests reporting on development possibilities. This is currently nearly overlooked by all examined reports. While they do shed light on future themes, actual development possibilities are not discussed.

Compared with studies from Bangladesh (Khan et al. 2009) and Nigeria (Achua 2008), Finnish banks pay CSR more attention. The reporting method is formal, and the reports

are clear, concise and of a suitable length. Obstacles that were found in Nigeria (Achua 2008) are not present in the Finnish market.

When Hussain, Gunasekaran & Islam (2002) studied the non-financial performance measures of Finnish banks, customer satisfaction orientation was the key finding. Today non-financial performance measures, or more accurately CSR related measures, are a much more important part of business in the banking industry. Economic, environmental and social concerns are dealt with on an ongoing basis. As found in both reports and interviews, customer satisfaction remains at the core of the business, and best quality service is a key competitive advantage. (Danske Bank; Hakanen 3.5.2010; Nordea; OP-Pohjola 2010; Tammi 28.4.2010; Thesslund 16.4.2010)

This study has explored the deeper meaning of CSR, finding economic, environmental and social provisions for good CSR practices. It has argued that universal definitions are needed in order to have comparable CSR principles and reports. Even though all three specified dimensions are present and well represented in the examined reporting guidelines and other metrics, the correlation is not always clear. While the reporting guidelines do give amiable objectives and raise important questions, the reasons for reporting are not examined. Nor are the motives for actual practices, or the implementation of said principles.

In some cases, there seems to be a link missing between the two. The basics give a ground to build on, while the guidelines offer principles on communication. However, whether the communication is actually based on the basic principles or merely on seeking out a reporting system is never fully clarified. Granted that the reporting guidelines aim at portraying measures of the three dimensions, no guidelines can fully assess the measure to which CSR is performing responsible business practices rather than marketing. The outcome may not be totally different, but CSR for marketing purposes deserves less attention than CSR for responsibility purposes. This dilemma offers another possibility for future study.

The studied Finnish banking industry definitely follows guidelines and provisions, but the extent to which it is a choice made by individual banks is questionable. While good and responsible practices are the everyday norm, the basic CSR principles are not nearly always made within the premises. One might question, whether CSR is just a head office practice designed to conclude suitable numbers and actions. The low number of questionnaire answers, possibly indicating lack of interest as said above, adds to this notion. The fact that group wide principles in some cases are not known or even perceived as involving individual banks does present a rather different picture of the true state of CSR within the industry.

Even though reports may portray what is believed and what is attempted, the possibilities for expanding and improving the practices should start at local office level information and involvement. Currently there is no concrete proof of the CSR principles affecting actions more than good business practices normally would. The possibility of reporting only the data suitable for printing seems present. Publishing also realistic objectives and implementation plans along with gathered data might benefit the purpose of building a positive company image.

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Questionnaire: CSR in the Finnish Banking Industry

This questionnaire deals with corporate social responsibility (CSR); in other words how economic, environmental and social questions and concerns are handled by companies internally and externally. This questionnaire is a part of a Bachelor's Thesis research, and will not take too long to complete. Please choose the most suitable answer for each of the questions. When you are allowed to tick more than one alternative, the answer boxes are square; please tick only one round box per question.

Thank you for your time and cooperation!

Riikka Harikkala, Turku University of Applied Sciences

General questions

- Q1: Does your employer have a CSR report?
- yes
 - no
 - I don't know
- Q2: How well do you know the CSR report?
- very well
 - on the surface
 - poorly
 - not at all
- Q3: Do you know of economic, environmental or social projects your employer is engaged in?
- yes
 - no
- Q4: Have you ever participated in a CSR project or seminar (for example community cooperation projects or environmental education) conducted by your employer?
- yes
 - no
- Q5: How often do you consider or are you encouraged to consider CSR issues (for example power or paper usage) in your working routine?
- daily
 - weekly
 - monthly
 - yearly
 - never

Economic responsibility

Q6: How do you perceive your wages?

- average industry level
- below industry level
- above industry level
- unsuitable for my skill level
- insufficient
- sufficient

Q7: Does your employer engage in charity or other monetary support for ethical causes (such as environmental preservation or social development)?

- yes
- no
- I don't know

Q8: Does your employer engage in other types of monetary support?

- yes (please define: _____)
- no
- I don't know

Q9: Has your employer ever received a fine, other sanction or a warning for non-compliance with economic regulations?

- yes
- no
- I don't know

Environmental responsibility

Q10: Does your employer engage in and/or courage operating methods that preserve natural resources?

- yes
- no
- I don't know

Q11: Does your employer practice recycling and/or waste separation?

- yes, in every possible material
- yes, but only in some materials
- no
- I don't know

Q12: Does your employer engage in projects to preserve the environment and/or biodiversity?

- yes (please define: _____)
- no
- I don't know

Q13: Does your employer consider emissions and other environmentally harmful substances in its operations, including transportation?

- yes, they are tried to keep at minimum
- yes, but not how to reduce them
- no
- I don't know

Q14: Has your employer ever received a fine, other sanction or a warning for non-compliance with environmental policies?

- yes (please define: _____)
- no
- I don't know

Social responsibility

Q15: Do you feel your work is valued?

- yes
- no

Q16: Does your employer acknowledge and follow human rights provisions?

- yes
- no
- I don't know

Q17: Does your employer engage in projects attempting to remove child or forced labor?

- yes
- no
- I don't know

Q18: Does your employer engage in local development or cooperation projects?

- yes (please define: _____)
- no
- I don't know

Interview Guide: CSR in the Finnish Banking Industry**Riikka Harikkala****General**

1. How do you perceive/understand the concept CSR?
2. Do you actively follow your employer's CSR practices and reporting? What about others'?
3. What is the relevance and role of CSR in your daily activities? How well is CSR integrated into operations?
4. Who is responsible for the construction and implementation of CSR principles?
5. What is the screening method for chosen measures?
6. Is enough time and money invested in CSR?
7. Which marks have you received? Why these? Have you failed to receive some other acknowledgement?
8. Why have the signed agreements been chosen?
9. How has the recession impacted CSR principles and activities?

Dimension specific

10. What is the most important part of CSR? How is the importance conveyed in activities?
11. What are the most important economic measures that have been taken?
Environmental? Social?
12. What is the relevance of other social CSR principles, when customer orientation is the corner stone?
13. What remains still to be done in each field?

Reporting/Communication

14. Why has the current reporting method been chosen? What sets it apart from other possibilities?
15. How are the reported data and other information gathered? Is it possible to obtain more detailed information?
16. What is the implementation plan for suggested improvements?
17. How could reporting activities be improved?
18. How are the CSR actions communicated to stakeholders, other than by a yearly report?
19. How are the CSR principles communicated to employees? Do you think that the employees have the desired view and understanding of the subject?
20. How well does a group report portray the doings of a single bank? Should there be more specific reporting?