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Sustainable Corporate Social Responsibility - Case study on Tikau Oy

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2016 Laurea



Laurea University of Applied Sciences

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Degree Programme in
International Business
Bachelor's Thesis
April, 2016

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Year	2016	Pages	39
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Consumers around the globe are demanding businesses to be more environmentally and socially responsible, especially textile industry which is stated to have large ecological footprint on the Earth. This means businesses in this industry can no longer overlook, but making efforts to adapt CSR (corporate social responsibility) strategy/practice to their business operation. However, many businesses are still reluctant to do so. The assumptions such as detriment of financial performance, lack of knowledge of CSR concept and its practices to benefit to the environment and society could be the reasons preventing those business from adapting CSR. The purpose of this paper is to study a company case study - Tikau as an interior design business practicing CSR. First, the paper is going to explore theories related to CSR regarding 3 main aspects namely environment, economics and society. Then, Tikau's CSR practices will be pointed out based on interview findings from Tikau's owner. Finally, thesis will compare those theories and practices to see whether Tikau is a sustainable CSR business. With the supports of researched theories on CSR concept, examples of multinational corporations' CSR strategies and findings from Tikau's owner interview, it is concluded that though Tikau is not completely a sustainable CSR business model, its model can still be improved by implementing proper CSR marketing strategy and waste management practices.

Keywords: Corporate social responsibility (CSR), interior design business, environment, financial performance, society.

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1 Introduction

In the last decade, the subject of social and environmental issues has been a controversial topic within both the corporates' and consumers' community. Corporates are witnessing a fast growing number of consumers interested, not only in origins of products, but also social causes of their purchasing. Socially and environmentally responsible products are increasingly sought after and companies can no longer overlook the trend but putting much more effort in meeting the increasing market demand and maintaining their business advantage edge.

Fashion and interior design industry are two of the most criticized industries for their negative impacts on the environment and labor welfare. H&M and Zara, for examples, are two of leading companies in fashion industry that have most of their manufacturing factories based in Asian countries such as Bangladesh, India and China, where the lean costs of producing garments are much lower compared to other parts of the world. With the concept of fast fashion and cost cutting come a hidden cost that affects the labor workers and the environment, social and environmental responsibility are beneficial and only reach their full significance if practiced on an integrated strategy and a persistent basis.

Inspired by a greener and a more socially accountable future where businesses implement green practices and embrace corporate social responsibility concept, this paper will study Tikau Oy - a company that practices CSR. The objective of the thesis is to examine whether Tikau is a sustainable CSR business model by analyzing its practices and comparing its against researched theories. Tikau's practices will be established based on interview of Tikau's owner and theories will be retrieved from reliable online sources.

CSR - Corporate social responsibility (CSR): Definition

Dahlsrud (as cited in Cheers 2011) states that during the last decades, corporate social responsibility (CSR) have had multiple definitions ranging from operating business and implementing practices ethically to contributing to societal welfare. Though, business management professor Carrol's definition (1970) of CSR is regarded as the most comprehensive and referenced: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". Despite its popularity, it is said that the definition is not specific and narrow enough. Commission of the European Communities (2006) has proposed an improved definition: "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs."

2 Case company Overview: Tikau Oy

Tikau Oy is a Finnish company founded in 2007 in Helsinki. Starting out selling furnishing products the company has quickly grown and expanded into a lifestyle brand. Taina Snellman, founder of Tikau Oy was on a work trip to India, her task included supervising the factories in Delhi. She saw the surroundings and the circumstances where the labor workers were in first hand. After having conversations with some of the labor workers she came to understand their background and reason for their choice in becoming factor workers.

The industrialization and cheaper manufacturing work force mainly residing in big cities such as Delhi, Mumbai and Ahmedabad the labor workers from smaller villages are forced to move to where the employment locates. Taina Snellman gathered from her conversations with the factory workers that were originally from rural areas and have left their home villages would gladly return back if there was employment available. With the move after the work to factories some of these labor workers had forgotten their traditional forms of handicraftsman that were passed through several generations.

These stories were one of the significant reasons why Taina Snellman founded Tikau once she returned back to Helsinki. Her vision was to create company that produced ethically and environmentally friendly products while having social responsibility over the artisans in rural villages so that they could make the products and earn the money for their handicraftsmanship. This was start and corner stones of Tikau Oy on which they still operate their business.

2.1 Company Profile

Tikau is a Finnish company, which combines Scandinavian design and Indian handicraft traditions with the vision of employing and empowering the artisans of rural India. The word Tikau comes from Hindi and stands for sustainable and durable.

Employees:

Taina Snellman privately owns Tikau Oy and the company employs three employees in their Helsinki based shop and collaborates with 120 artisans in their home villages in India. The company also works with local NGO's in India.

Products:

Tikau collection started with home furnishing products such as rugs, cushions and baskets. Up to this day these are the most sold products. Slowly with time finding new artisans and materials the company added scarves made of wool, recycled silk and pashminas, which are made of finest cashmere wool. Along with scarves came organic cotton bags, reed bags and other bedroom and bathroom necessities like bedcovers and hamam towels.

Along with these products that are mix of traditional and artisans own designs are some designs that were designed by Finnish designers like Klaus Haapaniemi who mainly works with companies such as Iittala, Marimekko, Diesel etc. 'Bombroo' rug was designed by Haapaniemi. Another designer that worked with Tikau is Lotta Nieminen. Nieminen designed 'H is for Helsinki' rug for Tikau's project in World Design Capital year 2012, which was hosted in Helsinki. Both rugs are handmade by the artisans in Kashmir.

Customers:

Tikau customers are mainly based in Finland and especially Helsinki metropolitan areas. Most customers purchase the products from Tikau's shop in Korkeavuorenkatu 9 in Helsinki. However, with companies newly opened web shop now customers from else where are able to shop Tikau's products. The web shop is conducted in English, which gives the customers based outside of Finland chance to get to know and shop them. Along with Finland there is customers from most of European countries and the US.

Another way the company can reach their customers is retailing. Tikau products are retailed by different companies in Helsinki such as Stockmann, Artek Aitta and abroad in cities such as Paris, New York, Osaka, Seoul and London.

Customer group of Tikau customers range from 25-50 years old. Customers are mainly women and couples who seek furnishing products for their household. Tikau Oy has recently opened pop-up type of shop in their Helsinki store where they sell children's clothing and necessities from 0-4 years old. This shop-in-shop model carries different brands from other companies and had bought new customer groups that varies from expecting moms to family members shopping for gifts. Tikau does not produce children's clothing or products.

Retailers:

As mentioned earlier Tikau's products are also retailed in other shops. One of biggest retailer is Stockmann. Stockmann carries Tikau's rugs and baskets in their Helsinki department store. Another retailer is Artek Aitta where some of Tikau's collection is sold in their Vallila shop. Along with Finland Tikau retailers are based in New York, USA, Osaka, Japan and Seoul, South Korea.

Website and social media:

Tikau has an official website along with the web shop www.tikau.com. The website is in three languages, Finnish, English and Japanese. This is to reach as much customers as possible.

Like most companies right now Tikau has emerged in world of digital marketing. The company is in following social media sites such as Facebook, Twitter and Pinterest.

Tikau Share Ry

Tikau Oy works in a collaboration with its NGO, Tikau Share Group. Tikau Oy as a company focuses on employing the artisans in India while Tikau Share Group goals are to take care of the main human necessities and living conditions such as health care, education and housing along with many more projects. The NGO's focus is mainly on those who are in great need. These people are the Dalit's or more well known as the Untouchables. These people are socially and economically in lowest level of Indian caste system and are in great need of help. The NGO works with volunteers that can provide their time and skills to have better living for the artisans in India.

“By sharing time, knowledge and skills, everyone can participate in the work of Tikau Share. We encourage solidarity and global sharing of resources as a means to make a difference.”
(Tikau 2016)

Manufacturing

The manufacturing of Tikau products is strongly based in rural areas of India. Tikau's concept is to go to the locations where the most need of help and strong handcraft are based. So far the villages are in Jammu and Kashmir in North India, Gujarat in West India, Karnataka in South and Orissa and West Bengal in East India. Each region of these villages have traditional handcrafts and materials which can be found in Tikau products sold in their store in Helsinki as well as in their web shop: www.shop.tikau.com.

Tikau wants to showcase and produce products that are design based and will essentially start with collaboration with the artisan's Indian traditional handcraftsmen using locally produced natural materials such as recycled sari silk, organic cotton, banana fiber which is recycled dead banana tree leaves and uncolored wool from lamb. These combine the core of Tikau products. Locally made sustainable products where Scandinavian design meets Indian handcraftsmen.

2.2 Indian textile and craft industry

According to Central Intelligence Agency (2015), India is in second position with slightly over 500 million right behind China with just over 800 million when it comes to the worlds labor force. Iyengar (2015) reports that India's Prime Minister Narendra Modi launched 'Make in India' campaign in 25th of September 2014 to promote manufacturing in India. Press trust of India (2015) states that the program was a success attracting many foreign investments from businesses such as Huawei, Spice Group, Samsung, LG, Phillips and many more had shown great interest to invest in India. If the program keeps on with its success, Prime Minister

Modi's wish for India to become manufacturing powerhouse like China might be on its way. (Deccan Herald News 2015)

The Indian textile and craft sector

When it comes to textile industry, India is second biggest global textile manufacturing country and is one of the largest sector contributing in to India's GDP (Gross Domestic Product). Therefore, it holds an important position on country's economy by providing employment to a large population and generates foreign exchange to the country. Having 100% of FDI (Foreign Direct Investment) by the government has increased foreign investment by companies all over the world. Ivengar (2015) reports that just in 2015 India has suppressed both China and USA as top destination for Foreign Direct Investment. The textile industry can be divided into sectors that produce textiles such as cotton, silk, wool, jute and coir as well as readymade garments and handcrafted textiles.

Environmental and Health Issues

The textile industry employs the largest amount of the population in India. With this comes many environmental and health issues. Most of the workers in the industry are facing many challenges. Some of these challenges come from the condition of the factories to the chemicals and toxics used in the work. Though the government has set laws to protect and make sure the conditions of the labor workers are good it is still large sector, which is largely unorganized and unsupervised.

Some of the health issues the labor workers get are from the poor ergonomic conditions where they work. The labor workers are either making everything by hand or working with machinery it requires a lot of power intensive work. Not providing good working conditions and workstations for the labor workers can damage them physically. Use of force, poor posture, repetitive motion with the body and no regular rest breaks causes body ache and muscle pains and sprains while lack of proper ventilation and poor lighting can strain the eyesight. (Switch-Asia 2014)

Another great health issues in textile industry are the amount of chemicals used when producing the goods. The times when vegetable dyes were used are over and most factories favor the use of different dyes for lower cost comparison to the vegetable dyes, sustainability and accessibility. Most of the artisans have familiarized and learned the style of vegetable dyes from the older generations but are now forced to leave the traditional way of dyeing behind and focus on the market demand. (Switch-Asia 2014)

These chemicals come in form of solid, liquid or gas. When these chemicals are handled wrong they can cause a lot of damage to the health especially used in closed environments.

They can cause allergic reactions; burns and contact with eye can lead permanent blindness. In contact with the skin these chemicals irritate the skin and can cause dermatitis and bronchitis. These chemicals can enter the body in three ways: inhalation, ingestion and absorption and can cause all of the damages to the body as well as cause major explosions. The chemicals used in the dyes for the block printing are the followings: dyestuff, alizarin, lime, sulfuric acid, adhesive and aluminum. These chemicals are not only dangerous for the health but to the environment as well since the work of these dye already over-exploits the natural resources the waste of these toxic chemicals are then released into the environment. (Switch-Asia 2010)

Along with the ergonomically and chemical issues there are environmental factors such as heat. Workers that are exposed to excessive heat and humidity can get thermal stress downgrading their performance on the work and harming their health in form of heat rash, chronic heat exhaustion. These form only friction of constant health issues the labor workers face and different hazards to the environment. (SWITCH-Asia 2010)

2.3 Law regulations and Unions

It is not only health issues that the labor workers face in their line of profession. Some of the biggest problems include low wages, inhumane working hours, discrimination, forced labor, child labor and underhanded contracts. With these issues raising more legalization were set to ensure the rights of the labor workers. One of these legalizations is the occupational safety and health that was issued by the Ministry of Labor and Employment from the Government of India. "Directorate General Factory Advice Service and Labor Institutes (DGFASLI) under the Ministry of Labor and Employment is putting in all its resources and efforts to ensure that the objective of improving the Working Conditions at Workplace in the Manufacturing and Port Sectors is achieved and the conditions of work in these Sectors are brought to an international level." (Government of India ministry of labor and employment 2011)

The Ministry of Labor and Employment, Government of India and Labor Departments of the State and Union Territories are responsible for the safety and health of workers. One of these measures to be taken for better working environment for the labor workers are planning and implementing different workshops and training programs where both the employers and the workers attend to improve their occupational safety and health (OSH) performance and reduce the risks of accidents. To keep track of the whether the OSH is working the incidents are by separated into frequency rate and incidence rate. The below statistics show the accidents that have been reported and submitted by the States/UT.

Year	Fatal Injuries	Total Injuries	Frequency Rate (FR)		Incidence Rate (IR)	
			Fatal Injuries	Total Injuries	Fatal Injuries	Total Injuries
2000	486	23976	0.07	3.6	0.22	10.93
2001	627	28364	0.07	3.24	0.19	8.67
2002	540	20453	0.13	4.88	0.16	6.14
2003	525	16432	0.08	2.50	0.11	3.33
2004	562	15020	0.05	1.33	0.08	2.21
2005	613	14776	0.05	1.27	0.09	2.06
2006	1068	19912	0.08	1.42	0.13	2.41
2007(P)	821	15290	0.09	1.73	0.10	1.91

Table 1: Shimla, Industrial Injuries from 2000-2007, Labor bureau.

The regulations on safety and health are Central Government legislations, the Ministry presents the important task of testing the Bills through Parliament after inter-ministerial negotiations and discussions with the State Governments and various different organizations of employers and employees. The Ministry conducted joint action with the International Labor Organization and other countries. The Ministry manages the co-operation by arranging meetings in the State Labor Ministers Conference and the State Labor Secretaries Conference, in where the topics of invariability in Labor laws are reviewed. Directorate General of Factory Advice Service & Labor Institutes (DGFASLI) aids the Ministry in the parts of the occupational safety and health in industries and ports in India that require any technical capability. (Government of India ministry of labor and employment 2011)

The Government of India along with The Ministry of Labor and Employment, and Labor Departments of the State and Union Territories are among the many organizations that extend their help for the labor workers and employers. These sectors that make sure that development happens in the sector of Occupational Safety and Health in the Manufacturing and Port are All India Manufacturers Organization (AIMO) Confederation of Indian Employers (CIE), FICCI, ASSOCHAM, Laghu Udyog Bharati (LUB), All India Trade Union Congress (AITUC), Hind Mazdoor Sangh (HMS), Centre of Indian Trade Union (CITU) Confederation of Indian Industry (CII), Bharatiya Mazdoor Sangh (BMS), Indian National Trade Union Congress (INTUC) etc (Government of Indi, Ministry of labor and employment 2011)

3 Theoretical framework

Drivers of corporate social responsibility (CSR):

Consumer power, environmental, social and economic aspects



CSR Interior design industry:

Industry analysis

Main case study: Tikau

Other successful companies in and outside industry applying CSR



Conclusions and recommendations

Figure 1: Theoretical Framework

The theoretical framework of the thesis contains 3 parts as shown in above. Literature on increasing consumers' force in social responsibility of corporations, from which 3 main aspects namely environment, society and economics will be focused and analyzed. Theories will be introduced and sequentially substantiated by the case study company Tikau and its owner interview. Finally, conclusions and suggestions will be drawn upon the analysis of theories and case study.

Global trends - Growing importance of sustainability

The demand for corporates' accountability is increasing as the significance of sustainability keeps growing in popularity around the globe. Environmentally and socially responsible shopping is a blooming trend, especially in developed countries. Despite constituting a small share among businesses, organizations and governments, social and environmental missions have been incorporated into their operation with the targets to lessen their environmental footprint, advance social benefits and promote a sustainable economy. (CBI 2014)

3.1 Market forces and environmental CSR

Due to the effects of sustainability to the world outside the company, companies are now facing public pressure related to transparency and the accountability of their sustainability impacts and initiatives. Sustainably manufactured and designed product ranges have been increasingly added to product assortment and sustainable business concepts have been adopted by both retailers and suppliers. Public movements are no longer a sole force on businesses in home sector for embracing sustainable concepts as stakeholders have also required businesses to do so. (CBI, 2014)

Sustainability is also favored in changing consumer demand. Consumers are placing pressure on businesses to manage their production waste more responsibly by increasingly purchasing environmentally friendly products. Home products are increasingly expected to be environmentally sustainable as many European consumers find being green inspiring and pleasing. (CBI, 2014)

According P.Lyon and W.Maxwell (2008), consumers' growing attention and awareness towards corporate environmental actions has represented strong market forces in the shopping trends and labor working conditions, which are increasingly powerful drivers for businesses to improve their environmental and labor policy. Textile industry is considered among the most detrimental industries to the environment. (Scott 2015) As result, it has been experiencing strong market forces and had obvious drivers to a more environmentally friendly practice or greener business model. Home decoration or interior design industry, as a part of textile industry, is also facing challenges to keep up with market trends forces.

3.1.1 Environmentally friendly materials usage

Textile and home decoration industry accounts for a substantial amount of energy, resources and non-biodegradable materials consumption. According to the Environmental Protection Agency (EPA 2012), on average one t-shirt wastes almost 2650 liters of water during its manufacturing process and just one kilograms of textiles emits the equivalent of 7 times of carbon dioxide, however, 13.1 million tons of textiles are trashed each year and only 15% are recovered for reuse or recycling. Non-biodegradable wastes are those that cannot break down or degrade for many years. These are waste that cannot dissolve into manure and as they pile up, more and more land is required to waste holding. Furthermore, synthetic materials, which are exposed to light, air and water in long period, can emit toxic pollutants to the immediate surrounding lands and groundwater (Paventi 2015). Therefore, the use non-biodegradable poses a major threat to the health of the environment. Natural fibers and materials such as bamboo, organic cottons, reeds, jute and banana fiber being biodegradable are now considered as solemn option to synthetic fibers for use in various fields.

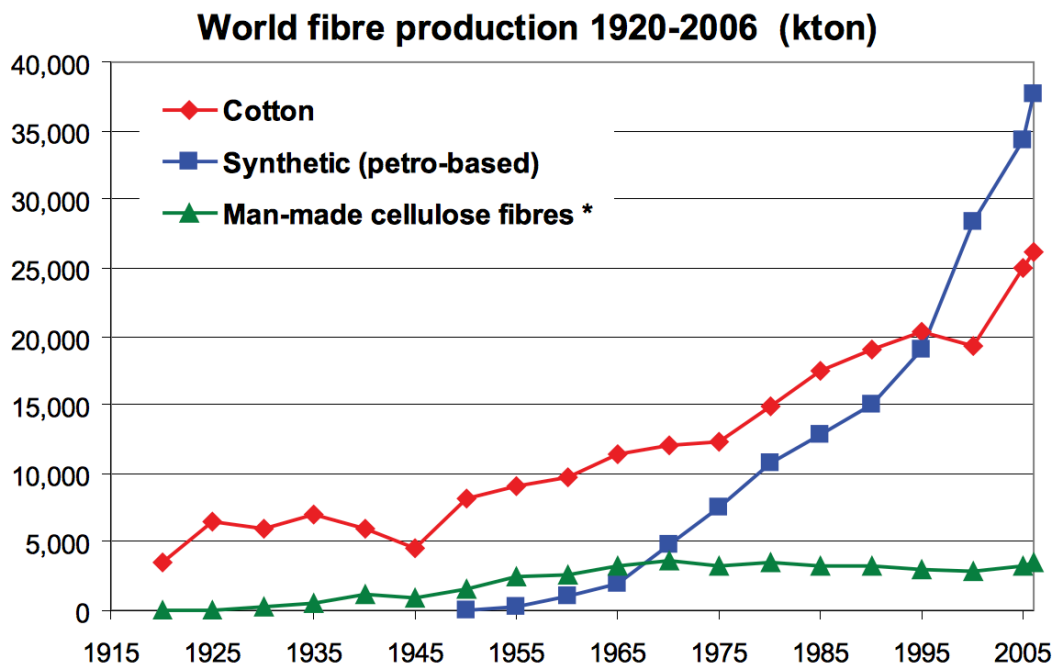


Figure 2: Jan E.G van Dam, Environmental benefits of natural fibre production and use, 2009

As can be seen from the chart, cotton and synthetic fiber are the most popularly used and produced fibers in the worlds with a total of around 65 kilotons in 2005 and predictably the amount would have been increasing tremendously until the present year 2015 due to fast fashion and designs trends. According to Natural Resources Defense Council (NRDC 2012), the production of both natural and synthetic fibers have significant, though very different impacts on the environment. Cottoncampus (2015) states that while cotton is renewable, biode-

gradable and presents as an environmentally-friendly fiber, growing cotton requires enormous amounts of pesticides and water. In contrast, synthetic fibers are almost non-biodegradable or the process will take 30-40 years or longer depending on the fibers and the use of additional catalysts. NRDC (2012) also points out that there is no best fiber for the environment and emphasizes that recycled content is the best of all and eco-fiber section can make a big difference in lowering the environmental footprint of a garment or a collection.

3.1.2 Energy-consumption and hazardous chemicals reduction

Besides the selection of green materials, locally produced handicrafts are highly environmentally friendly in terms of reducing transportation emission. Materials for productions do not need to travel afar as they are processed and produced locally. Proximity though may not prove effective and efficient, but it apparently reduces the need of fuels for logistics. According to Mental Floss Magazine (2014), handmade products consume less energy than a mass production assembly line, therefore the practice is more environmentally sustainable. The statement remains particularly correct if products are produced abroad and need long distanced shipping to reach consumers. In addition, handmade goods productions require low-energy consumption and very limited to none usage of chemicals and artificial materials. Machine produced products are mass produced making use of artificial products made from potentially harmful chemicals that can have hazardous effects to the habitat and people that use them. Whenever items that are mass produced at the lowest cost available, elements will often be produced out of plastics or other synthetic materials that are made mainly from chemical substances. According to Landsman (2014), commonly consumers have no understanding of the compounds used or the quality control process inside plants in a different country. He continues to point out that out of nearly 2000 chemicals used in fabrics process, many are toxic and extensively used for garment fibers production. As an end result, there have been many cases where companies have experienced huge product recalls of clothing products, especially child products that consist of toxic dyes, arsenic or even lead. For example, News.com.au (2014) reports that more than 120,000 clothing and bedding items have been recalled from major retailers such as Myer, Just Jeans and Target because they are contaminated with a hazardous dye. Turtinen (2011) recommends that wearing items made from sustainable fibers, such as organic cotton, industrial hemp, bamboo, recycled polyester, wool and soy cashmere/silk, are safest for kids and adults. Hence, handmade products with eco-fibers/materials not only can mitigate impacts on the environment, but also reduce consumers' risk of exposing to harmful chemicals.

3.2 Financial performance in CSR

Generally speaking, although CSR has been accepted by businesses, many economists have still held a skeptical view on CSR and its viability in a business environment. Friedman (1970)

(as cited in Hernández-Murillo and Martinek 2009), questions society's desirability towards CSR. The sole purpose of a business is to maximize profits by operating with accordance to the laws, he claims. He continues to argue that any executives' actions towards socially responsible initiatives will come at cost of stockholders, employees and customers. Nevertheless, Friedman points out that business management may engage in actions that do not conflict, but rather support long-run interest of a firm. Companies can, in terms of their interest, justify their initiatives by investing in communities that enhance the potential staff's quality or contributing to philanthropy organizations for tax deductions advantage. Not only businesses come to generate corporate goodwill as a byproduct, but also it can help to differentiate a company from their business rivals, which results in opportunities to generate economic benefits (Friedman 1970).

Many modern theoretical and empirical studies have come to support that it is feasible for companies to be more lucrative by strategically embracing socially responsible activities. Take for granted that stakeholders might appreciate the company's social efforts; companies can gain added advantages from these initiatives such as possibly strengthening their reputation, creating profits by differentiating products, captivating more highly eligible employees and extracting a premium markup for their products or service. (Hernández-Murillo and Martinek 2009)

3.2.1 Economic incentives of trading sustainable products

According to Lyon & Maxwell (2008), the market has been witnessing a steadily growing number of businesses producing and selling environmentally friendly products ranging from organic food to organic cotton shirts to hybrid cars and renewable energy. In addition, a publisher of Nielsen - one of the leading research companies in the world, Adams AT (2014) states in a press that in a survey of online customers in 60 countries across the globe, 55% of the respondents say they are willing to pay more for products and services from socially and environmentally responsible brands. Companies that are committed to positive environmental and social impacts are highly favorable in Asia-Pacific (64%), Latin America (63%) and Middle East/Africa (63%). Meanwhile, the numbers are lower for North America and Europe at 42 and 40 percent, respectively. In this stance, companies have economic motives to improve its quality in products, environment and society policy in order to reduce price competition with business rivals. A study, conducted by Professor of marketing, NYC Stern school of business, Russell and his doctoral student Stephanie in 2013, reveals that consumers are willing to pay on average about 17% premium for socially responsible goods. These statistics suggest that companies don't necessarily sacrifice its profits in order to implement green practices. Businesses can profit from growing consumer awareness by transparently promoting the social impacts of their production process, developing products of environmentally sustainable ma-

materials and designs, obtaining social and environmental certifications to target the niche market with increasing demand. In an analysis of Finnish market trends and consumer behavior, it is stated that as long as the products have good quality and conform to the criteria of environmental protection, the price is a much less important factor in Finnish consumers' choice (Santander banking group, 2015).

3.2.2 Rising market demand for locally produced and handmade goods

The Indian handicraft & designer sector also sees a great potential in the international market. As shown in the figure 3, the market size for Indian handmade and designer products is relatively big and expected to grow dramatically, particularly handicrafts sector during the course of 5 years 2013-2018, from 600 million us dollars to nearly 1 billion (approximately 500-850 million euros). This suggests opportunities for entrepreneurs who wish to set up stores and businesses in the sector.

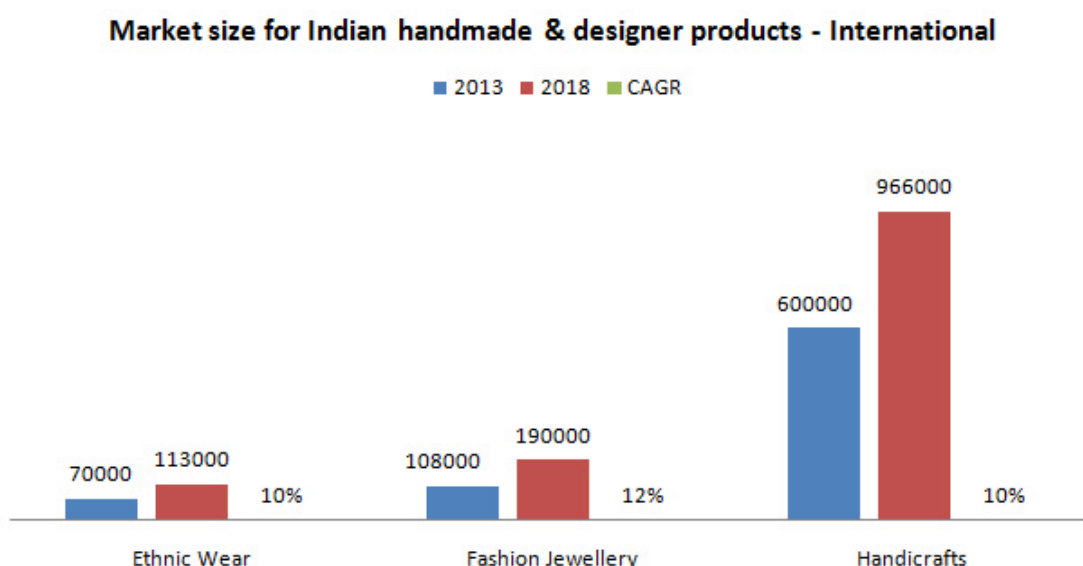


Figure 3: Rahul Garg, Ecommerce paving way for cross-border trade of Indian handicrafts, 2014

Table 2 below suggests that USA is the biggest market for Indian handicrafts with overall increasing value and stands at just under 325 million dollars. Though more than half or the market demand is from the USA, European countries including the UK, Germany, France, Netherlands, Spain, Italy and Belgium-Luxembourg represent as the region with the second biggest market size. These statistics can be interpreted as a strongly increasing demand of handmade goods in European region. Although Finland is not included in the graph, it is justifiable to conclude that Finland is also experiencing a rising demand for handicrafts due to its similarities in terms of purchasing trends in Europe.

Top ten destinations of India's export for handicrafts

Rank	Country name	2000-2001 (mil- lions US\$)	2001-2002 (millions US \$)	2002-2003 (millions US\$)
1	USA	294.8517	219.176	324.6047
2	UK	61.6174	56.1987	79.1673
3	GERMANY	37.554	30.4357	47.2585
4	FRANCE	31.031	29.4103	37.3164
5	NETHERLANDS	29.243	25.8394	37.3164
6	SPAIN	21.8287	19.0162	30.4608
7	ITALY	27.9376	19.89	24.0536
8	UAE	14.6376	12.205	20.9196
9	CANADA	15.2344	12.8124	17.6554
10	LUXEMBOURG	9.0019	9.5755	14.5125

Table 2: Rahul Garg, Ecommerce paving way for cross-border trade of Indian handicrafts, 2014

3.2.3 Assumptions of Tikau's niche market and low competition

Our initial intention was to find theories and articles about the current state of corporate social responsibility among firms in textile industry, particularly home decoration businesses similar to Tikau in Finland. However, the topic of CSR did not seem to be broadly discussed, nor focused on much literatures. Hence, the research resources are somewhat limited.

According to Hakala (2012), big companies in Finland manifest corporate social responsibility mainly in forms of annual CSR reports, programs and codes of conduct. While micro and small companies offer ideal layout for corporate social responsibility due to flexible management systems and compatible corporate governance, Finnish small and medium enterprises are not really involved in corporate social responsibility in a desired way regardless of the existing potential.

Based on that, even though Tikau is assumed to be in somewhat competitive industry, however not many companies have involved in selling green products. Hence, the competition for Tikau is relatively low, particularly in Finland. When Tikau started out its business, the idea of operating the business with social and environmental thinking was fairly new within the interior and design industry in Finland. The fair-trade operation in grocery stores however

was well known and growing since more and more consumers began paying attention to the origins of their food.

Consumers were not particularly cautious of social impacts of fashion and design industry until the headlines of H&M's usage of child labor in one of their factories in Uzbekistan in 2012, which brought much light to the hidden side of textile industry and many consumers have grown interested in the manufacturing process and stories behind the products. H&M as expected gained a lot of backlash forcing the company to quickly investigate and release a statement on their actions to obviate any child labor in the future.

H&M has a clear policy to stand against child labor in their factories. According to the company on their website (H&M 2016) where they state their stand against child labor include working together with the local suppliers to find the best solutions whether that is to getting in touch with the families of the children and try to get on agreement to let the child finish education until they reach the legal working age while wages is still continued paid during the duration of study. This is way to ensure the family continues to get their income.

This incident has given H&M the direction to move themselves from that and position them into greener and more ethical image by becoming more social, environmental and economical responsible fast fashion business. One way to do this was to design the "Conscious Collection". The aim of the collection is to inform their customers about the origins of their product. Who makes it, where and how it is produced. The company vindicates their decision behind the collection is to be sustainable economically, socially and environmentally while still producing products that are fashionable and affordable.

What separates Tikau from other similar businesses and leaves an imprint in customers' mind is that each Tikau's product line has its own story behind with authentic personal quotes and images. These stories range from environmental to socio-economical causes and impacts of producing and purchasing the products. Therefore, Tikau holds a great image within the design industry in Finland for being the forerunner on CSR business operating and benefits from being in a niche market proposition.

3.3 Society

Corporate social responsibility has often been appraised as businesses' contribution to creating a more equitable society by helping the poor and disadvantaged. However, doing philanthropy nor charity is not the main role of CSR, but rather doing business in a socially responsible way. Yet, many corporations themselves also aim to reduce poverty by engaging in a variety of education, healthcare and welfare projects, which is commendable. (Watson 2009) He continues to question whether those initiatives are directed at responding to the poor's

needs and poverty reduction or companies are slightly missing the point that the poor's need is a livelihood, a job.

Although the currently growing notion that employment and job creation is critical to poverty reduction, there are still debates ongoing around the topic. Ernst and Berg (2009) in an OECD (Organization for Economic Cooperation and Development) report, state that employment, and the quality of employment, decent work, is crucial for poverty reduction and in achieving growth with equity and pro-poor growth. In actions, many international organizations such as the UN and World Bank have responded to poverty by promoting economic development initiatives and along with those organizations, government-funded donor agencies namely USAID, CIDA and DfID have heavily financially invested in job creation and livelihoods projects (Watson 2009).

Despite the slowly increasing understanding that job creation can significantly impact poverty and disadvantage reduction, the majority of businesses themselves still focus their CSR practice on social welfare projects. Meanwhile, companies actually have an advantage as it is their know-how when it comes to employing people, generating jobs and stimulating business. The direct link between job creation and CSR is still questionable, but companies that are involved in jobs creation with fair wage and associated labor benefits, are having a direct positive impact in communities. (Watson 2009)

Lipton tea, one of the big and well-known brand for manufacturing tea almost all over the world, is one of the companies which is strategically practicing CSR rightfully. This giant tea company is working closely with rainforest alliance (RA), which is a separate independent organization. This organization collaborate with the locals, small communities and association who work and rely upon the land. This collaboration helps them to cut down impacts on the environment and raise both civil and economic benefits. (Lipton 2015)

The alliance also empowers farmers to grow crops and maintain farmlands sustainability in three ways that is conserving environment, society fairness and growth in economy. Which eventually helps farmers succeed in three different areas. The alliance works hand in hand while supporting farmers and their families for their livelihoods on the one hand and conserving the planet on the other hand. (Lipton 2015)

Take another company WorldCrafts as an example. This Fair Trade member is similar to Tikau operation wise. With the social responsibility and humanitarian sights, WorldCrafts collaborated with their local partners to create and establish a fair trade business, which will generate viable income source and a positive hope for needy and poor people around the globe.

WorldCrafts was established in the year 1996, with the support of one artisan group known as Thai Country Trim, which had been established with the help of local contacts in Thailand. WorldCrafts is a nonprofit division of WMU (Woman's Missionary Union) and at present it imports and collects hundreds of various items from different artisan groups, more than 30 countries worldwide. Since this organization practices business almost all over the world, it seems that it is helping to mitigate minor problems within the society, its helping them to stand up and work for themselves. For example, women artisans from China, produce beautiful embroidering design stiches on bags, purse and clothes. WorldCrafts is giving them a chance to empower their financial conditions and capability to educate their children to higher level schools. (WorldCraft 2015)

4 Research Methods

Interview is meeting people face to face, communicating with them to get different facts and figures of what is going around but generally interview is conducted for consultation, advises and opinions. This thesis will employ interview method for information needed and the interviewee will be Tikau's owner Taina Snellmann. This interview will be recorded by phone. There were three interviews in total and each lasted around 30 minutes which can be explained that as the thesis was proceeding, the writers had more questions for the owner.

Research objective

The research objectives of this research is to study the currents states of Tikau business operation and management in maintaining the social and environment responsibility and to get more insight on Tikau's operating model and more details about how this type of business model works in Finland and India.

Approach and preparation for Interview

Interview is a direct contact method as the interviewer works directly with the respondent. The interviewer has the opportunity to study and ask follow up questions at the same time. Usually interviews are convenient for respondent, if the questions are related to thoughts and opinions. Interviews are the most personal form of research compared to other research methods like questionnaires and so. Interviews can be time consuming. Interviewer should prepare and revise their inquiries back and forth to avoid any kind of back fire and contingency. The interviewer plays a vital role in part of this research process. He or she has to be well prepared to tackle and respond to any sort of circumstances or back fires. (Valenzuela & Shrivastava 2008)

Interview research types:

General interview guide approach: the guide approach is intended to ensure that the same general areas of information are collected from each interviewee; this provides more focus

than the conversational approach, but still allows a degree of freedom and adaptability in getting the information from the interviewee. (Valenzuela & Shrivastava 2008)

Standardized, open-ended interview: the same open-ended questions are asked to all interviewees, this approach facilitates faster interviews that can be more easily analyzed and compared (Valenzuela & Shrivastava 2008). These two types of interview research will be used for the purpose of the thesis.

Analysis of reliability and validity of chosen method:

The interview questions are made and structured by solely the thesis writers without the interviewee's intervention. The interviewee answers the questions as the interview goes without prior knowledge of the questions. The interview will be done with the method of one-to-one conversation. The interviewee is the owner of Tikau, so she should have complete knowledge and understanding of the business. All of these are to guarantee that the interview findings are reliable to some degrees.

It is worth mentioning that since the interviewee is Tikau's owner, she may have biased answers towards Tikau's practices. However, as there have been 3 interviews with different sets of questions conducted, thesis writers do not find inconsistency in Snellman's responses.

5 Tikau case study - interview findings

The interview outcomes reflect how Tikau as a business has implemented corporate social responsibility in three dimensions: environment & ethics, economics and society respectively. These findings are thoroughly extracted, assessed and selected from the interview transcription to support the theories that have been presented and suit the purpose of the thesis which is to theoretically and practically prove how Tikau has been a sustainable business model employing CSR model.

5.1 Environment and ethics

According to Snellman, Tikau products are made with a selection of ecological materials (mentioned in Tikau company profile) which are durable and good in quality. She also points out that if the products don't last long then the products are not made with a sustainable approach as the (Tikau) products should have a lasting life cycle. However, she notes that sometimes the company has to be flexible with materials used. For example, the material merino, which is considered unethical, is used in woolen scarfs so that the wools do not shrink. Hence, it is important for the company to make sure that the origin of the material is known, wheth-

er it is from Australia or New-Zeeland and the operation of extracting the materials are legal and ethical. Merino is also the only material that is not a locally produced material that is used in Tikau's products.

Tikau's priority is to have products locally made with an emphasis on not having intermediary factories nor logistics but local materials from local producers. Part of the reason is that the artisans have been using their particular local materials from generation to generation. In addition, Snellman mentions the benefits of using eco-materials to consumer health by illustrating the example of towels made of organic cotton and dyed with vegetable dye, which makes them non-toxic. Especially since these days there are many research about how much toxic and hazardous chemicals are in clothes. These products are usually not washed before using, which according to her, may cause skin allergies or even cancer at worst. So the great aspects of having toxic-free products are not only about preserving the Earth, but also protecting consumers, especially babies. She goes on to state that the rugs being non-toxic and made of 100% wool is beneficial since the grease in the wool is preserved. This is thanks to the wool not being processed too much and in return the grease will keep the rug long lasting and easy to wash and take care of.

Besides utilizing eco-fibers, a large share of Tikau's products are made from recycled or re-used materials. Everything is gathered, recycled and used, even piece of plastic. Although, those litters and waste, which are mostly collected from big cities like Delhi, counts for a tiny part of the huge amount of disposed garbage, recycling and reusing them does pay attribute, arguably the best way to reducing human footprint on the environment.

Tikau has either local or within the group a coordinator. The local coordinator checks the quality and coordinates the orders. And sometimes Snellman directly in contact with the artisans by WhatsApp, but for example with some family artisans direct contacting is hard. However, Tikau's coordinators do check the quality of woolen scarves once they arrive to the city from the villiages, because the artisans can't check the quality themselves. Tikau's coordinators tried to train them on the quality checking for several years now but it's not working.

However, one thing Snellman admits is that Tikau really needs to pay more attention to improve waste management system. This is a problem with waste water if artisans dye or print something with chemical dyes. Since there is no local sewage treatment, minimizing the amount of chemical use is the temporary solution. Tikau artisans don't do the printing and dye works, outsiders, kind of subcontractor usually does it and since there is no local waste management it brings a lot of challenges. It's hard especially with the many villages we work with while Tikau is relatively a small company and Tikau own wastewater treatment plant is

just not possible. So the water waste remains biggest challenge and pretty much the only waste since artisans use every single material, even the smallest patch of fabric.

5.2 Finance

In order to capture customers' willingness to purchase Tikau's products and understand its business practice, Snellman states that Tikau has to make a commitment to educate buyers. Due to the fact that not all consumers know the environmental benefits of products offer, detailed information is often described and written on price tag. Tikau's role is also to educate customers on these aspects and they might be able see the product in different light. However according to her, there is not big difference in knowing the story behind the products. It is usually the way the products look and the materials that make the customers buy in the first place because we do have quite exclusive materials. Usually the customers do compare the prices of Tikau products to others and the way they are made is not always enough reasoning for the high prices in customer's eyes, then comes along the value of brand that usually is enough to make the customer to buy.

Explaining for the premium price charging on the products, Snellman points out that the marginal is smaller due to producing products is more expensive and the quantities are smaller, therefore it is not feasible to have same pricing like bigger companies do. This also requires a lot of work and she for example has to do three-person job because financially Tikau can't employ more people. In a sense this is a hard operation mode because it is calculated that if Tikau were four times bigger company then it would have worked efficiently with more staff.

In regard to market competitiveness, Snellman responds that there are not many companies with same concept as Tikau. One of the biggest differences is also that Tikau uses the same artisans all the time and has worked with these artisans from the start. Unlike, for example, Swedish company AfroArt buys a lot of their products that are hand-crafted from all over the world and that's the difference. Practically Tikau is a non-profit company in a way. However, in 2013 it did profit and for 2014 it didn't due to owner's maternal leave.

5.3 Society

According to Snellman, Tikau has faced all kind of challenges regarding its production operation in India. Noticeably, there are two issues, corruption and understanding of business mentality. However, with the organizational goal which is to improve living conditions of people in rural areas, the company stays resilient and overcomes problems.

She mentions that Tikau always prioritizes the artisans that need employment the most, particularly the untouchables and women. Tikau always bases the choices on the social reasons

as well as if there is a certain raw material in the village or traditional craftsmanship that are reasonable for use. These artisans also might not be the most talented ones but Tikau's mission is to equip them with skills and create the resources that they will need not only in current job, but also in the future ones. Tikau has been cooperating very closely with the artisans and it is acquainted with all the artisans and this differentiates Tikau from other companies with similar concept.

However, this year Tikau didn't recruit any new village or artisans from rural areas but instead started collaborating with this Finnish group called EyeIndia which is the first group with similar business concept working in a city of Jaipur. The group operates two orphanages and they employ all women artisans. These artisans make Tikau's bedcovers and with this business, the group financially helps the orphanages.

Regarding Fair Trade, Snellman emphasizes that even though Tikau doesn't obtain a Fair Trade certificate, its business ethics certainly match the principles of Fair Trade, if not much more. The reason is that Tikau doesn't own factories which are one of the requirements for being part of Fair Trade organization. That being said, Tikau will continue to practice Fair Trade principles in its own way with its strong ethics and morals.

6 Discussions and recommendations

6.1 Environment

Based on the theories that the thesis has been presented and the interview of Tikau owner-Taina Snellman. Tikau business model proves to be mostly green in terms of material selection and production energy efficiency. Not only the company artisans utilize eco-materials to produce the products, almost all pieces of materials are used without waste. However, because of the fact that Tikau is a small company, it can't afford its own waste management system and control all practices of artisans directly. This unarguably makes Tikau's production less environmentally friendly. Further more, the fact that the company is using merino - an unethical material in its production somehow mildly discredits its CSR practices. Given the fact that Tikau is lacking resources to build its own production waste management system, it is recommended that the company will issue guidelines to all artisans on how to handle waste and possibly minimize the impact of its production on the surrounding environment. Also, Tikau should actively look for the most sustainable alternative to merino as soon as possible. By doing so, the company will improve its sustainability in environmental aspect.

6.2 Economic prospective

In support of theories, companies that practice corporate social responsibility seem to gain an economic advantage over customers' willingness to pay more, it is clearly the case with Tikau. Once the customers are aware that Tikau products are made from eco-fibers and hand-made, they are willing to purchase the products regarding its premium pricing. However, the challenge for the company is that it has to educate customers more about the origin and the benefits of the products, even though the customers are already aware that green products are generally beneficial to social causes. Besides, the fact that shouldn't be ignored is Tikau financial performance is volatile. It could be explained by the small size of the company, vulnerability to economic changes and its lack of marketing strategy. It is worth noticing that the company though sets to be non-profit organization, has still managed to profit in 2013. To be a sustainable business, Tikau needs to stay in the business with a more stable sales performance. Therefore, the business model can be improved to be more profitable and sustainable by planning new marketing strategy and making business operation more effective and efficient.

In near future, Tikau should focus more on expanding the customer base by improving online marketing practice. At present, it has a strong loyal customer base and it should aim to make it bigger. Marketing practices can be on social media, green product fairs and give clear messages that Tikau is committed to do good to the environment and buying from Tikau is to preserve the environment and protect customers' health.

6.3 Social responsibility

An important mission of Tikau is to create jobs for unemployed artisans, especially women across Indian rural areas. Throughout years of operation, Tikau has employed many artisans and expects to create more jobs in the future. It can be said that although Tikau's contribution to creating jobs and reducing poverty is not compatible to big corporations, it stands out as a role model of CSR and encourages other micro or local businesses to hire rural workforce. It is suggestible that Tikau could open workshops and train unemployed women who are not artisans. Though it takes time and resources to train them, they will possibly be loyal employees and dedicate themselves to their job. Furthermore, this action could even contribute more to the poverty reduction and deepen the company root in CSR.

7 Conclusion

In summary, companies can no longer overlook the role of corporate social responsibility in current and future business environment. Consumers are more informed, conscious and powerful than ever, hence adapting CSR to business strategy is a crucial factor determining success of a business. This transition poses many challenges since companies have to be envi-

ronmentally and socially responsible, yet sustain their business and benefit their stakeholders. It seems difficult as a mission, but there are many companies across the globe, by implementing their CSR strategy, gaining customers' loyalty and differentiating themselves from the competitors. This thesis, in addition, has highlighted Tikau as one of businesses practicing CSR in its own core operation. The interview conducted with its owner Taina Snellman has revealed significant findings about how Tikau as a company has embraced CSR in its own core operation. It is reasonable to conclude that Tikau is not completely a sustainable CSR business model due to the lack of waste management in production, the use of an unethical material. However, it can not be denied that Tikau is a relatively well-functioning CSR business model. Tikau's practices are not only environmentally responsible by selecting green and recycled materials for its product, but also it puts the efforts to reducing poverty in many Indian rural areas by employing the unemployed. Though Tikau financial performance is not consistently profitable due to multiple factors, its business model can be improved by making solid marketing strategy and strengthening the brand. Theories and interview findings all together is proving a point that with improved strategy planning, it is possible and sustainable for businesses to fulfil their core mission which is to make profits while benefiting the environment and society.

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Appendices

Appendix 1

Interviewing questions

1. How do you choose the materials you use in your products?
2. So you also use certain materials that the artisans have been using from generations to generations?
3. What benefits do the customers get from buying Tikau's products?
4. When you started out Tikau was this type of business model that Tikau uses existing al-ready?
5. And what were your thoughts back then in regards on will this type of business model succeed?
6. When you started with Tikau and having the manufacturing all based in India what sort of benefits, disadvantages and difficulties you faced?
7. What differences Tikau has from the other companies with similar concept?
8. How do you choose the artisans and villages you work with?
9. Does Tikau practice Fair trade?
10. How is the production of handicrafts in those villages monitored and by whom? Is there any standard for the quality of the products and waste management?
11. How well is Tikau doing as a business? If possible, can you provide stats on the growth and profits the past few years?
12. How do you compare the pricing of Tikau's products than other similar businesses that sell mass-produced goods? What reasons justify for that pricing and how do customers react to the price? How willing are they to pay higher price for Tikau products once they know the stories behind?
13. What does CSR mean in Finnish and Indian context?
14. To what extent is Tikau socially responsible and how important CSR is to Tikau as a Finnish company?
15. How successful is Tikau taking CSR into the business practice both in Finland and India. How experienced is Tikau in this field and what are the challenges if there is any?
16. What are the strengths and weaknesses of Tikau in context of CSR?
17. How friendly are Tikau products considering health and environmental issues?
18. How does CSR for Tikau differ from CSR for multinational corporations?
19. What has Tikau done for the community and society? Does Tikau collaborate with other community organizations? If yes, how are you collaborating and what are those organizations?

Appendix 2

Interview transcription:

1. How do you choose the materials you use in your products?

Well we prefer that they be locally made. Having them from close by is preferred. For example, the organic cotton that we use is a local material from local and small producer without any middle hand factories/logistics. We want to work with sustainability and common sense. And also when we're talking about sustainability we also want to choose ecological materials and one of the important things is that we also choose materials that are durable and in good quality. If the products don't last long in use, then the products is not made with sustainable development. So the product needs to have a life cycle. And then with some materials for example with the artisans that do the woolen scarves are used to working with particular material.

2. So you also use certain materials that the artisans have been using from generations to generations?

Exactly. It has a lot to do with their craftsmanship. But also sometimes we might have changes with the materials we use. For example, the material merino that is unethical is used in our woolen scarf so that the wool doesn't shrink is not local and it is extremely important to know whether it is from Australia or New-Zeeland. In Australia they use certain operations on the sheep's that is painful but in New-Zeeland the operation is illegal. It is imported. Merino is also the only material that is not a locally produced material that we use in our products.

3. What benefits do the customers get from buying Tikau's products?

Well first of all for example our towels are made of organic cotton and dyed with vegetable dye, which makes them non-toxic. Especially since these days there is a lot of researches about how much toxic are in clothes, which were just bought, and not washed before using will cause cancers to the skin. So our products being toxic free is one thing and also preserving this earth to the next generations would be nice. So there is that aspect too. And I think it's better for the consumer who is buying towels for themselves or their baby that there is no toxic in them. In the other hand with the rugs being non-toxic and made of 100% wool is beneficial since the grease in the wool is preserved. This is thanks to the wool not being processed too much and in re-turn the grease will keep the rug long lasting and easy to wash and take care of.

4. When you started out Tikau was this type of business model that Tikau uses existing already?

Yes, it was.

5. And what were your thoughts back then in regards on will this type of business model succeed?

Well, I'm still not sure about it now because this is very hard. And also with this type of business model we also have to teach the consumers about it. For example, about the towels again, since they are made of organic cotton there is the traces of cotton shells which looks like little dots on the surface. And some customer might think it's dirty compared to the squeaky white factory made towels that they've been used to before. Same thing with the rugs since they not white colored either but instead off-white because they are natural and not dyed and therefore people might think they are dirty. So there has to be a bit of training the consumer. Also not all consumers know the environmental factors and environmental point of views that some products have because it is very detailed. So in Tikau our role is also to kind of train the consumer on these aspects and the consumer might see the product in different light.

6. When you started with Tikau and having the manufacturing all based in India what sort of benefits, disadvantages and difficulties you faced?

We have faced all kinds of things. First of all, corruption is a big problem for ethical operations. And also finding good and loyal intermediaries that won't take from the middle from behind your back is faced with corruption.

Second of all understanding the mentality and the challenges of the Indian caste system has been hard. Also the weather circumstances have been very challenging because if there is a long rain season it can delay the production. And if we have promised for example Artek that we will deliver their order in certain time and rain season happens to start and the products will be late they might not understand it.

And also artisan training and achieving the perfect quality of sustainability takes a lot of time. These are the challenges we face especially in these rural areas. Therefore, we need to finalize or wash the products in Delhi because we can't finish the products in the villages.

7. What differences Tikau has from the other companies with similar concept?

Well first of all there are not many companies with same concept as Tikau. One of the biggest differences is also that we use the same artisans all the time. We've worked with these artisans from the start and we still do. Unlike with for example the company AfroArt in Sweden buys a lot of their products that are hand made from all over the world and that's the difference.

Another thing is that we try to employ the artisans that need the work the most. These artisans also might not be the most talented ones but our goal is to train them and create the resources that they need in the future to work for someone else too. We're in very close cooperation with the artisans and we know all of our artisans and this is the biggest difference Tikau has with the other companies with similar concept. And I don't know many companies that work the same way as we do.

8. How do you choose the artisans and villages you work with?

We mainly start by choosing the artisans that need employment the most or the ones that are the poorest. We also choose the Untouchables and also many women. We always base the choices on the social reasons as well as if there is a certain raw material in the village or traditional craftsmanship that we can start from.

However, this year we did a exception and haven't employed a new village or artisans from rural area but instead started collaborating with this Finnish group called EyeIndia. It's a first group working in a city of Jaipur. The group operates two orphanages and they employ all women artisans. These artisans make our bedcovers and with this work the group finances the orphanages.

9. Does Tikau practice Fair trade?

Yes, but we do much more. However, Tikau does not have the Fair Trade certificate because to earn Fair Trade you need to manufacture the products in factories, which Tikau doesn't do.

10. How is the production of handicrafts in those villages monitored and by whom? Is there any standard for the quality of the products and waste management?

We have either local or within the group a coordinator. The local coordinator checks the quality and coordinates the orders. And sometimes I'm directly in contact with the artisans by WhatsApp, but for example with some family artisans direct contacting is hard. And the family artisans who do the woolen scarves we do the quality check of those products once they ar-

rive to the city from the villag-es, because the artisans can't check the quality themselves. We've tried to train them on the quality checking for several years now but it's not working.

And the other thing is that we don't really have a waste management. This is a problem with the water waste if we are dyeing or printing something with chemical dyes. Since there is no local sew-age treatment we try to have minimal amount of chemical use. And we cannot build Tikau's own wastewater treatment plant; it's just not possible. Tikau artisans don't do the printing and dye works, outsiders, kind of subcontractor usually does it and since there is no local waste management it brings a lot of challenges. Compered to if we were a big company like Nokia back in the days then it would have been easier but because we are not it's hard especially with the many villages we work with. So the water waste is our biggest challenge and pretty much the only waste since we use every single material, even the smallest patch of fabric. Generally, in India recycling is a big thing. Every-thing is used, even piece of plastic. This is because there is a lot of poverty and it is usually the poor little boys who collect the plastic bottles, not from us in the villages but mainly in the big cities like Delhi. It's usually the Untouchables that collect the plastics and at the end of the day they get mini-mal pay for it. But it is amazing how everything is used in there.

11. How well is Tikau doing as a business? If possible, can you provide stats on the growth and profits the past few years?

Yes, I can send you that later. Practically we are a non-profit company in a way. On 2013 we did profit, 2014 we didn't and that was mainly because I was on a maternity leave. We're also a small company and another thing that I've done is that when it's though within the company like this year has been I don't pay myself salary, which is a challenge since I can't keep doing this for long.

12. How do you compare the pricing of Tikau's products than other similar businesses that sell mass-produced goods? What reasons justify for that pricing and how do customers react to the price? How willing are they to pay higher price for Tikau products once they know the stories behind?

I especially know this well since I've worked with bigger companies. One thing is that the marginal is smaller. The reason for that is because producing our products is more expensive and the quantities are smaller, therefore we can't have same pricings like bigger companies do. This also requires a lot of work and I for example have to do three-person job because

financially we can't employ more people. In a sense this is a hard operation mode because I calculated that if we were four times bigger company then it would work efficiently and then we could have more employees. However, we can't do that because we don't have enough artisans and to have more artisans we need to train them and to train them we need to sell so that we can have money so this is very two-sided and it's hard. Most of our products are something we can't resale to retailers since the contribution margin is very small. For example we can't resale some of the banana fiber baskets because of their small contribution margin, we hardly profit anything from them.

There is not big difference in knowing the story behind the products. It is usually the way the products look and the materials that make the customers buy in the first place because we do have quite exclusive materials. Usually the customers do compare the prices of Tikau products to others and the way they are made is not always enough reasoning for the high prices in customer's eyes. Then comes along the value of brand that usually is enough to make the customer to buy.

13. What does CSR mean in Finnish and Indian context?

The word CSR is used the wrong way these days. First of all it is so trendy these days, which I dislike, and second of all everyone should be socially responsible with their company. If someone keeps hyping the fact that they are socially responsible, then so what? Aren't you supposed to be like that automatically?

In my theory I divide companies in two. There are responsible companies and then there are active companies like Tikau, which is established to solve society problems. We don't just work with the normal already established business models but instead we do things the hard way by for example employing The Untouchables. So that is the biggest difference. In Finnish law this social responsible business model does not exist yet while in England it does.

In the other hand in India the CSR is very challenging, for example the law does not require doing so much. Which means in India's standard you can easily have the CSR model your company but in Finland it would not be enough. Another difference is the morality and discrimination against the people. They have completely different perceptions about those things.

I think those are the biggest differences between the two countries. If you are a Finnish company then you have to obey the Finnish environment law in India, but what I come to social responsibility laws then, you kind of ha-

ve to modify them according to the country, because every country is different.

14. To what extent is Tikau socially responsible and how important CSR is to Tikau as a Finnish company?

I wouldn't say we are company with CSR, but instead we are active company. This company is sort of established to do things the hard way. We don't responsibly produce these products to sell them but instead we produce these products to help the people. So there is much deeper approach.

Of course the Mini At Tikau products are responsibly produced, but I don't know much about them. Is the company established the same way as Tikau? I doubt it, so maybe they wanted to produce children's clothing's ethically.

However Tikau is based on helping, which is different starting point and things are done with different ethics and morals. And also next spring we will start documenting our operation mode in every village in India. So I wouldn't say we are responsible company but instead we are a social company or even more.

15. How successful is Tikau taking CSR into the business practice both in Finland and India. How experienced is Tikau in this field and what are the challenges if there is any?

Well our challenges with the CSR in Finland is that as a company you generate profit the right way and everyone gets paid, but I haven't had a salary for a while which tells that this business model is still not working well. Because we are small company we need to scale up but unfortunately India's side hasn't been ready for that.

Another thing is our margin with this business model is so much smaller. For example, normal retailers' margins are 2.5 to 3, but small amount of our products have those margins. And that's one of the reason we can't resell some of our products to retailers and that causes the factories of doing so much work with small staff. This one of the challenges and hardship we face and one of the reasons why the CSR practice does not work well for our business model

16. What are the strengths and weaknesses of Tikau in context of CSR?

Well exactly what I mentioned above. And our business model scale is very slow and to get it bigger is also slow process.

17. How friendly are Tikau products considering health and environmental issues?

Well most of our products are very “sin-free”, for example the woolen rugs, organic cotton products most of the linen products. But then again some products are not as environmental/health friendly. The black woolen shawls are dyed with chemical dye because you can’t get the color black from the environment and to employ as much people to dye the products we must have different colored shawls so in this case you estimate which products are most environmentally friendly to less.

18. How does CSR for Tikau differ from CSR for multinational corporations?

As I mentioned we are not multinational corporations and we don’t need to have CSR model or ‘clean’ our reputation so that we have a customer who approves of our business model. But instead Tikau is established to solve different society problems like helping The Untouchables rise above the poverty and employ artisans in rural villages. So this business model is not really business based, but instead it’s “helping model” through business.

And right now in foreign policies there is a lot of talks of having companies that are “Business with Impact” but Tikau is more like “Impact with Business”.

19. What has Tikau done for the community and society? Does Tikau collaborate with other community organizations? If yes, how are you collaborating and what are those organizations?

In every region there is a local organization or a NGO that we collaborate with. In Orissa we collaborate with Aya organization. Kashmir is the only place we don’t have a local organization to work with. But in other places there is organizations/NGO’s that we collaborate with. The idea of working with the organizations/NGO’s is for cultural and functional interpretation. And with some villages the organizations coordinate our work there, because we can’t be everywhere. There is a lot of information about this in Tikau Share website.