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Fulfilling emerging Corporate Social Responsibility expectations by the MNC's disclosure practices

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ABSTRACT:
This thesis explored the current reporting practices of Nordic multinational corporations (MNCs). Using sustainability reports from the 2020, eight different Nordic multinationals were analysed by using the Gioia method. The eight corporations were all top performers on the Forbes 100 list of the world's most sustainable companies of 2020. The thesis aims to reveal to what extent these reports reflect the development and the expectations of the Corporate Social Responsibility (CSR) concept.

Multinational corporations reporting practices have evolved substantially during recent decades. This has been a result of multiple factors, such as legal requirements, stakeholder expectations and risk management. Most importantly, sustainability reporting provides a tool for corporations to communicate with their stakeholders. Instead of disclosing information in newsletters, blog posts or other frequent communication channels, corporations are able to align sustainability as part of their annual reporting or publish separate reports dedicated only for sustainability matters. Recent academic interest has been focusing on examining what kind of external factors, such as country-of-origin effect, influence multinational corporations' disclosure. However, little is known about how much disclosure practices reflect the expectations on CSR that have evolved around the years. These questions should be explored by learning from the MNCs that are currently performing exceptionally well in CSR practices, such as Nordic MNCs.

Therefore, this thesis intends to fill this gap by conducting comprehensive case study research focusing on how the expectations on CSR practices are visible in disclosure practices of eight different Nordic multinationals. In order to create a theoretical framework of the CSR concept and to answer the research question, this thesis provides an overall view on the development of modern CSR literature and recent disclosure practices. This enabled the researcher to adopt an abductive approach to the research, where theory and empirical observations are confronted in a constant manner during the research process.

This thesis provides evidence that the current reporting practices of Nordic multinational corporations is not following same pattern with each of the eight company. Each studied case provides different view on sustainability reporting, but certain similarities between countries can be detected. What is expected of the companies in terms of CSR is disclosed and several themes, such as stakeholder engagement and long-term value creation is handled in each of the reports. Multinationals are acknowledging their role in societies, but they are also rising pressure towards policymakers and legislative systems to support building sustainable future. Thus, they also want to influence themselves on the expectations that they face by changing their markets.

KEYWORDS: Corporate Social Responsibility, Sustainability reporting, Stakeholders

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TIIVISTELMÄ:
Tässä pro gradu -tutkielmassa tutkittiin pohjoismaisten monikansallisten yritysten tämänhetkisiä vastuullisuusraportointikäytäntöjä. Vuoden 2020 vastuullisuusraporttien avulla analysoitiin kahdeksan eri pohjoismaista monikansallista yritystä käyttäen Gioia-menetelmää. Kaikki kahdeksan yritystä olivat huippusuoriutujia Forbesin sadan vastuullissiman yrityksen listalla vuonna 2020. Tutkielman tavoitteena on paljastaa, missä määrin nämä raportit heijastavat yritysvastuu konseptin kehitystä ja siihen liittyviä odotuksia.

Monikansallisten yritysten raportointikäytännöt ovat kehittyneet huomattavasti viime vuosikymmeninä. Tämä on seurausta useista tekijöistä, kuten lakisääteisistä vaatimuksista, sidosryhmien odotuksista ja riskienhallinnasta. Kestävän kehityksen raportointi on tarjonnut yrityksille täysin uuden työkalun, jonka avulla kommunikoida sidosryhmien kanssa. Sen sijaan, että yritykset julkaisivat tietoja satunnaisesti erinäisissä viestintäkanavissa, yritykset voivat linjata kestävän kehityksen osana vuosiraportointiaan tai julkaista erillisiä vastuullisuusraportteja. Akateeminen kiinnostus aiheen ympärillä on keskittynyt tutkimaan, millaiset ulkoiset tekijät, kuten monikansallisen yrityksen kotimaa, vaikuttavat vastuullisuusraportointiin. Vähän tietoa on julkaistu siitä, kuinka paljon eri raportointikäytännöt heijastavat vuosien varrella kehittyneitä odotuksia, joita yritysvastuuseen kohdistuu. Tähän kysymykseen vastauksia tulisi etsiä useilta kansainvälisiltä yrityksiltä, jotka tällä hetkellä menestyvät erityisen hyvin yritysvastuun saralla.

Sen takia tämän pro gradu -tutkielman tarkoitus on täyttää tämä tutkimusaukko keskittymällä selvittämään miten yhteiskuntavastuun käytäntöjä koskevat odotukset näkyvät kahdeksan eri pohjoismaisen monikansallisen yrityksen vastuullisuusraportoinnissa. Yritysvastuun teoreettisen viitekehyksen luomiseksi ja tutkimuskysymykseen vastaamiseksi tämä tutkielma tarjoaa kokonaiskuvan nykyaikaisesta yritysvastuukirjallisuudesta ja viimeaikaisista raportointikäytännöistä. Tämä mahdollisti abduktiivisen lähestymistavan tutkimukseen, jossa teoria ja empiiriset havainnot kohtaavat jatkuvasti tutkimusprosessin edetessä.

Tämä tutkielma osoittaa, että pohjoismaisten monikansallisten yritysten nykyiset raportointikäytännöt eivät noudata samaa kaavaa kaikissa kahdeksassa analysoidussa yrityksessä. Jokainen yritys antaa erilaisen lähestymistavan raportointiin, mutta tiettyjä yhtäläisyyksiä maiden välillä voidaan havaita. Kustakin raportista selviää, mitä yritykseltä odotetaan yritysvastuulta ja kuinka he vastaavat näihin odotuksiin. Jokaisessa raportissa käsitellään useita teemoja, kuten sidosryhmien sitouttamista sekä pitkän aikavälin arvonluontia. Monikansalliset yritykset tunnistavat roolinsa yhteiskunnassa, mutta ne myös lisäävät painetta poliittisille päättäjille ja lainsäädäntöön, jotta ne tukisivat kestävän tulevaisuuden rakentamista. Näin ollen, yritykset pyrkivät myös vaikuttamaan heihin kohdistuviin odotuksiin muuttamalla markkinoitaan.

AVAINSANAT: Corporate Social Responsibility, Sustainability reporting, Stakeholders

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1 Introduction

Corporate Social Responsibility (CSR) has gained a stable position in the global business world since 1960s when social consciousness started to rise (Carroll, 2015, p. 87). During the past decades several misconducts by multinational organisations has raised a global concern how CSR is truly managed in large corporations and can organisations' reporting be trusted. These type of cases have resulted in business leaders reconsider the connection there is between business and society and hence focus more on strategic approach to CSR (Husted & Allen, 2006, p. 839). Currently, it is expected that organisations take into account their role in the society as part of the decision-making and thus try to act according to those expectations placed by stakeholders. Socially responsible organisations are driving to integrate concerns of stakeholders in their policies, decisions, and daily operations (Carroll, 2015, p. 87).

Therefore, multinational organisations have started to pay more attention to the role of their social responsibility related reporting practices, which are the main communication channel that organisations have to their stakeholders (van der Laan Smith, Adhikari, & Tondkar, 2005). These type of non-financial disclosure differ from health and safety reports to CSR reports, and from sustainability reports to global citizenship reports (Fortanier, Kolk, & Pinkse, 2011, p. 666). Even though a great progress in this field has been made, there are concerns whether the reported practices reflect the actual performance. The reliability of reporting has been questioned due to the multitude of dimensions of CSR and the related measurement difficulties that it has (Fortanier et al. 2011, p. 666). Thus, different non-profit organisations have globally implemented several reporting standards, which ought to help multinational organisations to report their activities, but also to help them in implementing and shaping their CSR strategies.

1.1 Research problem

There is not much research conducted in the area of CSR disclosure (Michelon, Pilonato, & Ricceri, 2013, p. 59). The themes in already existing research on CSR disclosure has widely been focusing on the county-of-origin effects, different industries, stakeholder perspective and how reporting practices are affecting on firm value (Bawai & Kusumadewi, 2021; Fortanier et al. 2011; Islam & Deegan, 2010; van der Laan Smith et al. 2005). Especially the reporting practices of Nordic multinational organisations are not investigated individually in academic literature. Therefore, this thesis aims to fulfil the gap by researching the reporting practices of Nordic multinational organisations. As the focus in the already existing literature has been on the external factors that have shaped the reporting, this thesis wants to look closer the content of these reports. In order to create comprehensive framework, which sets the boundaries for the research, the focus is on how the evolvement of different CSR related theories are visible in today's Nordic multinationals' sustainability reporting. Therefore, the research question of this thesis is formulated as follows:

To what extent disclosure practices reflect the expectations on CSR that have evolved around the years?

Two main objectives of this thesis are to examine what kind of reporting format Nordic multinationals are using and which of the main CSR theories from the academic literature are most visible in the analysed reports.

1.2 Sturcture of the thesis

The thesis has been structured to answer the research question in a concise manner. There are six main chapters, which are supported with different sub-headings. The first chapter introduces the reader to the topic and explains the research question and the objectives of the thesis. In the second main chapter, there is a comprehensive literature

review of CSR, which ends to a discussion on how CSR is managed in multinational organisations. Then, the third main chapter introduces the current CSR reporting practices, which multinational organisations are currently applying. It ends with an evaluation of how guidelines and approaches are able to answer the requirements placed on MNCs disclosure. Methodology of the conducted research is presented in chapter four. Analysis part of the research is discussed in the chapter five, which has been further divided into subheadings dedicated to certain observed disclosure from the reports. In the last chapter, conclusions are presented in addition with limitations of the study and recommendations for further research.

2 Corporate Social Responsibility in Multinational Corporations

This section describes the evolution of the Corporate Social Responsibility (CSR) concept and sheds light on how the themes around CSR have influenced firms and the work of scholars researching CSR during different times. The section is concluded with the review on how multinational corporations are affected by CSR and what operations they may adopt when implementing CSR in their international operations.

2.1 Emergence of CSR concept

Over 60 years now organisations have understood that they have a responsibility towards the society that they work within (Carroll 1991, p. 39). Maximising owners' wealth has become less sufficient, and every aspect of the business has to consider societal, environmental, and governmental views. However, it was not until 1950 when few organisations started to consider what the actual responsibilities mentioned in the literature could be in practice (Agudelo, Johannsdottir, & Davidsdottir, 2019, p. 3). In academic literature the work of Bowen (1953) was notable, as he emphasised the power that the large organisations possess and how they can have an impact on society. Thus, Bowen (1953) concludes that organisations should change their decision-making in order to answer the requirements of the society and considerations of their impact. According to Carroll (2008) Bowen's work marks the change to moderns CSR literature. Significant was the change in thinking, that large corporations do have an impact on citizens lives and that these corporations can actually make a difference. During that time the concept of corporate social responsibility was not yet established. Academics used the term social responsibility and Bowen (1953) was the first who defined the term. Bowen's thoughts on managing social responsibility became standard practices and are still used worldwide (Carroll, 2008, p. 26).

In 1960's scholars considered social responsibility as a tool to solve business related problems and as a trend in the modern society (Agudelo et al. 2019). One of the key scholars in this era was Keith Davis, who stated that social responsibility in organisations means the shift in decision making where decisions are made on other non-business-related views (Carroll, 2008). Davis (1960, p. 70) refers to businessmen's obligation to take care of the community through economic development, which are for example full employment, inflation, and maintenance of competition. On the other hand, Davis (1960, p. 70) recognises the other side of organisations' social responsibility, which is business-man's obligation to human values. These values, such as morale, motivation and cooperation cannot be measured in any economic scale. Economic development and human values in decision making are not excluding each other when organisation is making an economic decision. Davis (1960) emphasised the meaning of considering the outcome of the decision on a societal level. Hence, the bigger societal power organisation possesses, the bigger their responsibility is to take action (Agudelo et al. 2019; Davis, 1960). This view of social responsibility is in managerial context, which highlights that during 1960s the managers were seen as the only stakeholder who had influence on matters (Carroll, 2008). However, in this era of social responsibility there was more conversation of the topic than business activities (Carroll, 2008, p. 28).

2.2 Combining CSR with financial performance

In 1970s the conversation around social responsibility expanded gradually. For the first time scholars acknowledged that social responsibility for businessmen should be included in the actual policies in a visible manner (Carroll, 2008, p. 28). One of the contributions to societal expectations in 1970s came from the Committee for Economic Development (CED), which studied how much it is acceptable for organisations to take action on social problems (Agudelo et al. 2019, p. 5). In the publication, researchers state that majority of the public are not satisfied with the level of engagement that organisation has on social issues (CED, 1971, p. 15). The CED formulated three circles in relation to social responsibility: the inner circle, the intermediate circle, and the outer circle (CED,

1971, p.15). The inner circle refers to the basic economic functions, such as employment and economic growth. The intermediate circle concerns economic functions with sensitive awareness to the changing social environment. The outer circle includes all new responsibilities, which are not previously considered to be organisations' concerns. For example, poverty is an example of outer circle social responsibility (CED, 1971). The late 1960s and early 1970s was a time when different social movements were booming (Carroll, 2008). Thus, influential was that CED was written by businesspeople and scholars, who had a first-hand perspective of the changing relationship between organisations and society (Carroll, 2008, p. 29). Social responsibility had been acknowledged by businessmen, not only in the academic literature.

There were also different views on social responsibility during the 1970s. Milton Friedman, Nobel-award winning economist wrote an article to New York Times about how the social responsibility of a business is to increase its profits. According to Friedman (1970) corporation is an artificial person and thus could possess artificial responsibilities, but the actual business cannot have responsibilities. Hence, Friedman (1970) states that the corporate executives are the ones who have responsibilities, and these responsibilities are to conduct business according to the wishes of the owners of the organisation. In most cases this is to increase stockowners wealth. Friedman (1970) concluded that the doctrine of social responsibility means accepting that the political mechanisms are a better solution in allocating scarce resources to alternative uses compared to market mechanisms.

In 1979 Archie B. Carroll created a new definition of social responsibility, which included four different categories of a business performance. This definition made a concept of corporate social performance, formed by economic, legal, ethical, and discretionary responsibilities. According to Carroll (1979, p. 500) the categories are not excluding each other, but to portray their fundamental importance, starting from the economic responsibilities. It can be seen that even though social responsibility has been highlighted in the literature, Carroll (1979) is not excluding the economic performance but puts that in the

bottom as a foundation to succeed in other philanthropic aspirations. When Friedman (1970) stated that the economic succession is the one and only goal, Carroll (1979) concluded that it is possible to succeed in other areas as well, when the foundation of the business is running accordingly.

As described, the 1970s were a time of change in the field of social responsibility. Eilbirt and Parket (1973) made a research about how social responsibility had transferred from discussion to hard investments in corporate finance. They investigated ninety-six of the Forbes list of the USA's biggest corporations. Results of the research showed that the presidents in these organisations considered minority hiring, ecology and minority training to be their most important and most practised social responsibility activities (Eilbirt & Parket, 1973, p.10). Less practised activities were consumer-oriented label changes, guarantees and warranties, and understandable accounting statements (Eilbirt & Parket, 1973, p.10). When it comes to considering the thoughts of the shareholders, Eilbirt & Parket (1973) found that shareholders in general are positively related to organisations' responsibility programs. Even the fact that organisations started to provide responsibility related reporting and hiring corporate responsibility officers showed the shift in the field. However, a surprising finding was that those activities related directly to the corporation's customers received least appraisal (Eilbirt & Parket, 1073, p. 9). The authors found that interesting as it might be the result of avoiding admitting that their product or service is not up to customers' expectations.

2.3 Evolution of different CSR related theories

1980's was the time of new concepts and themes. Corporate social responsiveness, public policy, business ethics and stakeholder theory are just a few examples of the rising topics (Carroll, 2008, p. 34). In 1985 Wartick & Cochran continued the work of Carroll in defining corporate social performance further. The idea is based on replacing corporate social performance concept with principles, processes, and policies. They thought that corporate social responsibilities; economic, legal, ethical, discretionary should be the

guiding principles of the business (Wartick & Cochran, 1985, p. 767). Corporate social responsiveness on the other hand ought to be treated as processes, which refers to the capacity to respond to the changes in societal environment (Wartick & Cochran, 1985). Social issues management are the policies, that the organisation is determining to itself (Wartick & Cochran, 1985, p. 767). Principles are seen as the philosophical drivers, processes as the institutional orientation and policies as organisational orientation.

During 1980's two other important social responsibility related themes were launched. Edward R. Freeman wrote in 1984 a book on stakeholder approach to strategic management. Stakeholder approach turned out to have an influential impact on the CSR literature, as it encouraged organisations to detect all organisation's stakeholders and evaluate how much their business decisions are impacting their stakeholders. Thus, in stakeholder theory decision are made based on their impact, not only by their economic value. Another new concept born was business ethics, which occurred due to large number of ethical scandals worldwide (Carroll, 2008, p. 36). Public interest shifted towards managerial misconduct and corporates' behaviour, which was new concerning that previously it was not seen important to focus on what the higher management within large corporation are doing (Carroll, 2008; Agudelo, et al. 2019). The Chernobyl nuclear disaster and controversial business practices of large MNCs in South Africa are just a few examples of events that changed the discussion around corporate social responsibility. These events were not directly related to CSR itself or influenced the evolution of the concept but most importantly they occurred the conversation which eventually raised awareness of environmental protection and sustainable development all around the world (Agudelo, et al. 2019, p. 7).

The 1990's were a time of several international agreements and CSR gained a new type of recognition worldwide. European Environment Agency was founded in 1990, the United Nation's summit of environment and development was held in Rio de Janeiro and United Nations framework convention on climate change (UNFCC) was adapted (Agudelo et al. 2019). All of these showed that CSR started to be international theme

which required common universal standards which organisations can adapt to their strategy. According to Carroll (2008) several new themes and concepts evolved around CSR, but corporate social performance, stakeholder theory, business ethics and corporate citizenship continued to take a permanent stand on the business world. However, the themes often competed with each other, and one can find similarities between the definitions (Carroll, 2008). CSR started to expand globally due to globalisation of multinational corporations. Internationalisation was easier than ever before. MNC were growing rapidly, and CSR was exported to other nations with the company (Carroll, 2015, p. 88). However, managers faced new challenges related to CSR. When companies expanded abroad, they faced same societal issues as in the host country, but in many cases, they were more difficult to tackle due to the absence of legal systems (Carroll, 2015; Agudelo, et al. 2019). Global competitiveness became crucial with rising reputational risk as the internet and e-commerce emerged during the same time (Carroll, 2015). Organisations had to balance between host and home country's expectations and demands, while cheap labour and outsourcing lured the organisations to go the easier way. Multinational organisations started to look at social responsibility as a safe way to balance challenges and opportunities that occurred from their expanding activities abroad (Agudelo, et al. 2019, p. 8). This resulted in institutionalisation of CSR. In 1992 a non-profit organisation called Business for Social Responsibility (BSR) was founded with the aspiration to represent the initiatives and professionals of multinational organisations (Carroll, 2015; Agudelo, et al. 2019). Businesses wanted to have common and formalised CSR practices that were more integrated to the everyday business (Carroll, 2015, p. 89).

When looking at the theories being made in the 1990's there are a few which are still used today in the academic literature and thus are worth mentioning. Archie B. Carroll created in 1991 the pyramid of social responsibility, which was constructed due to the need of taking into account the investors' side on social responsibility. With the pyramid, conscientious corporate executives are able to embrace all the business responsibilities that the business may have (Carroll, 1991, p. 40). At the bottom of the pyramid there are economic responsibilities, which is the foundation of the business. Then, there are legal

responsibilities which ensure that the organisation is acting according to the legislation. Thirdly, there are ethical responsibilities which according to Carroll (1991) means the obligation of doing what is right and avoiding harm. At the top pf the pyramid there are philanthropic responsibilities which refers to being a good corporate citizen. Another important theory from the 1990's is the triple bottom line created by John Elkington in 1994. Triple bottom line takes into account organisations social, environmental, and economic impact, which can be done well through long-term partnerships with stakeholders as well as private and public sector (Elkington, 1994).

2.4 From strategic choices to creation of shared value

By the 2000's corporate social responsibility had acquired global attention. As mentioned previously, globalisation had challenged MNCs to take action on societal matters in host countries, but in many cases, there were no sufficient legal or regulatory systems which would enable them to act to the benefit of the society. This problem was noted globally and in 2000 United Nations launched the United Nations Global Compact (UNGC) which was formed to fill the gaps in governance of the time in terms of human rights, social and environmental issues and establishing universal values (Agudelo, et al. 2019, p. 9). UNGC included ten principles which guide corporate behaviour. These principles were designed to create corporate culture of integrity and members of the corporation were expected to incorporate the principles into their strategies and policies (Agudelo, et al. 2019, p. 9). In addition to the institutional approach on CSR, many scholars started to look at corporate social responsibility as a strategic opportunity, which differed from the previous definitions of the concept.

In 2001 Geoffrey P. Lantos wrote an article about strategic CSR, in which the concept was defined as a way of gaining more financial return. In other words, CSR can only be strategic when it is linked to the business strategy as a way of generating profits (Lantos, 2001, p. 10). This was the first time when strategic perspective was added to the CSR concept. However, Lantos (2001) concluded that strategic CSR is challenging because of

the evaluation of different stakeholder groups. Decision-making requires ethically and strategically difficult decisions, when organisations need to decide which stakeholder groups they are prioritising over the others. Thus, the previously mentioned stakeholder theory was linked to the strategic CSR more comprehensively (Agudelo, et al. 2019, p. 11). Scholars started to look at stakeholders more widely and new stakeholder groups were recognised.

Strategic CSR was defined further by Porter and Kramer (2006), who emphasised that competition affects every business and the competition itself is influenced by the surrounding social conditions. Thus, the better the competitive context is when the society is healthy (Porter & Kramer, 2006, p. 84). Organisations should first consider so called inside-out linkages, which are the activities of organisation's value chain which create either positive or negative social impact (Porter & Kramer, 2006, p. 83-84). Then, organisation should look at outside-in linkages which are the social conditions that influence the organisation. Both inside-out and outside-in linkages should be evaluated, and organisation need to decide, which of them it considers most important. Porter and Kramer (2006) emphasised the meaning of competitive context. Healthy competitive environment benefits the company itself as well as the society around it (Porter & Kramer, 2006, p. 84).

Another important concept that emerged during 2010's is creation of shared value. Companies started to face criticism of their actions, mostly due to their tendency to focus on short term value creation (Porter & Kramer, 2011). Porter and Kramer (2011) were scholars who developed the concept further by addressing that shared value is not social responsibility, rather a new way of achieving economic success without ignoring the external environment. According to Porter & Kramer (2011) there are three ways which help the organisations to recognise shared value opportunities. First, reconceiving products and markets, second, redefining productivity in the value chain and thirdly enabling local cluster development (Porter & Kramer, 2011). For Porter & Kramer (2011) the purpose of a company should be changed to creating shared value. By identifying societal needs

organisations are able to define markets and predict social harms which can create internal costs for the company (Porter & Kramer, 2011). When comparing the concept of shared value to the strategic CSR, one can detect that there is not much difference between the definitions. Strategic CSR is according to Porter & Kramer (2006) ensuring the functionality of the competition, when creation of shared value is reconnecting company success with social progress (Porter & Kramer, 2011).

One of the most important events of the 2010's was the Paris Agreement on 12th of December in 2015. Paris Agreement was the first time when a legally binding agreement was made in order to achieve a climate neutral world by mid-century (UNFCC, 2021). Another important event in 2015 was the 2030 Agenda for Sustainable Development (United Nations, 2021a). The agenda launched the 17 Sustainable Development Goals (SDGs) and 169 targets, which are today widely used in the business world (United Nations, 2021b). According to Agudelo et al. (2019) SDGs are not straight made for the private sector. The countries that adapt the SDGs, ought to create such regulations, which causes pressures for firms to implement new business practices (Agudelo, et al. 2019).

2.5 Importance of adopting CSR in global business

The evolution of CSR started from the realisation of how much power large multinational organisations have on people's lives (Bowen, 1953). This thought has continuously influenced the development of different sustainability related topics and even evolved into to the creation of different standards for organisations to use in their daily business. When in 1970 Milton Friedman criticized organisations from focusing too much on societal responsibilities rather than economical ones, he was bringing up a real concern, which turned out to lay out a different foundation for the CSR discussion. Today, CSR is seen as an asset and an obligation, which increases profits rather than causes economic distress. According to Friedman (1970) stockowners wealth was the priority. When looking at that statement currently, one can see that even more investments is happening to sustainably managed organisations and not the opposite. Carroll (1979) saw this

direction and was the first one to combine economic aspirations and philanthropic responsibilities together as complementing factors. Even these scholars have written their work decades ago, their realisations are still the foundation of CSR in multinational organisations. Realising the impact that MNCs have, understanding the importance of stakeholders and combining economic success to sustainable development have grown significance in the management of large corporations. In Table 1 below, the theory development of CSR is described based on the leading scholars' work during each decade.

The focus on multinational organisations ethics started in 1980s and influenced MNCs willingness to adopt in CSR. Scandals around MNCs influenced other global businesses to look at their business practices again and change to more transparent way of management. Mostly issues were detected in MNCs subsidiaries in third world countries. Global high-risk industries are most likely to cause societal harm and thus they have been the first ones adapting into CSR management (White, Nielsen & Valentini, 2017, p. 384). Multinational organisations are still benefitting from the cheap labour and low costs of manufacturing aborad in countries with bad institutional framework. Industries, for example the garment industry, production has been outsouroced to low-labor cost regions, which leads a suspection of suppliers violating human rights (Ma, Lee & Goerlitz, 2015). However, the exteranal pressure has grown so significantly that it can not be ignored. This has lead to expanding the CSR management to supply chains, especially when operating globally (Ma et al. 2017). Thus, the discussion has shifted to wether MNCs should create their own CSR strategy for their subsidiaries or to find a global common way to manage the organisation.

In the international business research organisational misconduct has not been widely researched despite of corruption (Cuervo-Cazurra, Dieleman, Hirsch, Rodrigues, & Zygllidopoulos, 2021). The topic itself is challenging to measure and conducting an empirical study might be difficult due to the sensitivity of the topic (Cuervo-Cazurra et al. 2021, p. 19). However, according to Cuervo-Cazurra et al. (2021) frameworks, such as UNs Sustainable Development Goals gives an opportunity for multinationals to systematically

manage risks. There is still a constant need for developing the systems and international business has an identifiable research gap of how SDGs are violated and what strategies are showing to be most effective ones to achieve sustainable growth (Cuervo-Cazurra et al. 2021, p. 18).

Table 1. Theory development

Year	Author	Occuring themes and theory development
1953	Bowen	Organisations should change their decision-making and consider their impact on society. Term "social responsibility" defined for the first time.
1960	Davis	Taking care of the community through economic development. Managerial context, where managers are seen as the only stakeholder group who has influence.
1970	Friedman	Corporate executives have responsibility to act according to the wishes of the owners of the organisation.
1979	Carroll	The concept of corporate social performance was born, where economic performance forms the foundation to philanthropic aspirations.
1984	Freeman	Stakeholder theory, where decisions are made based on their impact, not only by their economic value.
1992	BSR	Global competitiveness rises and CSR is seen as tool to mitigate risks. Institutionalisation of CSR starts, with a goals to have common and fromalised CSR practices.
2001	Lantos	CSR is linked to the startegy making process for the first time.
2005	Arthaud-Day	Local and global CSR approaches evolve.
2011	Porter & Kramer	The purpose of a organisation is to create shared value.

2.6 Implementation of CSR practices in Multinational Companies

Internationalisation and strategy implementation has been widely researched topic in the academic literature for many years. However, the changes in the business environment have forced organisations to adapt and include other non-business-related aspects to the strategy making process. Due to the rapid globalisation, organisations have been able to expand to new areas with less effort than ever before. Organisational forms have changed and there are increasing number of businesses which from the beginning aim to global markets. Multinational companies are benefitting from unique opportunities across national borders but are not safe from challenges which may occur when operating in areas with different structures and relational networks (Bondy & Starkey, 2014).

There is identifiable research gap about the management of corporate social responsibility in multinational corporations (Arthaud-Day; 2005; Husted & Allen, 2006; Hah & Freeman; 2012; Filatotchev & Stahl, 2015). The challenge of implementing the CSR strategy effectively can happen due to the different understanding of CSR in the global and local context (Hah & Freeman, 2012). Thus, MNC's often fail to answer the demands of the host countries (Husted & Allen, 2006, p. 838). This has emphasised the importance of treating CSR as a strategic opportunity and not as an external institutional pressure.

Due to the increasement of international business activities, MNC's are facing challenges, which are much more demanding than those in domestic environment (Filatotchev & Stahl, 2015). MNC's need to figure out the right balance between local and global requirements. Having global consistency in CSR strategy might not be the best option if the company's subsidiaries are operating in an environment where there are differences with culture, ethics, and religion. In addition, MNC's are obliged to take into account host country's regulatory institutional pressures which determine a great deal of the decision-making (Jamali, Makarem & Willi, 2020). Intra-organisational aspects are also influencing the CSR strategy. Internal adaptation and organisational complexity ought to be seen as legitimate considerations given the complex organisational structure of MNCs (Jamali, et

al., 2020). There are two approaches how MNCs attempt to solve these dilemmas and they are introduced more in depth in the two following sub-sections.

2.6.1 Local CSR approach

Local CSR, or in some context referred as multinational CSR approach reflects a situation where organisation is highly responsive to local conditions and takes into account the needs and demands of the stakeholders in the host country (Filatotchev & Ståhl, 2015, p. 123). Every country has different cultural backgrounds which must be accommodated in the strategy making process at least on some level (Arthaud-Day, 2005). According to Bondy & Starkey (2012, p. 6) the literature of local CSR emphasises the uniqueness of operating conditions in each market. Local CSR is not only about benefitting from adaptation, but also aspiring to behave in socially desirable manner determined by the local society (Arthaud-Day, 2005, p. 9). Literature defending the approach states that it is difficult or even impossible to create and implement universal standards which would be accepted all around the world (Arthaud-Day, 2005; Bondy & Starkey; 2012; Filatotchev & Stahl, 2015; Jamali et al. 2020). Thus, creating policies for each country where the organisation operates is necessary in order to identify CSR issues in the local context (Bondy & Starkey, 2012, p. 6). Even though organisations would practice locally adaptive CSR strategy, it does not exclude the issues which are transcend across country borders (Arthaud-Day; 2005, p. 9; Husted & Allen, 2006, p. 840; Hah & Freeman, 2014, p.129). Difference is that organisation is creating a unique approach to the issue discussed. For example, instead of creating one comprehensive policy of workplace discrimination, locally adaptive CSR strategy would include an in-depth analysis of the discrimination in every country where there are operations (Arthaud-Day, 2005, p. 9).

Therefore, local CSR approach relies on the stakeholder theory. Identifying the most influential stakeholders in the given location enables organisations to direct their operations towards them. However, the approach makes it very hard to create universal standards or to unanimously define what is ethically right (Filatotchev & Stahl, 2015, p. 123).

In many locations there are weak institutions, which challenges the organisations CSR policies. As mentioned previously, CSR had been understood as a solution to tackle problems which the legal system is not supporting (Carroll, 2015; Agudelo, et al. 2019) but at the same time the local approach on CSR can result in promoting unethical practices (Filatotchev & Stahl, 2015). In some cases, the absence of legal framework might result in organisations trying to cut costs and choosing unethical business practices. The rapid growth of MNCs has also created a pressure to homogenise its practices cross-borders (Hah & Freeman, 2014, p. 129). When the pressure comes too high, organisations tend to focus on institutionalising its CSR strategy. The institutional approach refers to consistency within the organisation and its subsidiaries (Hah & Freeman, 2014, p. 129). Another reason why institutional approach attracts the MNCs is that they often replicate competitors' strategies, which in the academic literature is referred as mimetic isomorphism (Husted & Allen, 2006, p. 847; Hah & Freeman, 2014, p. 129). Mimetic isomorphism uses the same strategies as domestic successful firms, in order to tackle the liability of foreignness (Hah & Freeman, 2014, p. 129). One could argue that mimetic isomorphism is benefitting from the localisation, if the organisation is adapting already existing practices which are proven to have legitimacy.

2.6.2 Global CSR approach

Organisations adapting global CSR are using universal code of conduct and using the same strategy in every cultural context (Husted & Allen, 2006; Hah & Freeman, 2014; Filatotchev & Stahl, 2015). It refers to standardisation instead of preferring local stakeholders' requirements. The global CSR approach believes that there are universally agreed values and principles, which are adaptable to every society around the world (Arthaud-Day, 2005; Filatotchev & Stahl, 2015). According to Filatotchev & Stahl (2015, p. 122) these universal values are referred in the academic literature as "hypernorms". Examples of these type of values can be found for example from the UN Global Compact. The main benefit from the global CSR approach is the consistency that it brings to the MNCs management. There are certain rules of behaviour that are applicable everywhere

in the organisation and thus it creates trust in the management and control systems (Filatotchev & Stahl, 2015, p. 122). Employees can rely on the same treatment regardless of the location where they are working.

As in any theoretical framework, there are also disadvantages in global CSR approach. First of all, global CSR is insensitive to local needs and stakeholders (Jamali et al. 2020, p. 311). Global CSR is not straight ignoring the local community norms, but issues begin to rise if the community norms are in contradiction with the hypernorms (Husted & Allen, 2006, p. 840). This acknowledgement states that the global CSR can have different set of principles than the local community would prefer, but in order to succeed they have to be approved by every party at least on some level. Another weakness of the global CSR approach is that it might lack ownership and legitimacy at the host country (Hah & Freeman, 2014; Jamali et al. 2020). Standardisation of CSR activities can also be seen as a way of lowering costs because the CSR activities can be copied to all locations without separate development and research program (Barin Cruz & Boehe, 2010). This can cause reputational risk for the organisation. In addition, Barin Cruz & Boehe (2010) remind that the standardisation is not necessarily a bad thing as it provides sufficient opportunity for the organisation to transfer knowledge between the subsidiaries in various locations.

2.6.3 Defining and communicating the CSR approach

Organisations can consider in the strategy making process whether they want to practice CSR based on their home country's context or to modify their CSR practices to the host country requirements. This raises the question should the organisation be locally adaptive or globally integrated. Main distinguishing factor are the obligations that the organisation sets its CSR strategy (Husted & Allen, 2006). Local CSR benefits from basing the strategy on local community's standards, when global CSR relies on universal norms, which can be detected in every society (Husted & Allen, 2006, p. 840; Jamali et al. 2020). Most importantly, organisations need to clearly define which approach they are using and communicate their actions clearly to the stakeholders. MNCs face different

requirements regarding the CSR, which are influenced by the environment where the organisation operates. Defining and identifying the requirements is crucial as it sets the direction of the CSR strategy. It is expected that the MNC is addressing the requirements (Lagasio & Cucari, 2018). Disclosure is one of the ways to address and communicate about MNC's meeting these CSR requirements. Disclosing information is one of the most used ways of MNC's to report their actions (Fifka, 2013). Industries that are closer to the field of CSR are also the ones more vulnerable to negative attention and thus have a greater pressure to communicate their CSR practices to stakeholders (White, Nielsen & Valentini, 2017, p. 384).

Even though disclosing CSR information is voluntary, it is seen to have more positive impact as more accountabilities creates advantages for firms (Lagasio & Cucari, 2018). However, there are regulations such as EU Directive 2014/95 on disclosure of nonfinancial information. Companies affected by this are required to report in their annual management reports risks and outcomes regarding sustainability matters. The next section will examine more thoroughly the disclosure practices today.

3 Disclosure of CSR information in Multinational Companies

> *"The prominence of new agreements, such as the UN Global Compact, is evidence of the perceived need to provide an institutional structure for treating global CSR issues. These agreements share the view that the MNE is uniquely situated to help solve these problems, often in collaboration with governments and non-governmental organizations." (Husted & Allen, 2006, p. 840)*

Information disclosure by organisations has gained a lot of attention during the last decades (Gallego-Álvarez & Quina-Custodio, 2016; Lagasio & Cucari, 2018). In addition to mandatory financial disclosures, organisations have started to publish voluntary disclosure, which are mainly related to the economic, social, and environmental aspects of the organisation (Gallego-Álvarez & Quina-Custodio, 2016, p. 218). This is result from the increasement of stakeholders' requirements towards organisation.

Traditional financial statements report information about the financial situation of the organisation, while non-financial information regards governance and the social impacts that the organisation has towards stakeholders (Rupley, Brown & Marshall, 2017). Doing good is expected, and the organisations are using voluntary disclosure as a tool to report their initiatives and thus gain legitimacy and transparency amongst stakeholders. The challenge in researching voluntary disclosure is that there are different ways in which the organisations communicate information to their stakeholders (Fortanier, Kolk & Pinkse, 2011, Gallego-Álvarez & Quina-Custodio, 2016; Lagasio & Cucari, 2018). There are differences in length, scope, and depth of accountability (Fortanier et al., 2011, p. 666). The voluntary reports can be safety reports, CSR reports, global citizenship, or sustainability reports with different definitions of the concepts and performance indicators (Fortanier et al. 2011, p. 666).

Ashforth and Gibbs (1990) write about organisational legitimacy as the double-edged "sword". Most of the social disclosure accounting research has based their understanding of legitimacy under Ashforth & Gibbs's (1990) definition (Michelon, Pilonato & Ricceri, 2015, p. 60). According to Ashforth & Gibbs (1990) social values and expectations are

always contradictory and evolving. This can be seen in inconsistencies between actions and expectations (Ashforth & Gibbs, 1990). The bigger the organisation is, the more frequently conflicting expectations and perceptions occur (Ashforth & Gibbs, 1990). Managers practice legitimacy through substantive and symbolic practices, which are more used during phases when the organisations reputation might not be at its best (Ashforth & Gibbs, 1990, p. 191). Thus, the result can be the opposite of expected when the actions are too obvious (Ashford & Gibbs, 1990; Michelon et al. 2015). The phenomena that Ashorth & Gibbs (1990) recognises can be detected in voluntary disclosure. It is important to indicate, are the CSR practices indicating commitment to CSR instead of constructing only an image of commitment, which is designed to influence stakeholders' perceptions (Michelon et al. 2015, p. 60).

The CSR activities has grown to variety of lines of inquiry, such as strategic choices, supply chain management, changes in the organisational approaches and investigating networks and relationships between businesses (Michelon et al. 2015). Before the 1990s, these type of practices in multinational companies did not attract global attention amongst stakeholders (Islam & Deegan, 2010). Since the mid-1990s many multinational companies faced the criticism due to their use of child labour, bad working conditions, and workplace accidents (Kolk, 2005; Islam & Deegan, 2010, p. 131).

Larger corporations tended to have outsourced their manufacturing in developing countries, because of the decrease in costs that it enables. Thus, the association of multinational companies with bad workplaces in developing countries has created an interest towards their supply chains (Islam & Deegan, 2010). It creates a question of is CSR only limited to direct employees or should it extend beyond (Islam & Deegan, 2010). According to Islam & Deegan (2010, p. 141) multinational companies are publishing more voluntary CSR disclosure of their practices in developing countries when they are facing global pressures. These companies facing greater exposure are expected to provide more extensive off-setting or positive environmental disclosures (Cho & Patten, 2007). In addition, this type of behaviour is also detected with firms with poor environmental

performance (Cho & Patten, 2007, p. 639). Scholars refer to this phenomena as the legitimacy theory (Ashorth & Gibbs, 1990; Cho & Patten, 2007, p. 640). In the next section different CSR reporting practices, which are most commonly used in multinational corporations are described. The GRI guidelines are discovered more thoroughly as using them requires a comprehensive stakeholder analysis.

3.1 Stand-alone and integrated reporting

Stand-alone reporting refers to voluntary CSR reports, which are separate from the annual report (Michelon et al. 2015). Stand-alone reports were initially born because of the global pressures (Rupley et al. 2017). It has become an increasing trend that the world's largest organisations are disclosing these type of sustainability reports, where they publish social, environmental, and economical information (Rupley et al. 2017; Michelon et al. 2015). According to the KPMG Survey of Sustainability Reporting (2020), 80% of the evaluated 5200 companies in 52 countries reported on sustainability. In 1993 when the survey was first published, the number was only 12% (KPMG, 2020). That describes well how the meaning of CSR activities has grown during the last decades.

While stand-alone reporting was the first way of publishing information on CSR, shortly the companies started to benefit from integrated reports (Rupley et al. 2017, p. 172). Integrated reports are different from stand-alone reports as in addition to the CSR reporting, they include the financial and governance related information as well. Organisations have started to benefit from adding sustainability aspect as part of the annual reports (KPMG, 2020; Fortanier et al. 2011). For example, the increase of integrated reporting in Finland is the result of the EU's Non-Financial Reporting Directive, which has gained a lot of attention in the largest companies (KPMG, 2020).

The International Integrated Reporting Council (IIRC) has created a global conceptual framework for an integrated report (Mervelskemper & Streit, 2017). The framework's idea is to bring information qualitatively to investors while enhance the transparency of

the economic impacts of CSR activities (Mervelskemper & Streit, 2017, p. 536). According to Rupley et al. (2017, p. 174) integrated reporting combines the future outlook of the organisation and strategic analysis, when stand-alone reporting is isolated from the business side.

Cho & Patten (2007) conclude that financial report disclosure can be seen as a legitimizing tool. Companies searching to gain more legitimacy, have an incentive to benefit from communication strategies, such as financial report disclosures, in order to influence societal perceptions (Cho & Patten, 2007, p. 641). However, these type of actions does not necessarily mean that all information in financial report disclosures is shared to increase legitimacy (Cho & Patten, 2007, p. 641). According to Cho & Patten (2007) it is more important to first distinguish what type of information is legally obligated for disclosure and what are not. Another aspect is determining whether the non-litigation related information is defined as monetary or non-monetary component (Cho & Patten, 2007, p. 641). This realisation becomes from the perception that quantitative disclosure is more objective and informative to stakeholders than qualitative. Thus, it is reasonable to evaluate whether integrated reporting is worth it in enhancing the market valuation of a company's CSR performance (Mervelskemper & Streit, 2017).

Most conducted studies have focused on integrated reporting, but some of the studies have included stand-alone reports in the analysis (Fortanier et al. 2017, p. 667). According to Fortanier et al. (2017) research has shown that non-financial disclosure in international context differs between countries. A strong country-of-origin effect has been identified for example in the work of Kolk (2005). According to the research, US and European companies tend to take broader perspective on international sustainability discussion, while Japanese disclosures follow voluntary guidelines issued by the Japanese government (Kolk, 2005, p. 158-159). In addition, European approach on disclosure differed from the US and Japan by the usage of external verification (Kolk, 2005). It was more common in European companies that the CSR disclosure were checked by third parties and thus increased the reliability of the report (Kolk, 2005, p. 159). In the US companies

are obliged to report quantitative information, such as emissions, compared to Japan and Europe, where were less legally binding requirements (Kolk, 2005, p. 160). Hence, US was a forerunner in voluntary and litigation disclosure compared to other nations.

The country-of-origin effect for CSR reporting is important to acknowledge as it comes from the institutional pressures from the government, industry associations and other pressure groups in MNC's home country (Fortanier et al. 2017, p. 668). As a continuum, institutional differences influence then the relationship between a company and its stakeholders (Fortanier et al. 2017). The relationship is determined by the institutional context, like corporate governance systems and ownership structure (van der Laan Smith, Adhikari, & Tondkar, 2005). Research of companies in Norway/Denmark and the US based on the stakeholder theory revealed that CSR disclosure differs significantly because of the different valuation of stakeholders (van der Laan Smith et al. 2005). Thus, institutional context determines the relationship between a firm and its stakeholders, which influences the extent of the CSR disclosure. Both integrated and stand-alone reports are usually benefitting from different sustainability frameworks, such as United Nation's Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI). All of these guidelines give organisations a solid standardised foundation, which ease the evaluation process for external stakeholders. Organisations' selection of goals tells stakeholders great deal of information concerning organisation's values and how the organisation valuates different stakeholder groups (Friske, Nikolov & Hoang, 2020 p. 145). It also reveals information of are the selected goals chosen only based on legal obligations or to reduce CSR costs or to improve efficiency of CSR activities (Dhaliwal, Li, Tsang & Yang, 2011; Friske et al. 2020).

3.2 GRI guidelines

It is hard for external stakeholders to evaluate the actual sustainability performance of a company (Hahn & Lülfs, 2014). Thus, to decrease the gap between a company and its stakeholders, organisations are expected to share more of their sustainable actions to

the public (Hahn & Lülfs, 2014). Global reporting initiative standards (GRI) are the most used reporting standard worldwide (KPMG, 2020). The GRI creates a global common way of disclosing CSR activities in order to create more sustainable future (GRI, 2021a). The GRI organisation was founded in 1997 as a result of the Exxon Valdez oil spill accident and the first GRI guidelines were published in 2000. The initiative was founded by non-profit organisations CERES and the Tellus Institute, with the involvement of the UN Environment programme (GRI, 2021a).

The GRI guideline is a multi-stakeholder initiative, which underlines the goal of encouraging dialogue between corporations and stakeholders (Vigneau, Humphreys & Moon, 2015, p. 472). Hence, there is a strong link to the stakeholder theory, which was established over 10 years prior. During these years, GRI guidelines have been developed constantly and new field of businesses have been included to the standards (GRI, 2021a). Guidelines include specific definitions and indicators of the targets and an emphasis on verification (Rupley et al. 2017).

The GRI standards consist of three subcategories, which all together form the framework, see Figure 1. The first subcategory, GRI universal standards apply to all organisations and are formed by GRI 1, GRI 2 and GRI 3. GRI 1 is the foundation, which lists the requirements and critical concepts of the standards and explains how to use them (GRI, 2021b). GRI 2 are the general disclosures, such as disclosures regarding organisational structure and policies. The aim is to provide an overview of the organisations profile and scale (GRI, 2021b). GRI 3 refers to material topics, by explaining which steps should be taken in order to determine the most relevant topics to its impacts (GRI, 2021b). The second subcategory is the GRI sector standards. Sector standards are intended to increase the reliability of the disclosure by giving an already existing framework for different industries. There are 40 sectors in total starting with the ones with the most impact like oil and gas industry (GRI, 2021b). Organisation which is operating in an industry where there is an already existing applicable sector standard is obliged to use it when reporting with the GRI standards (GRI, 2021b). The third subcategory is the GRI topic standards, which

organisation selects based on to the material topics it has determined previously (GRI, 2021b). Topic standards shows examples of disclosures of certain topics, such as waste and safety.

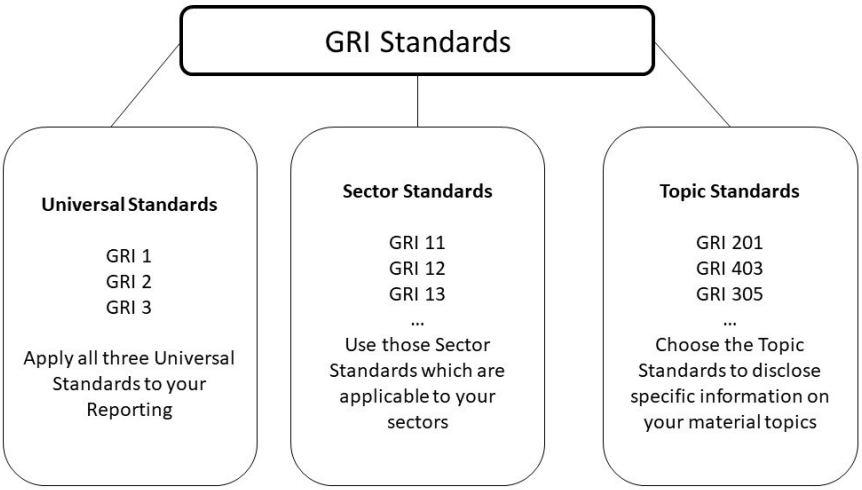

Figure 1. GRI Standards (Adapted from GRI, 2021b)

In the early 2000s activism of institutional investors began to focus on shareholder resolutions, and the investors emphasised that corporations should report according to the GRI guidelines (Rupley et al. 2017). This was an important shift in the field as large multinationals started to use the GRI guidelines in their sustainability reporting. As organisations have started to shift their focus on sustainability, the public service organisations and institutions are under increasing pressure to take the sustainability aspect more involved in their operations (Dumay, Guthrie & Farneti, 2010, p. 532). Private sector organisations are seen to be active participants in the constant development of sustainability (Dumay et al. 2010). There is a concern that if the public and third sector are not involved in the process, the future generations will not have the sustainable lifestyle which these initiatives are aiming for (Dumay et al. 2010).

Regardless of the industry, GRI guidelines are designed to answer the question of sustainable the organisation is. However, some authors have identified that there are gaps, which are not addressed in the guidelines (Isaksson & Steimle, 2009). According to Isaksson & Steimle's (2009) research on global cement companies' CSR disclosure, customer needs are ignored in the reports. Many of the global targets, such as reducing carbon emissions, are acknowledged but not translated to company targets (Isaksson & Steimle, 2009, p. 179). Thus, the GRI guidelines were seen as separate function with no contact to the actual business side. In order to fix this inconsistency, GRI has designed The GRI Sector Program, which are taking into account the different needs of 40 sectors in different industries. The sectors are selected based on their level of impact and they describe the sustainability context for a sector and list disclosures that are most useful for the sector to take into account (GRI, 2021). Another critique that the GRI standards have faced is that the organisations should define their own sustainability narratives, rather than trying to adjust to common guidelines which may not have any relevance to people working in the organisation and others (Dumay et al. 2010, p. 542).

Multinational corporations (MNCs) have taken a more comprehensive role in global governance. MNCs are influenced by and influencing the new global rules, which can be referred to as soft regulation infrastructure (Vigneau, Humphreys & Moon, 2015, p. 471). When the new style of governance has increased the level of accountability, has it also influenced the perception of legitimacy and effectiveness amongst stakeholders (Vigneau et al. 2015). Commitment to societal problems in MNCs has faced criticism on being less effective than government regulation, especially in developed countries (Vigneau et al. 2015, p. 471). This can be linked to the findings of Ashforth & Gibbs (1990), who state that it is important to define whether organisations CSR practices are truly committed instead of creating a false image of the reality. Vigneau et al. (2015, p. 471) criticism on MNCs CSR practices being less effective than governmental regulation is justified when taking into account that the CSR can be in some organisations only used as a tool to influence stakeholders' perceptions (Michelon et al. 2015, p.60). The GRI framework is based on active stakeholder participation, which raises the question are there

actual value or is it just mandatory for all MNCs in order to gain legitimacy. The GRI is also seen as a tool for MNCs only, and its multi-stakeholder approach is not divided even between NGOs, labour organisations and small and medium enterprises (Brown, de Jong & Levy, 2009, p.575).

Sustainability report based on the GRI reporting framework discloses the results of a certain period in the context of commitments, strategy, and managerial approach (GRI, 2011). The GRI standards are also designed for including both positive and negative contributions (GRI, 2011). According to Hahn & Lülfs (2014, p. 402) disclosing negative contributions is extremely relevant from a managerial perspective. Publishing negative aspects can challenge the corporate legitimacy if the consequences are not seen to be in line with the societal norms and beliefs of the stakeholders (Hahn & Lülfs, 2014, p. 402). In addition, information on sustainability is valuable for investors, as negative sustainability performance can lead to negative economic performance and hence increase risk (Hahn & Lülfs, 2014). If organisation chooses not to disclose the negative information, it might result in lack of transparency and accountability amongst stakeholders. Actively admitting the faults and sharing information can turn to a positive signal for the stakeholders, that the organisation is taking responsibility and trying to manage the future risks (Hahn & Lülfs, 2014, p. 402).

3.3 Evaluation of guidelines-approaches-ability to address CSR requirements for MNCs

Van Der Laan Smith et al. (2005) argue that country's stakeholder orientation is important determinant of the quality of the CSR disclosure. In addition, CSR disclosure is highly dependent on the laws and public awareness of other than stockowners interests in organisation's operating activities and disclosure policies (Dhaliwal, Li, Tsang & Yang, 2014, p. 329). In more stakeholder-oriented countries the responsiveness of management towards information demands is proven to be higher and the quality of the

disclosure is better (Dhaliwal et al. 2014, p. 331). Therefore, it is interesting to investigate whether multinational corporations in the Nordics are taking the stakeholder-oriented approach in their sustainability reporting and are the differences between the industries recognisable.

In addition, MNCs are exploiting different sustainability strategies and the frameworks described previously are visible in every report. It gives additional value to see, to what extent these frameworks reflect the organisation's values and historical development. Ability of the organisation to tackle their sustainability issues can be seen from their concrete actions which they disclose. Some of them are providing more concrete action plans and steps than the others. We can also investigate, are there differences between stand-alone reporting or integrated reporting. In the next chapter the research design and data analysis ways are introduced. They are also backed up with evidence why these certain ways were selected to be the most suitable for answering the previously mentioned research questions.

4 Methodology

In this chapter the research design of the thesis is introduced. It covers explanation of the chosen research method and the validation why this particular method was selected. In addition, the data collection and data analysis are explained. At the end of chapter validity and reliability of the study are evaluated.

4.1 Design of the research

Formulating and clarifying the research topic is the fundamental part of the research project, which enables the selection of the best possible research strategy and the ways of data collection and analysis (Saunders, Thornhill & Lewis, 2016, p. 27). The research of this thesis has been conducted as a qualitative research. Qualitative research is generally referred for any data analysis procedure, which benefits from using non-numerical data (Saunders et al. 2016, p. 165). According to Gioia, Corley & Hamilton (2012, p.16) underlying recognition in social and organisation research is that much of the world is essentially socially constructed. Thus, researching social construction processes focus more on means by which organisations members describe their experiences rather than focusing on numbers or frequencies of certain measurable factors (Gioia et al. 2012, p. 16). Constructivism assumes that people construct their social realities, and researcher's interpretations are socially constructed (Saunders et al. 2016, p. 625). This approach is suitable to explore the research question of this thesis as the goal is to produce a rich interpretation of the contextual meanings of the data (Eriksson & Kovalainen, 2015).

The aim of this thesis is to discover how the evolution of the CSR concept is visible in the current reporting practices of Nordic multinationals. Therefore, the research strategy is selected to be a multiple case study of MNC reporting practices. Case study research enables the usage of qualitative data from multiple sources (Eriksson & Kovalainen, 2015). In order to answer the research question of this thesis, extensive case study research is a suitable way to analyse the data, because when comparing a number of cases

one can achieve generalization (Eriksson & Kovalainen, 2015). The objective of case studies in business research is to test or extend prior theory and it focuses on mapping common patterns and mechanisms (Eriksson & Kovalainen, 2015). Therefore, as this thesis wants to explore how current reporting practices reflect CSR academic developments, the case study strategy gives the best foundation to compare multiple sustainability reports. The ability to challenge existing theories and offer rival explanations has increased the value of case studies in international business research (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011, p. 752).

The approach of the research in this thesis is abductive. An abductive approach in qualitative research means that the researcher is going "back and forth" between empirical observations and theory (Dubois & Gadde, 2002, p. 555). When constantly changing from one research activity to another and combining the empirical observations and theory, the researcher is capable of understanding and expanding the knowledge of both theory and empirical phenomena (Dubois & Gadde, 2002, p. 555). Abductive approach starts with a preliminary analytical framework, which consists of so-called preconceptions. These preconceptions are developed according to the findings of the empirical fieldwork, as well as through analysis and interpretation (Dubois & Gadde, 2002). The empirical observations can end in identification of underlying issues that are not addressed before. This might result in a further need to change theoretical models (Dubois & Gadde, 2002, p. 555). Most importantly, the abductive approach is confronting theory and the empirical world in a continuous manner during the research process.

For this purpose, eight sustainability reports from different Nordic multinationals were selected to be further analysed. Nordic countries – Finland, Sweden, Denmark, Norway, and Iceland – are also identified with other characteristic, which are believed to influence the high level of sustainability. The Nordics are ranked in the recent years as the happiest countries in the world, which is said to be originated from the institutional structure, high level of equality and trust in the government and legislation (von Bonsdorff, 2021). Another distinguishing factor is that Nordic countries are matching

market economy and economic efficiency with social welfare of the society and income distribution, which is not implemented as well in other parts of the world (von Bonsdorff, 2021). This has affected the common mindset, where common good is respected and valued, and individual needs seen as selfish approach (von Bonsdorff, 2021).

From the Nordic Europe all companies that were selected are top performers on the Forbes 100 list of most sustainable organisations (See Table 2). More specifically, the unit of observation is CSR disclosure reports of multinational corporations in the Nordic area. The unit of analysis is CSR reporting practices in multinational corporations in relation to theoretical approaches of the CSR literature.

Data constructs of the companies' sustainability reports from the year 2020. The top 3 of the list are companies from the Nordics, which clearly indicates that the Nordic companies are successfully exploiting their sustainability strategies. In the first place there is Ørsted A/S from Denmark, which develops renewable energy solutions. They have offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities and bioenergy plants (Ørsted, 2022). In the second place there is another Danish company, Chr. Hansen Holding A/S. Chr. Hansen Holding A/S is a bioscience company, which develops microbial science to improve food, health, and productivity (Chr. Hansen, 2022). The third place is taken by a Finnish company Neste Oyj. Neste is the world's largest producer of renewable diesel and sustainable aviation fuel. They are using waste and residues in their products and are also finding new solutions to polymers and chemicals industries as well (Neste, 2022). The next Nordic company can be found in the place 6. Novozymes A/S is another biotech company from Denmark, which produces enzymes, microorganisms, technical and digital solutions for customers (Novozymes A/S, 2022). In the 13th place there is Storebrand ASA from Norway. The Storebrand group offers pension, savings, insurance and general banking products to private persons, businesses, and public institutions (Storebrand, 2022). On the 18th and 24th place are two Finnish companies. 18th, Outotec Oyj offers technologies, services and end-to-end solutions for aggregates, minerals processing and metal refining (Metso

Outotec, 2022). 24th is UPM Kymmene Oyj, which provides renewable solutions in the forest industry. Lastly, in the 27th place there is H & M Hennes & Mauritz from Sweden. H & M Group operates in the fashion retail industry, owns several brands, and develops better digital solutions for retail (H&M Group, 2022). Hence, all other Nordic countries are represented in the data analysis except Iceland. In the Forbes 100 list, there are no organisations from Iceland.

All of the companies on the Forbes 100 list are evaluated and ranked based on their revenue and sustainability performance. The revenue needs to exceed 1 billion and their performance on key metrics of sustainability, including carbon footprint and gender diversity were evaluated (Todd, 2020). The process benefits only from publicly disclosed data, such as financial filings and sustainability reports (Global100, 2020). The methodology in the ranking process uses 21 key performance indicators, which are covering resource management, employee management, financial management, clean revenue, and supplier performance (Global100, 2020). The Forbes 100 ranking is conducted by Corporate Knights research organisation.

The amount of eight case studies is commonly used in academic research (Yin, 2014) and thus, eight best performing Nordic multinationals were selected for this thesis as well. It is a sufficient amount to convince the reader of a general phenomenon (Yin, 2014). Thus, in Table 2 only the top 30 of the 100 is portrayed, as all of the best eight Nordic performers are within the top 30.

Table 2. Top 30 Sustainable Companies of 2020. (Adapted from Todd, 2021)

Rank	Name	Country
1	**Ørsted A/S**	**Denmark**
2	**Chr. Hansen Holding A/S**	**Denmark**
3	**Neste Oyj**	**Finland**
4	Cisco Systems Inc	United States
5	Autodesk Inc	United States
6	**Novozymes A/S**	**Denmark**
7	ING Groep NV	Netherlands
8	Enel SpA	Italy
9	Banco do Brasil SA	Brazil
10	Algonquin Power & Utilities Corp	Canada
11	Osram Licht AG	Germany
12	Sekisui Chemical Co Ltd	Japan
13	**Storebrand ASA**	**Norway**
14	Umicore SA	Belgium
15	Hewlett Packard Enterprise Co	United States
16	American Water	United States
17	Iberdrola SA	Spain
18	**Outotec Oyj**	**Finland**
19	CEMIG	Brazil
20	Accenture PLC	Ireland
21	Dassault Systemes SE	France
22	McCormick & Company	United States
23	Kering SA	France
24	**UPM-Kymmene Oyj**	**Finland**
25	Taiwan Semiconductor Manufacturing Co Ltd	Taiwan
26	Prologis Inc	United States
27	**H&M Hennes & Mauritz AB**	**Sweden**
28	Sanofi SA	France
29	Schneider Electric SE	France
30	Natura Cosmeticos SA	Brazil

4.2 Data collection

The increasing digitalisation has enabled different types of data to be easily accessed from all around the world. This has enabled researchers to use wider ranges of data sources and combine different data in their research. Digitalisation and internet have brought the concept of secondary data to the research field. Secondary data refers to

data, which is initially collected for some other purpose than answering the specific research question (Saunders et al. 2016). In many cases, one may think that research requires the collection of new primary data, which is specifically collected for that one research purpose only (Saunders et al. 2016, p. 316). Today, qualitative research involving secondary sources is offering numerous opportunities and has hence become more popular (Symon & Cassell, 2012, p. 390). Organisations are publishing and storing large volumes of data, such as details of their policies, procedures, emails, reports, and minutes of meetings (Symon & Cassell, 2012; Saunders et al. 2016), which can be beneficial for research purposes as well. In business research secondary data is most commonly used in case studies (Saunders et al. 2016, p. 345), which is also the research strategy of this thesis.

In terms of the research question of this thesis, secondary data was selected to be the most suitable way of data collection due to the required reflection on discourses that MNC's foster. The secondary sources used for this thesis are sustainability reports from eight different Nordic multinational companies, which have been listed in the Forbes 100 most sustainable companies of 2020. When investigating sustainability reporting and disclosure practices, Nordic companies appeared to be forerunners in this field (Beal, Young, Pollmann-Larsen, Alagiah-Glomseth & Lundestad, 2019). They are also obliged to disclose due to European Union's directive. In addition, Nordic companies are disclosing by building their sustainability strategies according to some sustainability framework.

4.3 Data analysis

To remain aligned with the constructivist approach that the this is built on (Gioia et al. 2012) the analysis of qualitative data was conducted through discourse analysis (Saunders et al. 2016, p. 631). Discourse analysis is a study of how meanings are produced in the society by analysing language and language-use (Symon & Cassell, 2012, p. 473). According to Symon & Cassell (2012) discourse analysis should be treated as a combination of different methods, and thus it cannot be narrowed to one specific way of

conducting it. Therefore, discourse analysis is selected to be the most suitable one for this thesis, as it allows combining methods. Using multiple texts, such as organisational documents, is a common way of conducting discourse analysis (Saunders et al. 2016). These texts ought to be interrelated to understand the nature and development of a discourse (Saunders et al. 2016). That is why the sustainability reports of Nordic multinationals were selected due to their similar framework and cultural background.

Discourse analysis is executed through GIOIA method. GIOIA method constructs of several steps. Firstly, the sustainability reports of the eight companies are read and there is an attempt to distinguish categories based on the theoretical framework of this thesis. In the GIOIA method this is called 1st-order analysis, where informant terms, codes and categories emerge (Gioia et al. 2013). According to Gioia et al. (2013) it is common that there can be dozens of 1st-order categories to the extent where the researcher feels overwhelmed. At the second stage of the research, similarities and differences of the categories are investigated. This reduces the number of categories to a more reasonable extent, such as 25 to 30 different categories (Gioia et al. 2013, p. 20). When the number of categories is smaller, the categories should be given labels or phrasal descriptors. At this phase, the researcher must think at multiple levels simultaneously and find out what is going on theoretically (Gioia et al 2013, p. 20). This is called the 2nd-order analysis, where emerging themes are linked to explain the phenomena, we are investigating. The 2nd-order themes can be further analysed to aggregate dimensions.

When the 1st-order categories, 2nd-order themes, and aggregate dimensions are identified, the data structure can be built. According to Gioia et al. (2013) the data structure enables not only visual aid, but a graphic presentation of how the raw data is progressed in order to conduct the analysis and demonstrating rigor in qualitative research. After building data structure, research process continues to investigate the emergent data, themes, concepts, dimensions, and the relevant literature if there are precedents or can completely new concepts be found.

When using GIOIA method, data was analysed in abductive way. Discourse analysis requires an understanding of the historical context of the phenomenon under research (Saunders et al. 2016), which in this thesis has been acknowledged by conducting an extensive literature review. The nature of this discourse analysis is empirical, where broad themes and functions of languages are investigated (Hodges, Kuper, & Reeves, 2008). When basing the discourse analysis on already existing theoretical perspective, one can explore the nature of a discourse and affiliate the impact on social construction (Saunders et al. 2016, p. 605). But then the data went back and forth, which enabled the usage of systematic combining, where theoretical framework, empirical fieldwork and case analysis were evolving at the same time (Dubois & Gadde, 2002, p. 554).

Once GIOIA method produced structured analysis of the discourses in each MNC case, the results were analysed with cross-case comparison (Yin, 2009), which refers to the technique were each individual case study's data is compared to a uniform framework. Building of the GIOIA tables of each company enables the formulation of uniform frameworks, which help to display the data in a clear manner. According to Yin (2009) this type of cross-case synthesis relies strongly on argumentative interpretations rather than numeric observations. Having more than two cases can enhance the findings of the research to a new extent (Yin, 2009) and reveal underlying dimensions between the empirical world and the theory.

4.4 Validity and reliability of the study

Validity and reliability are elements which are commonly expected to be proven by the researcher in order for the research to be worthy of consideration (Symon & Cassell, 2012, p. 204). However, there are different opinions that qualitative research cannot be evaluated on the same basis as quantitative research due to differences in methodologies (Symon & Cassell, 2012; Saunders et al. 2016). According to Welch & Piekkari (2017, p. 714) the quality of qualitative research in international business is evaluated based on social artefacts, which are produced by the research community itself. Due to the

interpretive nature of the research method, it is expected that certain interpersonal and social dynamics are likely to emerge in qualitative approach (Symon & Cassell, 2012, p. 281). Good practice in academic research is applicable to all types of research, but in discursive research particular the focus should be on applicability of the study (Eriksson & Kovalainen, 2015, p. 245).

When conducting empirical social research, such as case studies there are tests which help to evaluate the validity and reliability of the study. Instead of focusing only on the two terms, Yin (2014) has divided the concepts into four test, which are especially designed to focus on testing the quality of a case study research. These four tests; construct validity, internal validity, external validity, and reliability are commonly used and visible in several textbooks (Yin, 2014).

Validity of a study in general terms means appropriateness of the measures used, accuracy of the analysis and the findings (Saunders et al. 2016, p. 202). The conclusions drawn in research should give an accurate description of the phenomena (Eriksson & Kovalainen, 2015, p. 305). That is why an extensive literature review was conducted and data was analysed according to the theoretical constructs identified in the existing literature. When using secondary sources in research, it is important to keep in mind that the data was not initially collected for the purpose of your research and thus treat it with caution (Saunders et al. 2016, p. 184). In this thesis, secondary data is used to identify discourses and not to measure phenomenon. That is why the use of secondary data is representative of what is studied, it is a direct measure of what was exactly studied.

Yin (2014) has further divided validity into three dimensions, which can be tested. First test is construct validity, where the correct operational measures are identified and studied (Yin, 2014). In this research the data has been collected and listed by other parties. The data was not originally made for this research purpose. However, the research question concerns discourses that are used for practicing CSR and therefore data used directly represents the constructs studied. Constructing validity can also be done by using

multiple sources of evidence or multiple cases, which back-ups the generalisability of the results. In abductive research multiple cases are favoured as it increases the validity of this thesis.

Validity can be seen as internal and external. Internal validity is ensured when doing pattern matching (Yin, 2014). This is also used in this thesis, when similarities and differences between empirical world and theory are addressed by matching observations from the data to the theoretical constructs reviewed and established from the literature via the GIOIA data analysis technique. External validity on the other hand uses replication logic in multiple-case studies (Yin, 2014). This refers to case studies, where the findings can be applicable to similar settings beyond the original case study (Yin, 2017, p. 286). In this particular case study research, the results can be analytically generalised because of the standardised setting in which the CSR disclosures are published in MNCs. All of the companies are relying on same frameworks and using same themes, which helps to generalise the findings to other circumstances as well. Moreover, eight cases were used and replicability across them was investigated.

Nevertheless, in order to enhance validity of this thesis, the triangulation process is used to refine and clarify the findings. According to Eriksson & Kovalainen (2015) it is beneficial to use multiple forms of triangulation. In this thesis, multiple theories were triangulated to ensure the accuracy of data interpretations. Triangulation is studied to be essential for international business research in terms of the rigor of a study's design and for the field as a whole (Nielsen, Welch, Chidlow, Miller, Aguzzoli, Gardner, Karafyllia & Pegoraro, 2020, p. 1495). Institutionalisation of triangulation in international business has the potential to enhance the scope of future inquiry (Nielsen et al. 2020).

In theory the reliability of a study means consistency. In other words, if the conducted research is reliable, another researcher ought to be able to conduct a similar research and end up with similar findings (Yin, 2014; Eriksson & Kovalainen, 2015). Due to the nature of qualitative research and its intention to reflect social interpretations, it is not

necessary for it to be fully replicated (Saunders et al. 2016). But demonstrating that the operations, such as the data collection procedures are replicable, enhances according to Yin (2014) the reliability of the study. In depth description of the research design and context helps in replicating similar studies (Saunders et al. 2016). In this thesis the GIOIA method has already been used in other studies and hence, it increases the reliability of this particular qualitative study.

5 Findings

In this chapter the findings of the research are presented, from general description of each reports' characteristics towards more detailed and specific findings. Firstly, every case, which is sustainability report is described in order to distinguish on which bases each report is built on. Then, the most important findings from the sustainability reports are presented individually under own subheading. All of the main findings are reflected to the development of CSR research and the expectations it holds in order to answer the research question of this thesis of how the CSR literature is visible in the current reporting practices of multinational organisations.

5.1 Characteristics of each sustainability report

Overall, eight different sustainability reports from different Nordic multinational organisations were analysed by using the GIOIA method. Each organisation had different approaches to their CSR disclosure, but they also shared many similarities, which are analysed after the presentations of each case.

5.1.1 Cases presented in accordance with their ranking in the Forbes 100 list

The top performer on the list, Danish company Ørsted favoured stand-alone reporting and used the UN's Sustainable Development Goals as a guiding framework in their disclosure. In the report they cover topics such as, what is their approach to sustainability, how they are addressing the challenges and what is their current progress on their sustainability programs. Ørsted has also used GRI standards when creating their different sustainability related policies, but they do not disclose a separate GRI Content Index. Their sustainability report is 45 pages in total. Figure 2 shows the main themes and theories which were occurring after executing the GIOIA method from Ørsted's sustainability report of 2020.

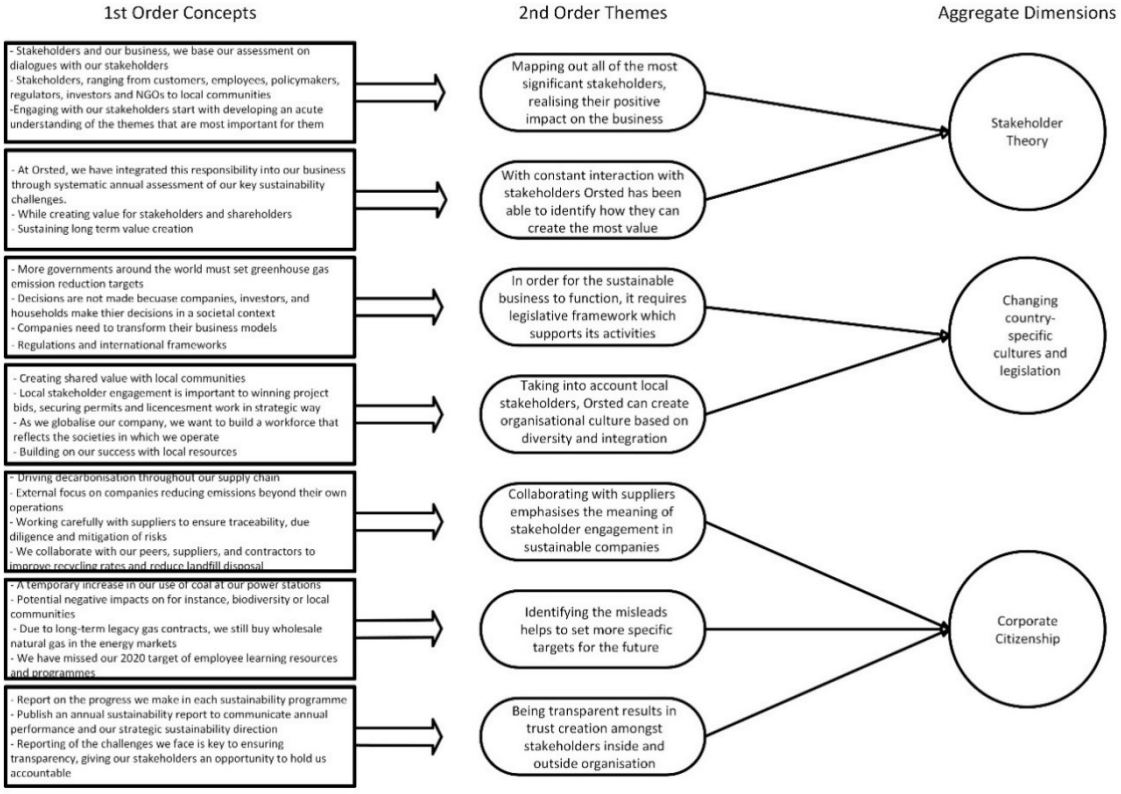

Figure 2. Gioia table of Ørsted

From Ørsted's report one can clearly detect how their strategy is built around stakeholders. They are emphasising how the long-term value creation is coming from collaboration, not only by their positively contributing business actions. Ørsted is also putting pressure towards legislative entities and they disclose that in order to succeed in creation of shared value, regulations need to support their goals. The company also wants to improve their transparency by reporting on their incidents during the year and openly state which areas they could improve.

The second analysed multinational on the list is another Danish company, Chr. Hansen Holding, which sustainability report is integrated as a part of their annual report. Figure 3 shows the main topics which occurred from Chr. Hansen Holding's annual report. Their integrated report is 144 pages long in total and includes reports on their business activities, financial performance, governance, and strategy work. Chr. Hansen Holding is also

using UN's Sustainable Development Goals as a guiding framework in their reporting practices but does not use the GRI framework. 2020 was the first year for Chr. Hansen Holding, when they started to support the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations in their own reporting practices.

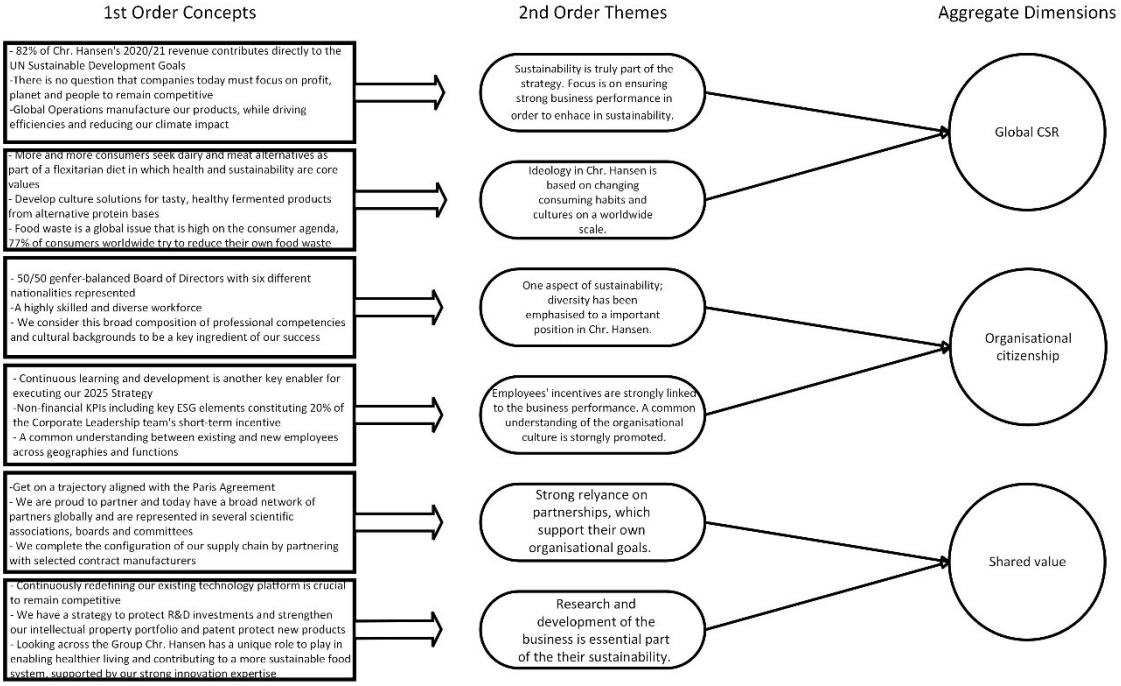

Figure 3. Gioia table of Chr. Hansen Holding

Fundamental part of Chr. Hansen Holding's ideology is to change consuming habits on a worldwide scale. Thus, their strategy is focusing on long term targets, which are not even possible to accomplish in a shorter time period. The global aspect that their business has is built to answer the needs of future generations, in order to tackle the meat consumption and secure alternative protein bases. Chr. Hansen Holding is also putting effort on the diversity of their workforce. Diversity and inclusion have been lifted to a core role in their sustainable strategy and the goal is that every employee can be proud of where they work and believe in their values.

The third company, Neste Oyj from Finland uses integrated reporting as well. Their report is 218 pages long and is built on SDGs and the GRI framework. Neste Oyj is committed to apply the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. In their annual report, they have decided to cover strategy, sustainability, governance, review by the board of directors and financial statements. Figure 4 below portrays the main themes that Neste Oyj emphasised in their annual report.

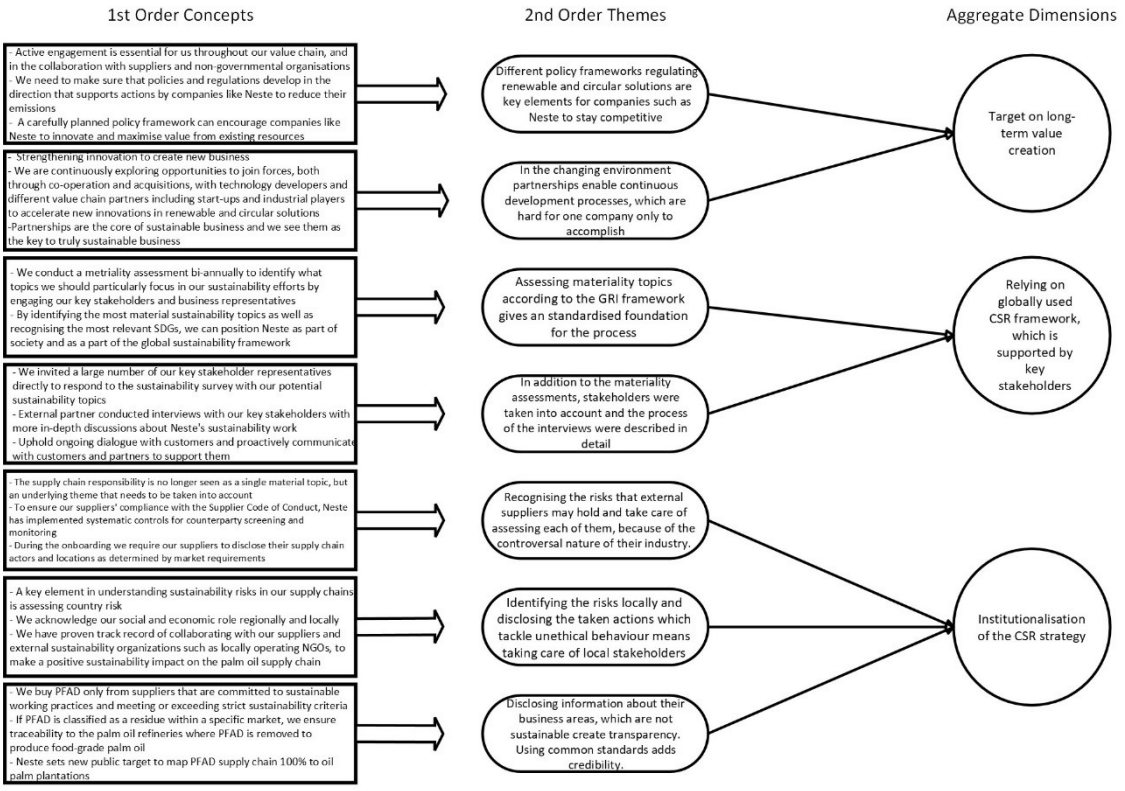

Figure 4. Gioia table of Neste Oyj

From the Gioia table of Neste Oyj, see Figure 4, we can see how Neste Oyj is focusing on building their reporting on reliable and common standards, which increase credibility. Their whole strategy emphasises how much they wish to minimise risks and use a lot of external assurance to back up their business activities. Neste Oyj also discloses that their actions alone are not sufficient and that policies and regulations in different locations need to support their initiatives. Therefore, they are exploiting a lot of resources towards

stakeholder engagement and communication as it helps them to recognise the areas which stakeholders think are most important.

The fourth multinational organisation is another Danish company, Novozymes, see Figure 5. Novozymes discloses by using stand-alone report, which is only 11 pages long. In their sustainability report, they disclose topics such as CEO statement, Novozymes and their collaboration with United Nations Global Compact (UNGC), sustainability governance and collective actions. They use SDGs as their guiding principles. However, they have chosen to disclose more detailed information about their sustainable development practices on their website instead of including it into their official reporting.

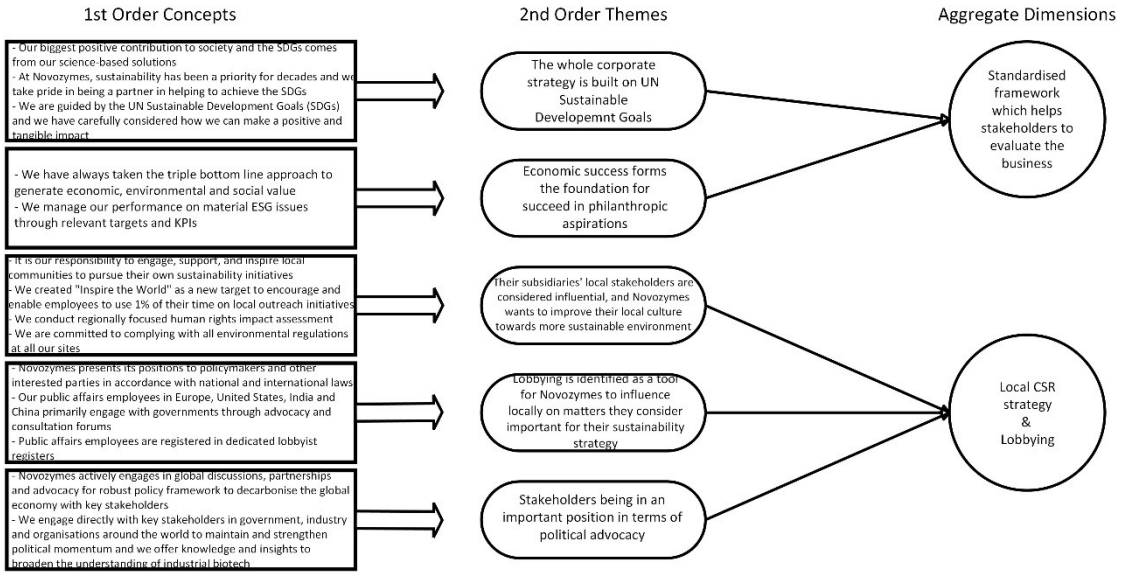

Figure 5. Gioia table of Novozymes

Even though their sustainability report is shorter compared to others, it is clearer to distinguish which themes are repeating in their work. Novozymes has combined political advocacy and stakeholder communication in order to enhance their position in the business. Other analysed cases are disclosing their willingness to influence the legislative systems, but Novozymes is openly stating their actions within lobbying. In addition, they are building on the triple bottom line approach, where organisation's economics need

to be firstly taken care of before focusing on philanthropic targets. This is also different compared to other cases, that Novozymes uses actual reference to theory which is discussed in academic literature.

From Norway on the Forbes 100 list there is multinational banking organisation, Strorebrand ASA, see Figure 6. Storebrand ASA is also using integrated reporting format and their annual report is 227 pages long. They have different structure in their report compared to others, as they have decided to disclose more targeted topics instead of relying on commonly used format. For example, they disclose information on customer relations, people, director's report, and shareholder matters. Storebrand ASA is relying on SDGs and GRI framework in their report. In addition, they have decided to include a comprehensive TCFD index to support the reporting of the relations between financial and sustainable business.

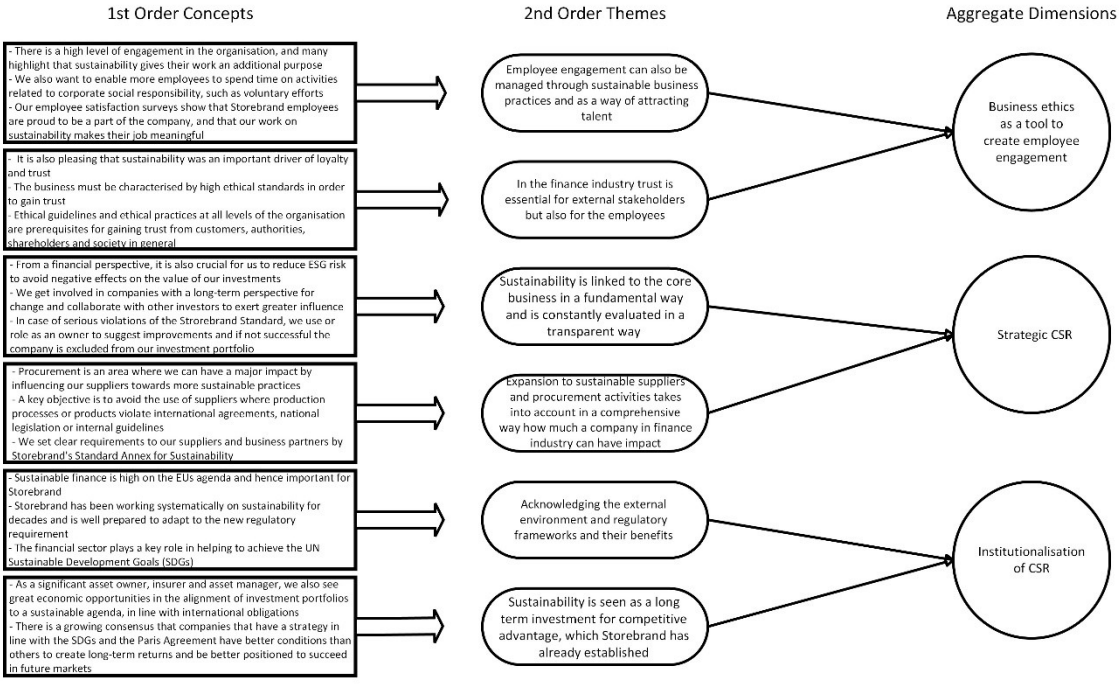

Figure 6. Gioia table of Storebrand ASA

Storebrand ASA represents different industry than other analysed cases and it is visible in their reporting, as they see sustainability as a way of attracting loyalty and trust amongst stakeholders. They expand this ideology to dedicating a lot of time to employee engagement and they wish that every employee would feel their job meaningful due to the sustainability activities that they exploit. Storebrand has linked sustainability to their strategy by creating Storebrand standard, which sets boundaries for all of their investments. If the standard is violated, the company is question is excluded from their investment portfolio.

On the sixth place of Nordic companies is Metso Outotec from Finland. Metso Outotec uses integrated reporting in their disclosure, but they have divided the annual report in five different documents. They do not provide one comprehensive file of their annual report. The five different documents are business overview, financial review, corporate governance statement, remuneration report and GRI supplement. Metso Outotec has aligned their sustainability agenda with the SDGs and GRI, and they disclose according to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Their climate change-related governance, strategy and risk management practices are aligned with TCFD, but they have added their own metrics and targets for impact measurement.

In the Figure 7 all the main themes from Metso Outotec's report are shown. Their report is very different from others, as it is focusing on profitability above others. They are disclosing that the local aspect is more important for them, and they have local community projects, but they have not distinguished more specifically what type of activities they are doing locally. Another distinguishing factor from other analysed cases is that Metso Outotec has lifted customers to being the most important and influential stakeholder group for them. Customer centricity has been underlined in their values, and strategically customers are seen to be the upmost focus, which ultimately bring value to the core business. Other stakeholders are discussed, but not emphasised as much as customers.

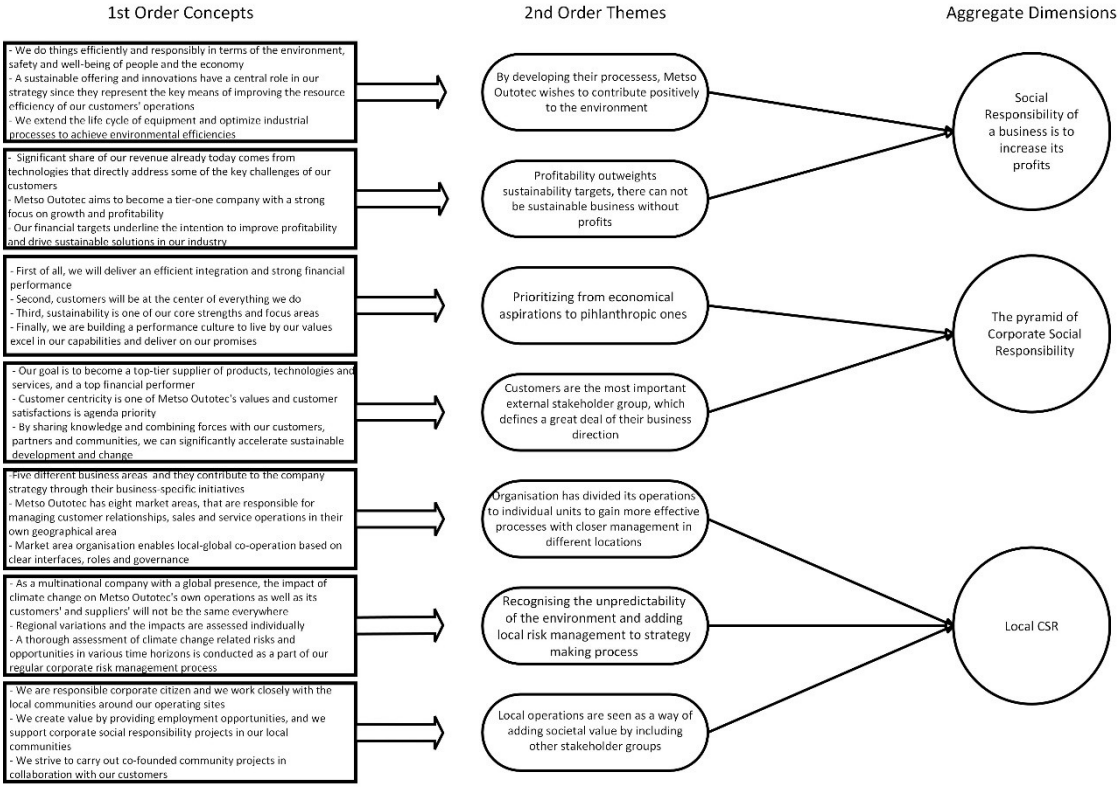

Figure 7. Gioia table of Metso Outotec

On the seventh place is another Finnish company, UPM Kymmene Oyj. UPM Kymmene Oyj uses integrated reporting model in their annual report, which is 219 pages long. The structure of their report is similar with other companies who are using integrated reporting method, starting with topics such as strategy and business, expanding to responsibility, governance, and financial statements. UPM Kymmene Oyj has also based their reporting to UNs SDGs and GRI framework. In addition, the company also reports according to the TCFD recommendations.

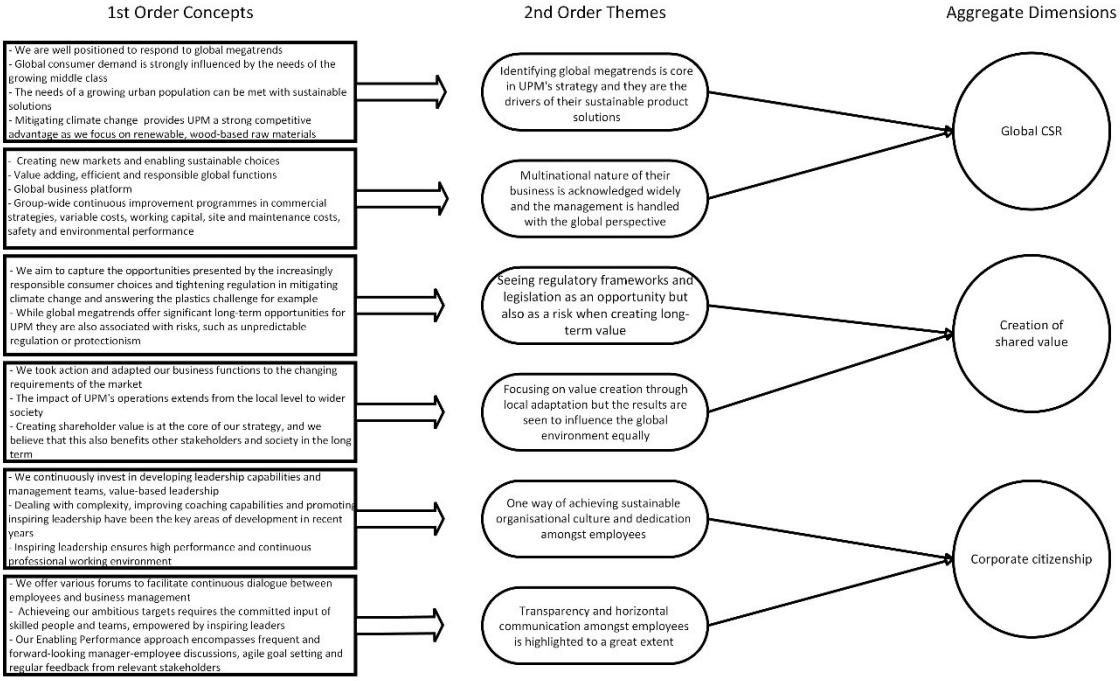

Figure 8. Gioia table of UPM Kymmene Oyj

From the conducted analysis of UPM Kymmene Oyj, see Figure 6, we can say that their focus is on global environment. They are identifying global megatrends, and to adjust their business to answer these trends in a best way possible. Creating new markets is also important for UPM Kymmene Oyj, as it supports their global business strategy in terms of sustainability. Their whole ideology is that they want to be part of creating new sustainable solutions for consumers all around the world. In addition to this, UPM Kymmene Oyj is also focusing on horizontal communication amongst employees, as they have recognised that it has a lot of impact on their work satisfaction and therefore to their business goals.

The last analysed multinational was H& M Hennes & Mauritz AB from Sweden. They are using stand-alone sustainability report, which is 84 pages in total. Their report is done according to the GRI framework, and they also use SDGs as guiding principles of their sustainability strategy. The company's risk assessment follows the TCFD recommendations. Content wise, their sustainability report consists of vision and strategy, circular and

climate positive aspirations, fair and equal working opportunities, and supply chain management.

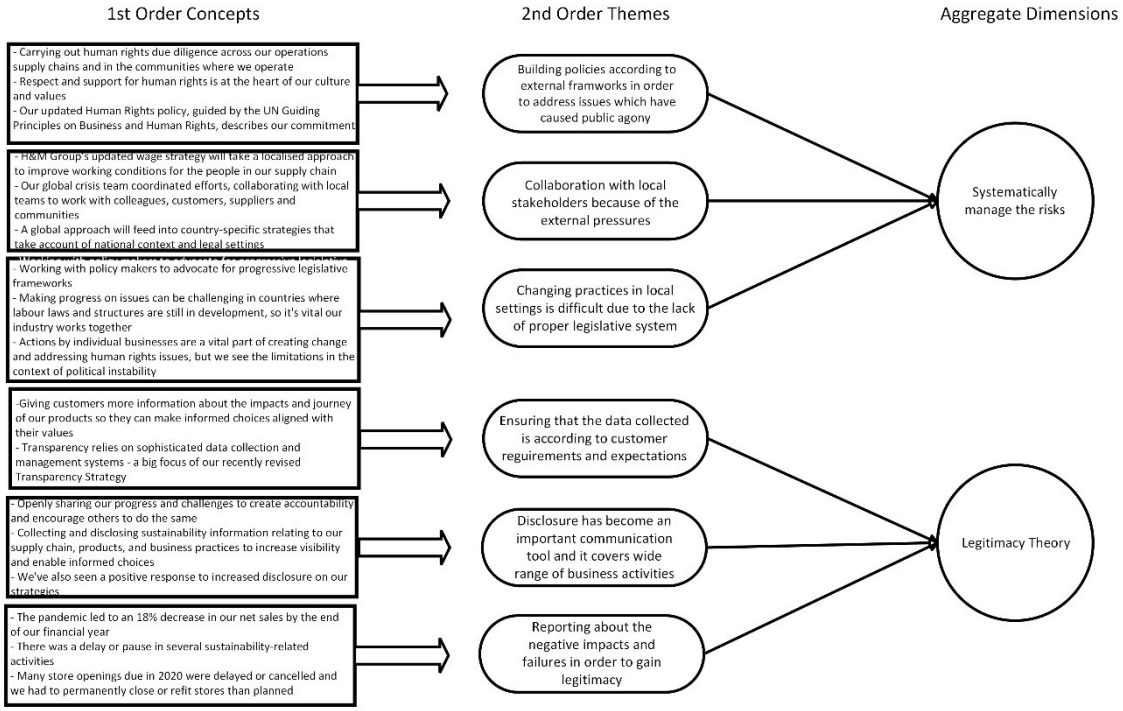

Figure 9. Gioia table of H & M Hennes & Mauritz AB

Analysis of the H & M Hennes & Mauritz reveals that one of the most important themes for them is human rights, see Figure 9. Addressing this issue is straight equivalent to the nature of their industry, where most of their products are manufactured in third world countries. Thus, they are exploiting the local CSR strategy and constantly assessing risks in every business area. Avoidance of reputational damage is important for H & M Hennes & Mauritz. In addition, the company is also focusing on transparent disclosure. They are openly sharing details of their processes and the main focus for the future is to improve their data collection to provide customers more information about their products and thus enhance sustainability and transparency.

5.1.2 Convergence and divergence of the cases

Each organisation had different approaches to their CSR disclosure, but they also shared many similarities, see Table 3. Three companies, Ørsted, Novozymes and H & M Hennes & Mauritz were using stand-alone reporting, while other five Chr. Hansen Holding, Neste Oyj, Storebrand ASA, Metso Outotec and UPM Kymmene Oyj were using integrated reporting format, where the financial information was combined with the sustainability reporting.

UN's Sustainable Development Goals (SDGs) and the GRI framework turned out to be most commonly used frameworks, which are already analysed in the theoretical part of this thesis. When observing the similarities between countries, one can see that for example all three companies from Finland are using exactly same reporting format. On the other hand, none of the companies from Denmark are relying on GRI framework and two of the three Danish companies are using stand-alone reporting. It is observable that there are country specific trends and common practices, but due to the limit of having only one multinational from Norway and Sweden, such conclusion cannot be drawn.

Table 3. Characteristics of each sustainability report

Company	Country of origin	Stand-alone report	Integrated report	SDGs	GRI	TCFD
Ørsted A/S	Denmark	x		x		
Chr. Hansen Holding A/S	Denmark		x	x		
Neste Oyj	Finland		x	x	x	x
Novozymes A/S	Denmark	x		x		
Storebrand ASA	Norway		x	x	x	x
Metso Outotec Oyj	Finland		x	x	x	x
UPM Kymmene Oyj	Finland		x	x	x	x
H&M Hennes & Mauritz AB	Sweden	x		x	x	

In the next section the discourses are analysed in more detail. The most common aggregate dimensions from the Gioia tables were selected to form the framework in which the analysis is conducted. The following subsections are providing new information from each analysed case, and thus provide more insight to the underlying expectations in terms of CSR.

5.2 Prioritising stakeholders and business

The conducted analysis reveals that in every sustainability report stakeholders are highlighted to have an essential role. However, there are slight differences of how the multinational companies are communicating, which stakeholders they appreciate the most and how they have taken into account their expectations. Even though stakeholder theory could be identified from each of the eight cases, it was only added to the Gioia tables of those companies who emphasised stakeholders to a greater extent compared to others. Table 4 provides a scale in which all analysed companies are compared, according to their level of integrating stakeholders part of their sustainability reporting. From the Table 4, we can see how companies, whose core is in sustainability, have identified stakeholders as a natural part of their business, which should not be treated individually or as a separate function.

Table 4. Integration of stakeholders

Level of incorporating stakeholders	Organisation	Citation from the report
1. Integrates all stakeholders entirely to business and sustainability	Ørsted	*"Listening and engaging with stakeholders concerns often provide a rich indication of what is to come, from customer expectations and hard law to international frameworks defining best practice"*
2. Integrates all stakeholders to business and sustainability on some level	Chr. Hansen	*"At Chr. Hansen, we are committed to creating value for all our stakeholders and we have adopted a number of actions to demonstrate this, including by reconfirming our support to the UN Global Compact and combining our annual and sustainability reporting to describe our value creation in a holistic way"*
3. Integrates all stakeholders as a tool to create better sustainable business	Novozymes	*"Our stakeholders are essential partners in delivering on our purpose and the SDGs"*
4. Integrates some stakeholders as a tool to create better sustainable business	H & M Hennes & Mauritz AB	*"It is important we work in a partnership with all our stakeholders on our journey towards sustainable fashion"*
5. Integrating stakeholders to enhance transparent busienss	UPM Kymmene Oyj	*"Our goal is to provide our stakeholders with a clear picture of what our future course is, how we implement our Biofore strategy and how we create long-term value for our stakeholders"*
6. Integrating some stakeholders as a tool to create better end products	Neste Oyj	*"Understanding the views and expectations of our stakeholders plays a crucial role in the success of our company and the acceptability of our operations"*
7. Integrates stakeholders to business	Storebrand	*"Sustainable finance is high on the EUs agenda and hence important Storebrand and our stakeholders"*
8. Integrates only most important stakeholders to business	Metso Outotec	*"A sustainable offering and innovations have a central role in our strategy since they represent the key means of improving the resource efficiency of our customers' operations*

The biggest distinguishing element regarding stakeholders in sustainability reporting is that are they linked as a part of the value creation or not. Stakeholder theory suggests

that decisions are made based on their impact on society and not only by their potential positive economic value. Even though in every report stakeholders are said to have crucial role in multinationals' business, differences can be detected between organisations whether the focus is on business or the welfare of the society. Ørsted has generated stakeholders as part of their core business. They use phrases such as "*Engaging with our stakeholders start with developing an acute understanding of the themes that are most important for them"* (Ørsted, 2020, p. 12) and *"Listening and engaging with stakeholders concerns often provide a rich indication of what is to come, from customer expectations and hard law to international frameworks defining best practice"* (Ørsted, 2020, p. 12). Stakeholders are in key position in terms of Ørsted's business as the sustainability related challenges and the combining of sustainability themes and the business side are done in collaboration with stakeholders.

As a contrast, when observing the results from Metso Outotec's sustainability reporting practices one can detect different way of communicating about stakeholders. The word efficiency repeats everywhere, and Metso Outotec had underlined customers to be their most important stakeholder. Their communication uses phrases such as *"Customer centricity is one of Metso Outotec's values and customer satisfaction is agenda priority"* (Metso Outotec, 2020a, p. 6) and *"A sustainable offering and innovations have a central role in our strategy since they represent the key means of improving the resource efficiency of our customers' operations"* (Metso Outotec, 2020b, p. 22). The organisation also has a high focus on profitability, which is not as visible in other sustainability reports. Metso Outotec has listed other stakeholders, such as local communities, partners, and suppliers, but they are not emphasised to have such an impact compared to customers. Metso Outotec's positive sustainable contribution to society comes from their responsible core business and does not include voluntary activities outside of their sustainable offering and innovative strategy.

Some of the companies have decided to use materiality assessment to identify those sustainability related topics, which are important for key stakeholders and business.

Materiality assessment evaluates and visualise well certain topics, such as carbon handprint or tackling plastic waste challenge, and ranks them based on their importance for business side or for stakeholders or for both of them. In order to conduct materiality assessment, the company needs to have close connection with key stakeholders so that they can produce reliable results. For example, Neste Oyj conducted a large materiality assessment, where they invited a large number of key stakeholder representatives to respond to the sustainability survey. Neste Oyj included consumers, corporate customers, Neste personnel, analysts, shareholders, NGOs, suppliers, universities, research organisations, Neste contractors, local communities, authorities, decision makers, regulators, industry associations and media (Neste Oyj, 2020). In addition to this, the survey was open publicly on Neste Oyj website for everyone to answer. Organisations, such as Neste Oyj have also hired external consults to reveal more information of the stakeholders by conducting more in-depth research (Neste Oyj, 2020). Materiality assessment was used in each company, expect of the Danish companies Ørsted, Chr. Hansen and Novozymes. Ørsted did not disclose anything about materiality, while Chr. Hansen and Novozymes mentioned the assessment. Novozymes' materiality assessment was visible in their website, but not in their sustainability report.

UPM Kymmene Oyj, Storebrand ASA and Neste Oyj are the companies which have included the whole materiality assessment explanation and the matrix into their sustainability report. All of these three companies are using integrated reporting model, which is said to combine the future prospects of the organisation and strategic analysis, also from the perspective of sustainability (Rupley et al. 2017, p. 174). When stand-alone reporting has been criticized of being separate from the business side, it also provides an explanation why materiality assessment is left out of the stand-alone reports: stand-alone reports are shorter and focusing on voluntary information. However, each of the eight companies mention that they have conducted materiality assessment of some sort even though they have decided to leave it out from the official sustainability report. For example, Novozymes A/S provides a link to the assessment, which is visible in their website.

Stakeholders are essential part of each case. Even though stakeholders are recognised, there are differences of how close stakeholders are integrated as part of the core business. Stakeholders are seen as partners in creating business, as a tools to gain external legitimacy and transparency, and as a most important defining factor how sustainability is integrated as part of business.

5.3 Different view on the local CSR approach

The analysed eight companies are all exploiting either local or global CSR approach. In the next section the companies with local CSR approach are analysed further. Later in the following chapter, companies with global CSR approach are investigated. The following companies: Ørsted, Novozymes, Neste Oyj, Storebrand, and Metso Outotec Oyj with local CSR approach are disclosing in their sustainability reporting that they are considering local stakeholders and local operations more important for their business than global initiatives.

It is clear that multinational organisations have understood their role as an active participant in the societies where they operate. As previously it was stated that multinationals are in a key position to enhance the common welfare, today the organisations are disclosing information which relies on the notion that they do not have enough resources to change things as they wish or is expected of them. This phenomenon is most visible in the reports of Ørsted and Novozymes AS. Ørsted states that "*More governments around the world must set greenhouse gas emission reduction targets*" (Ørsted, 2020, p. 7) and that *"Companies need to transform their business models"* (Ørsted, 2020, p. 8). They are openly stating that in order for their business to work in sustainable way, it requires actions from other parties as well. Novozymes AS stated their responsibility as follows: *"It is our responsibility to engage, support and inspire local communities to pursue their own sustainability initiatives"* (Novozymes, 2020, p. 3). It is a clear way of saying that changing consumers is essential for sustainability goals in the long run.

For example, Neste Oyj has been criticised of their usage of palm oil. Now, they are disclosing that *"We have a proven track record of collaborating with our suppliers and external sustainability organisations such as locally operating NGOs to make a positive sustainability impact on the palm oil supply chain"* (Neste Oyj, 2020, p. 53). This refers to a concern of the local stakeholders but also puts Neste Oyj's reputational risk on the spotlight. Local CSR approach in the case of Neste Oyj can be a result of their misconducts, which has not been a strategical choice from the start. In the absence of legal frameworks in operating countries the unsustainable way of doing business can be cheaper and thus changing local ways to sustainable practices require more actions from the company itself and collaboration with local policymakers. In the case of Neste Oyj, they cannot alone change their partners in the operating location, but they are also unable to restrain themselves from the local market as it has grown to a significant position in their whole business.

Novozymes AS and H & M Hennes & Mauritz has taken the institutional influencing on a local level to greater extent. They openly disclose that they are lobbying in order to influence on the matters they consider most important. According to Novozymes AS's sustainability report *"Novozymes actively engages in global discussions, partnerships and advocacy for robust policy framework to decarbonise the global economy with key stakeholders"* (Novozymes, 2020, p. 10). Novozymes AS thus clearly distinguishes itself from others, as they are disclosing actions of influence, when other analysed companies are reporting only about their willingness to form partnerships with local decision-makers and participate different forums. Storebrand ASA for example discloses that "*Storebrand has been working systematically on sustainability for decades and is well prepared to adapt to the new regulatory requirements"* (Storebrand, 2020, p. 8),*"Storebrand has committed to the Paris Agreement's goal of limiting global warming to 1.5 degrees and will work for a controlled transition"* (Storebrand, 2020, p. 68) and *"Regulations enacted by the authorities can be of great importance to Storebrand"* (Storebrand, 2020, p. 53). However, it is not stated do they only accept the legislation even if it is not suitable for

their purposes or do they wish to influence on it along the process, like for example Novozymes AS.

5.4 Global CSR approach

The analysed eight Nordic multinationals are divided into two groups, the ones who are promoting local stakeholders and the ones who are treating their market as one global field. Companies with global mindset are UPM Kymmene Oyj, Chr. Hansen Holding, H & M Hennes & Mauritz and Storebrand ASA. Storebrand had characteristic of both local and global CSR approaches and therefore, it is discussed in both sections. One of the supporters of the global approach on CSR is UPM Kymmene Oyj. They are using integrated reporting and from the very beginning of their report the global mindset is visible. First, they are disclosing that *"We are well positioned to respond to global megatrends"* (UPM Kymmene Oyj, 2020, p. 6). It is a clear statement, that the global approach suits their purposes better and their sustainable solutions are universal regardless of the markets. UPM Kymmene Oyj uses the same strategy which was visible from Novozymes AS's and Ørsted's sustainability reports, but in an opposite way. Instead of changing local consumer's consuming habits or culture, UPM Kymmene Oyj is dedicated to enable change on a global scale. They are disclosing things such as *"Creating new markets and enabling sustainable choices"* (UPM Kymmene Oyj, 2020, p. 27), *"global business platform"* (UPM Kymmene Oyj, 2020, p. 29) and *"global megatrends offer significant long-term opportunities for UPM"* (UPM Kymmene Oyj, 2020, p. 15) in their annual report, which strongly indicates that their strategy is focusing on doing standardised practices. These standardised practices ought to be applicable to all locations and suits external and internal stakeholders.

Chr. Hansen is another company which exploits the global CSR strategy. While UPM Kymmene Oyj is explaining that the reason why they are adopting global approach is due to their ability to answer global megatrends, Chr. Hansen is relying on the sustainable nature of their products and market. Chr. Hansen's business is focusing on producing

alternatives for meat and dairy, which already has a core of sustainability within. The company is disclosing that *"Food waste is a global issue that is high on the consumer agenda, 77% of consumers worldwide are trying to reduce their own food waste"* (Chr. Hansen Holding, 2020, p. 16) and *"Develop culture solutions for tasty, healthy fermented products from alternative protein bases"* (Chr. Hansen Holding, 2020, p. 16). Chr. Hansen is also trying to change cultures and habits, such as the companies who were adopting local CSR approach, but the difference is that they do not wish to formulate their products too much. As a company operating in the Europe, global approach does not require too much adaptation as the markets are relatively similar.

The sustainability report of H & M Hennes & Mauritz is sharing most of the common characteristics as other analysed companies, but their topics which they disclose are differing from others. Obviously, the retail industry is completely different from others and require certain insights to be included, which are expected from stakeholders. However, the company has adapted a strategy, which has global and local qualities. It is commonly known that H & M Hennes & Mauritz has received negative publicity and reputational damage due to their usage of child labour in third world countries. This can be detected from their sustainability report as they have dedicated a great deal of it to address human rights issues and how they are dealing the matter. Human rights are another issue, which transcend national boundaries and is having more and more recognition worldwide (Husted & Allen, 2006). Therefore, human rights are considered to be global issue by nature in the academic literature. H & M Hennes & Mauritz is however adapting both local and global approaches in order to tackle the issue, which is clearly most important for them in terms of their business.

According to H & M Hennes & Mauritz's sustainability report human rights is seen as following: *"Carrying out human rights due diligence across our operations supply chain and in the communities where we operate"* (H & M Hennes & Mauritz, 2020, p. 58) and *"Respect and support for human rights is at the heart of our culture and values"* (H & M Hennes & Mauritz, 2020, p. 59). To tackle the possible issues rising from human rights,

the company has designed a new human rights policy, which is built based different frameworks, such as UN Guiding Principles on Business and Human Rights. According to Husted & Allen (2006) these type of frameworks reflect the need for institutional structure for handling global CSR issues and these frameworks share the view that multinational organisations are in key position in solving these global issues, in collaboration with governments and NGOs. This is exactly what H & M Hennes & Mauritz is exploiting. However, they are also using local approach on tackling global issues. In their sustainability report they are disclosing *"A global approach will feed into country-specific strategies that take account of national context and legal settings"* (H & M Hennes & Mauritz, 2020, p. 67). In this way, regardless of their global policies, H & M Hennes & Mauritz identifies the need for more tailored solutions.

When it comes to human rights, H & M Hennes & Mauritz is transferring the pressure towards local policy makers, just like Novozymes AS. When it comes to local advocacy H & M Hennes & Mauritz is disclosing that *"Making progress on issues can be challenging in countries where labour laws and structures are still in development, so it's vital our industry works together"* (H & M Hennes & Mauritz, 2020, p. 64) and *"Actions by individual businesses are a vital part of creating change and addressing human rights issues, but we see the limitations in the context of political instability"* (H & M Hennes & Mauritz, 2020, p. 59). Political advocacy requires local mindset when approaching policy makers or other decision-makers. It can be in contradiction, whether a company wants to advocate only for the sake of their own business or is their goal to create common welfare. Either way the situation is, answering to global challenges require local adaptation in terms of changing the operational setting in the location.

5.5 Shared value through active participation in partnerships

In the analysed cases the concept of shared value appeared several times. There are several ways of doing shared value, which was discussed in the theoretical part of this thesis. In this section the cases are analysed based on how they are disclosing about

their different ways of creating shared value through partnerships. Thus, even each case practiced shared value, in this section we focus on those cases which exploit it through partnerships. Chr. Hansen Holding is making shared value through active participation in partnerships. Neste Oyj is also trusting in partnerships, and links creation of new ageements to sustainable business making and core of their strategy. Ørsted on the other hand is also relying on partnerships but especially in terms of supply chain management. Storebrand is focusing on improving their procurement activities. Further, a detailed analysis of these recognised tools is provided.

In the report of Chr. Hansen, the shared value is extremely important due to the nature of their innovative business. They disclose that *"We are proud to partner and today have a broad network of partners globally and we are represented in several scientific associations, boards and committees"* (Chr. Hansen Holding, 2020, p. 20) and *"We complete the configuration of our supply chain by partnering with selected contract manufacturers"* (Chr. Hansen Holding, 2020, p. 21). From their sustainability report it is clear, that without strong investment in partnership their sustainability related business could not be possible. Another company which discloses similar aspirations is Neste Oyj. They say that *"Partnerships are the core of sustainable business, and we see them as the key to truly sustainable business"* (Neste Oyj, 2020, p. 26) and *"We are continuously exploring opportunities to join forces, both through co-operation and acquisitions, with technology developers and different value chain partners including start-ups and industrial players to accelerate new innovations in renewable and circular solutions*" (Neste Oyj, 2020, p. 9). Therefore, those analysed companies are executing the strategy of shared value by joint forces to create better sustainable solutions. The concept of shared value is therefore in these reports a result of partnerships, which eventually benefits all parties involved and the customers.

Sustainability of a supply chain has been on the table way before carbon emissions became a global cause of concern, as energy price spikes have been around much longer, and the energy efficiency opportunities were detected due to the changes in prices

(Porter & Kramer, 2011, p. 69). For example, Ørsted is committed to create shared value through active management of the supply chain. Managing supply chain emissions has elevated to being important for multinationals, as organisations have started to figure out well how to reduce the emissions of their own operations, but their influence to their supply chain partners can be limited. Therefore, the sustainability of their partners is equally important. Ørsted discloses that "*Driving decarbonisation throughout our supply chain"* (Ørsted, 2020, p. 8) and *"External focus on companies reducing emissions beyond their operations"* (Ørsted, 2020, p. 13). Organisations are expected to use their power and influence on all of their partners, and it is not enough that their own operations are limiting emissions. Storebrand ASA identifies that *"Procurement is an area where we can have a major impact by influencing our suppliers towards more sustainable practices"* (Storebrand, 2020, p. 38) and "*A key objective to avoid the use of suppliers where production processes or products violate international agreements, national legislation or internal guidelines"* (Storebrand, 2020, p. 38). From these quotations we can see how Storebrand combines the shared value creation with their local CSR approach of obeying precisely the legislation in order to gain the expected results and enhance the welfare of others.

Another company which exploits the creation of shared value through relying on regulatory frameworks is UPM Kymmene Oyj. They disclose that *"We aim to capture the opportunities presented by the increasingly responsible consumer choices and tightening regulation in mitigating climate change and answering the plastics challenge for example"* (UPM Kymmene Oyj, 2020, p. 21) and "*While global megatrends offer significant long-term opportunities for UPM they are also associated with risks, such as unpredictable regulation or protectionism"* (UPM Kymmene Oyj, 2020, p. 15). This notion of how legislation can be an opportunity as well as a risk sets a foundation for active creation of shared value. In other words, as external environment is changing and demanding sustainability, the legal frameworks need to support that in order for shared value to happen.

5.6 Short summary of the findings

In the Table 5 we can see all of the identified disclosures from each analysed case. All of the companies were identified to benefit from stakeholder theory and from the creation of shared value. The divergence between local CSR and global CSR was equal, but the local approach on CSR turned out to have slightly more focus. Also, country specific patterns in terms of the identified disclosures were not detected.

Table 5. Summary of the identified disclosures in each report

Company	Country of origin	Stand-alone report	Integrated report	Stake-holder theory	Local CSR	Glo-bal CSR	Shared value
Ørsted A/S	Denmark	x		x	x		x
Chr. Han-sen Hold-ing A/S	Denmark		x	x		x	x
Neste Oyj	Finland		x	x	x		x
Novozy-mes A/S	Denmark	x		x	x		x
Storebrand ASA	Norway		x	x	x	x	x
Metso Ou-totec Oyj	Finland		x	x	x		x
UPM Kym-mene Oyj	Finland		x	x		x	x
H&M Hen-nes & Mauritz AB	Sweden	x		x		x	x

6 Conclusions

The aim of this chapter is to provide key findings of the research in connection to the theoretical framework presented earlier and provide an answer to the research question regarding the extent CSR disclosure practices reflect the expectations on CSR that have evolved around the years. Moreover, practical implications and limitations of this study are discussed. At the end, suggestions for future research are provided.

6.1 Theoretical contributions

All of the analysed cases reflect the expectations on CSR that the MNCs have. Differences occurred of how these expectations were appreciated in each company. In the following subsections the main findings, which occurred from the analysed cases are connected to the theoretical framework of this thesis.

6.1.1 Stakeholder theory and creation of shared value

The findings show that stakeholder theory has had the most impact on current reporting practices and is most visible in every eight analysed report. The presence of recognising stakeholders in each company shows how stakeholder theory has established a permanent place in sustainability reporting and business making. The occurring difference became from the evaluation of stakeholders in reporting. As the analysed eight cases were all already recognised for their positive impact on sustainable development, we can state that they manage stakeholders in way, which is not only focusing on shareholders. This is described to be a central characteristic of stakeholder theory (Phillips & Freeman, 2003, p. 16). In general stakeholders are emphasised to be treated equally, but stakeholder theory recognises that some stakeholders contribute more to the organisation than others (Phillips & Freeman, 2003, p. 27). Each report had identified their most influential

stakeholders, which is according to the original stakeholder theory's definition by Edward R. Freeman in 1984.

When considering stakeholder theory and the analysed cases, the occurring difference was how stakeholders were linked as part of the business or are they seen as a separate entity. In some reports, such as Ørsted and Chr. Hansen stakeholders were seen as partners in making better business, while Metso Outotec for example focused only on one stakeholder group, customers. As stakeholder theory implies, stakeholders want to be and they ought to be treated as a part of how the organisation creates value (Phillips & Freeman, 2003, p. 160). Hence, stakeholders should be integrated as part of decision-making. While traditional business frameworks are seeing value creation benefitting only customers and the focal business, sustainability-oriented frameworks include possible ecological and social outcomes that are profiting other stakeholders as well (Freudenreich, Lüdeke-Freund, & Schaltegger, 2019, p. 5). Business models which are contributing to ecological and social value creation are enabling competitive advantages, while at the same time enhancing the sustainable development of markets and society (Schaltegger, Lüdeke-Freund, & Hansen, 2012). For example, Metso Outotec uses the traditional framework, where the most important part of value creation is customers and the focal business (Freudenreich et al. 2019). Stakeholder theory is however visible in Metso Outotec's disclosure, but it is not used as tool to create value for different stakeholders.

A growing theme in the academic literature of CSR has been the creation of shared value. Shared value is based on the recognition, that societal needs define markets and societal harms most frequently create internal costs for companies (Porter & Kramer, 2011, p. 65). According to the pioneers of shared value, Porter & Kramer (2011) describe that companies can create shared value by reconceiving products and markets, improving the productivity of the value chain and enable local cluster development. Each of the analysed cases were improving their value chain towards more sustainable practices and were dedicated in that sense enhance their partners actions as well. Hence, the concept of shared value was visible in all of the analysed sustainability reports, but in some of

them it had been highlighted to a more visible role. Ørsted was the only company who disclosed in their report that they wish to exploit shared value, especially in local communities. When considering that there are several ways of conducting shared value, and all of the cases are using at least one method, it is obvious that shared value is fundamental in sustainability reporting.

There is a growing understanding that technological innovations can enable better environmental performance, which can positively result in cost savings through enhanced resource utilization, process efficiency and quality (Porter & Kramer, 2011, p. 69). Several organisations, such as Neste Oyj, UPM Kymmene Oyj, Metso Outotec, Novozymes and Chr. Hansen are emphasising in their reports that they wish to improve technological development and constantly partner with other organisations, who can help them in achieving more sustainable end results and processes. This is happening according to the definition of shared value. However, even though the actions taken are benefitting both parties, it also raises the question of is the motive behind this only economical and not social. Sustainability has become a necessity, which currently is helping organisations to gain better reputation, process efficiencies and potential cost savings but it is not actually done for the positive impact they have for example to the climate. From the analysed cases it is not possible to identify which is the motivation behind their sustainability activities. One weakness of creating shared value concept is that it ignores possible tensions between economic and social targets (Crane, Palazzo, Spence, & Matten, 2014, p. 132). One potential factor to distinguish that is sustainability built to the core business from the start or is it added to the business later. For example, Neste Oyj still uses unethical palm oil in their business and has later on changed their practices towards better solution but has been unable to restrain completely out of that area.

6.1.2 Local CSR approach

Local approach on CSR refers to situation where multinational organisation takes into account their subsidiaries environment and the society where they operate. Instead of

creating global common standards and practices, they choose to modify their practices to be most suitable for each location. This has been the traditional definition of the concept in the CSR literature, described in more detail in the theoretical part of this thesis. However, the research of this thesis has shown a different point of view to this matter. Local CSR approach is known for its ability to acknowledge the local stakeholders and prioritise them above others in order to gain acceptance amongst employees and create better business in the subsidiaries. In these sustainability reports one can see a change of thinking regarding this theory: local commitment has shifted from understanding the local stakeholders and adjusting to the environment to trying to change local communities, so that they would suit multinationals purposes better. Thus, the expectations on CSR concerning local approach are not matching. In the academic literature local adaptation is about prioritising local stakeholders and taking into account their thoughts. The analysed cased are on the other hand trying to change the local stakeholders. There is a clear contradiction between theory and real world.

The notion of changing local consumers in terms of CSR has not been acknowledge before in the academic literature. Changing other organisations' business models, such as logistics partners, and consuming habits around the world are huge targets, which are new to the sustainability reporting and there are no supporting goals to rely on for example in UNs Sustainable Development Goals. However, there has been discussion that organisation's motivation for social responsibility comes from the desire to maintain legitimacy (Hah & Freeman, 2014, p. 129). This desire is stronger for organisations in foreign locations, as they are more motivated to be taken as a responsible societal actor in a shared environment (Hah & Freeman, 2014, p. 129). Changing the local environment and perceptions can be seen as action of social responsibility.

Besides of the findings to local CSR approach, all of the multinationals are using older recognised methods of influence. It is common, that multinationals are finding themselves in situations, where they do have enough resources to monitor local market units and respond successfully to CSR issues (Husted & Allen, 2006, p. 838). This is the

moment when the fault is laid upon the lack of local legal frameworks. It has resulted in active communication with local governments, policymakers and NGOs and is visible in all of the analysed sustainability reports. Multinational organisations' strong willingness to influence on the legal matters in their subsidiaries can be result of the fact that there is a greater pressure to engage in CSR for those multinationals who are operating in emerging economies (Hah & Freeman, 2014). This was clear in the case of H & M Hennes & Mauritz AB as they wanted to influence the protection of human rights.

6.1.3 Global CSR approach

According to Husted & Allen (2006, p. 840) global CSR is answering to those obligations, which all societies can relate to. Global warming and reducing food waste are global issues, which are touching all societies and not just one part of the globe. Thus, the findings from the cases showed how some organisations have strategically chosen to focus on issues which are global in nature. These cases were most visible with Chr. Hansen and UPM Kymmene Oyj.

Another contribution to the discussion of the global CSR approach is that it is said to be a result of the universal standards (Bondy & Starkey, 2012, p. 6). However, even though standards and frameworks are used in all of the analysed reports, one cannot state that they all are adopting global CSR approach. Standards are designed to be relevant across different industries and countries (Bondy & Starkey, 2012, p. 6) but they still enable the usage of local CSR methods. Thus, the notion that global CSR is always used when international frameworks are used is false.

Global CSR is also benefitting from different policies, processes, and structures, which are consistent across the multinational organisations (Jamali, et al. 2020). This was visible in all of the analysed reports, but they were in more visible role in the reports of those companies who were identified using global CSR approach. These companies were

UPM Kymmene Oyj, Storebrand ASA, Chr. Hansen and H & M Hennes & Mauritz AB, who also was seen to use local approach in addition with the global one.

6.2 Practical implications of the findings

Based on the presented findings of the research, some remarks can be done about their practical implications. As the research was focusing on Nordic multinationals are practicing CSR reporting, the issues covered here are more applicable to Nordic companies and Nordic countries compared to other nations.

In this thesis the main aim was to discover how much CSR reporting practices in Nordic multinationals are reflecting the expectations on CSR. Clearly the current CSR reporting practices are reflecting the historical development of the academic literature, but there were notions in which the theory was recognisable but modified to suit the organisation's purposes better. Thus, organisations were communicating their practices in various different ways, even though the initial idea was same with every case.

Stakeholders ought to be clearly defined from the very beginning in order to ensure that the sustainability report is targeted to the right audience. It also tells a lot about the company in question, what they value and where they are focusing their operations. In order to enhance the stakeholder engagement, from the analysed cases we can see how materiality assessment supported stakeholders wishes and how it emphasised that stakeholders are acknowledged. Identifying stakeholders also helps in shared value creation. When organisation has recognised most important stakeholders, it can more easily design how they can create value for all involved parties. Using term "shared value" in sustainability report enhances the perception of doing business for common good, instead of only talking about "creation of long-term value", which only implicates to practices which benefit the organisation itself. Organisations can benefit from distinguishing more clearly are they treating their market as global or that do they wish to adapt locally.

The reason why this potentially enhance their business, is that it provides an opportunity to for example reason why global megatrends are important to address or why local political advocacy help the society.

Therefore, it could be practical for organisations to distinguish different areas more specifically in order to enhance the sustainability perspective. Based on these findings, stand-alone reports provided more comprehensive view on sustainability as they were focusing only on that perspective and thus, covered more themes clearer. Integrated reports included the same information, but it was harder to distinguish from the business and finance related information. Hence, in terms of clarity when wanting to know only about organisation's sustainability, stand-alone report offers better foundation for that.

Moreover, CSR reporting is about communicating voluntary and obliged actions to stakeholders. The concept of voluntary responsibilities was vague in the reports and less attention was paid to the actions taken for ensuring societal wellbeing. In addition to disclosing how the organisation's sustainable business, sustainable end-product and partnerships are benefitting everybody, it could bring more value for the company to plainly communicate what are the actions that does not benefit the company itself, but only others. For example, Storebrand ASA was one of the only ones who said how their employees can spend certain amount of time per month for voluntary activities.

6.3 Limitations of the study and suggestions for future research

There are a few limitations to this study which are useful to mention. The research in this thesis is built on secondary data. Secondary data presented as part of a report can be influenced by the audience to whom the report will be targeted (Saunders et al. 2016, p. 334). Therefore, the data available is not capable to explain the reasons behind the trends observed. In the analysed stand-alone reports, there were no mention of external verification service, while in the integrated reports multinationals were using auditor's statement on finance, but also on sustainability.

Case study generates causal explanations (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). In this thesis the aim is not to search for causes but to go back and forth with the analysed reports and theory. This can result in too much of an interpretation of the findings. Also, even though eight is suitable amount of cases to be analysed in case studies according to Yin (2014), more cases could have provided statistical generalisation of the theories used in each report. Hence, one does not draw conclusions that certain theories are valid in each company in certain Nordic country or that stand-alone reports favour these types of theories or that integrated reports reflect these CSR practices only.

Another limitation of this study is the definition of different theories. Global and local CSR approaches are controversial in academic literature and there is no one common definitions to distinguish these terms (Husted & Allen, 2006, p. 840). The definition of these two terms in this thesis is built on the existing literature, with different characteristics from different authors. Another definition, which does not have unified definition in academic literature is the concept of corporate social responsibility. There are several different definitions, and in the theoretical part the evolvement of these definitions throughout the decades is described in more detail. Thus, CSR in this study is treated as a result of the developed definitions.

For the future research it would bring great deal of value of identifying in more detail how the local CSR approach is differing from reality in a larger study. CSR being a tool of creating change in foreign countries has not been fully investigated, so that the concept of local CSR approach could be redefined to match the real world better. In addition, it would bring value to know is multinationals' goal only to support local development or is there an aim to change the local culture in order to suit their business activities better. This would bring up the question of ethical business and what is after all philanthropic

or is it non-existing. Sustainability remains a topic, which is not going to diminish in the future, and it will require constant research.

The differences between stand-alone and integrated reporting could also bring value to the academic literature. As stated in the limitations of the study, this thesis was not able to identify patterns between theory and chosen reporting model. There is no research conducted of how stand-alone reporting topics differ from integrated reporting or do they differ at all. Thus, identifying which one of the models bring more value to the stakeholders, who are only interested in sustainability related matters, would be quite important for companies to know and contribute to the existing knowledge of CSR disclosure. Then, companies could focus their disclosure practices based on the preferences of those stakeholders, excluding shareholders.

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