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THE CORE EMPHASES OF CORPORATE SOCIAL RESPONSIBILITY BY THE BIGGEST ORGANIZATIONS IN THE FINNISH BANKING SECTOR

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ABSTRACT

It is a broadly accepted notion today that companies are increasingly facing an intensive pressure by society to engage socially responsible business policies. In addition, the significant social power of the banking industry in society and the irresponsible use of this power on several occasions over history have especially put the issue of responsible banking high on the public conversation.

The purpose of this hermeneutics research is to interpret an understanding of how the biggest organizations in the Finnish banking industry have approached the increased demand for socially responsible banking activities and policies. The method is a qualitative content analysis targeting to corporate social responsibility reports by Nordea, OP Financial Group and Danske Bank.

The empirical findings suggest that all of the analyzed organizations have adopted very similar approach to answer the pressure of responsible banking. These emphases are responsible business connection, compliance culture, environment, responsible employer and community engagement. Furthermore, it is argued here that the analyzed organizations have incorporated broadly different socially responsible business emphases, found in the literature, into their frameworks of socially responsible banking activities and policies.

KEYWORDS: Corporate social responsibility, responsible banking policy & Finnish banking industry

1. INTRODUCTION

You may have heard about Enron's and WorldCom's accounting scandals or about Shell's oil spill in Nigeria and BP's oil spill in the Gulf of Mexico. Perhaps, you have witnessed a documentary about poor labour standards in Nike's and H&M's factories in developing countries or read from a magazine about the serious impacts of the subprime mortgage crisis of Wall Street on the global economy. Most recently, you may have seen on news about Nordea's connections with tax haven companies established in Panama or Volkswagen's emission deceit. Furthermore, the list could be added by the current global warming, the poor state of environment at many places, the decreasing natural resource situation, the negative side effects of globalization in terms of cutting division to winners and losers as well as the trend where most of the wealth in this planet is accumulating to a small group of people. Given that, it becomes clear that demands by citizens for socially responsible business procedures have increased tremendously and the concept of corporate social responsibility (CSR) is higher on the agenda of business community today than ever before.

As Carroll and Shabana (2010) have stated regarding to how popular business approach responsible business procedures are today by writing "today, one cannot pick up a newspaper, magazine or journal without encountering some discussion of the issue, some recent or innovative example of what business is thinking or doing about CSR, or new conference that is being held".

The shift from an irrelevant and unpopular business policy to an essential factor behind successful business has happened only during few decades. In the end of 1970s, less than half of the Fortune 500 corporations promoted CSR in their annual reports. In the end of 1990s, as much as about 90% of Fortune 500 corporations promoted CSR in their annual reports (Lee 2008). For example, one robust evidence indicating how strongly the CSR ideology has been penetrating into the global mainstream business mindset is that over 9 000 multinational corporations have so far announced to follow the Ten Principles of CSR by the UN Global Compact. Finnish companies such as Kone, Fortum, Fazer, Nokia, OP Financial Group, Kesko, UPM and Neste have all committed to follow these principles covering issues like human rights, labor standards, environment protection, and anti-corruption (United Nations Global Compact 2017).

Indeed, there is a vast amount of evidence to support the argument that the CSR ideology has become a part of the global mainstream business mindset today. Nike and H&M have answered the poor labor standard criticism by starting to monitor and report working conditions in their suppliers' factories in developing countries. Ikea provides free financial aid in order to keep their employees' children out of the labor market so they can go to school in India. Starbucks is selling coffee with the label of Fair Trade. Chiquita has developed strict environmental directions for its suppliers of bananas in Central America. BP has established a policy that drives reduction of greenhouse gas emission. Shell has founded a procedure that covers human rights and environmental issues during an investment decision to developing countries. (Vogel 2006: 1-2.)

However, there is not a broadly accepted consensus in the academic research field of how the relation between business and CSR should be understood. The theory field is purely full of different approaches trying to justify what CSR really stands for. In other words, why and how organizations should engage CSR and to whom organizations should then aim their responsible actions. As a result, companies lack clear instructions from the academic world that would guide them to better understand CSR in their specific environments. This unconsciousness and incompleteness indicate that more specific researches are needed to conduct regarding to CSR. (Lee 2008; Carroll & Shabana 2010.)

The cardinal role of a bank in society is to serve as a financial intermediate institution. This means ensuring that creditors and borrowers meet each other by receiving deposits and creating credits for public. This role signifies that the banking industry has an extremely significant impact to society in terms of possessing the ability to collapse society's entire economic system. As a matter of fact, there have been numerous banking crises over history due to irresponsible banking policies. The title of being the most recent is earned by the subprime lending crisis originated from the Walt Street in 2008 that led eventually to the global economic depression. These crises have worked as fuel behind incremented demands by citizens for responsible banking activities and policies. As a result, the powerful impact of banking industry towards society and the increased requirements of socially responsible business practices towards the banking sector make the multifaceted concept of CSR an interesting and current subject to investigate further in the Finnish banking environment.

1.1. Purpose and objectives of thesis

The research question of this thesis is that what are the core emphases of CSR by the chosen organizations and how closely these suggested emphases are associated with the dominant emphases of CSR found in the literature. Therefore, the purpose of this thesis is to interpret an understanding of how the biggest organizations in the Finnish banking industry have approached the increased demand for socially responsible banking activities and policies. This understanding will be constructed through three objectives illustrated below.

1. The first objective is to construct a holistic model of CSR including the cardinal perspectives of the academic literature of CSR.

2. The second objective is to clarify what are the core emphases of CSR within the CSR reports of the chosen organizations.

3. The third objective is to interpret to which extent the analyzed organizations have incorporated different CSR emphases into their CSR frameworks.

The research methodology of this thesis is hermeneutics because the fundamental research approach is to produce a subjective interpretation of the phenomenon under analysis. The research method of this thesis is qualitative content analysis because the empirical data, which is utilized to answer the research question, will be collected by analyzing CSR reports of the chosen organizations in a qualitative sense. The essential assumption is here that the cardinal emphases of CSR within these reports should describe concretely how the analyzed organizations have approached the phenomenon under analysis.

This thesis is not written in order to produce an opinion that is CSR legitimate or illegitimate business policy or to determine which various theoretical schools of thought should be considered as the most prominent. Furthermore, this thesis does not seek to organize analyzed organizations to a rank order based on their socially responsible business activities and policies or to argue how sufficient the natures of these actions are. This thesis pays attention only to the biggest organizations operating within the Finnish banking industry. Therefore, the analyzed organizations are Nordea, OP Financial Group and Danske Bank.

1.2. Structure of thesis

The structure of this thesis is build upon five main sections that are in order introduction, theory, methodology, result and conclusion. Firstly, the introduction section includes a brief preface for the topic, the purpose and the research objectives as well as the structure of the thesis. In other words, why this thesis is written in the first place. Secondly, the theory section contains a holistic literature review of the multidimensional concept of CSR. The theory section is written from a firm's perspective in terms of approaching to the key concepts by managerial standpoint. The theory section begins with a brief introduction of the main themes that will be discussed throughout the entire theory section. Then, the evolution of the concept as well as the diverse definitional and theoretical fields of CSR will be demonstrated. Next, the six most used CSR initiatives will be presented. After that, management of stakeholder will be discussed. The theory section ends with a holistic model of CSR that combines the cardinal components of the theory section together. The first research objective will be tackled in the end of the second section.

Thirdly, the methodology section walks through the principles of how this thesis has been conducted scientifically. During the third section, the research methodology and the method of this thesis will be discussed including topics such as why a qualitative content analysis is the most appropriate method to solve the research question and what are the phases of this method. Basically, the third section works as an introduction to the fourth section.

Fourthly, the result section is devoted to content analyses and findings originated from them. The fourth section begins with a brief introduction of an organization that is under a content analysis. Then, a summary of the content analysis is displayed by combining similar clusters into identical abstractions. Given that, these abstractions represent the core emphases of CSR of the analyzed organization. At last, the entire content analysis is reviewed comprehensively to illustrate how these clusters and abstractions have been excogitated. The second research objective will be tackled during the fourth section. Fifthly, this thesis ends with the conclusion section that summarizes the theoretical field of CSR as well as the empirical findings of the content analyses. The third research objectives will be tackled during the fifth section.

2. DIVERSE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

It has been argued that evidences from responsible business practices can be traced down over centuries (Smith 2003). However, the modern concept of CSR in terms of formal writing is perceived largely as a product of the past half-century. During these decades the concept of CSR has been the topic of numerous researches, articles and debates (Lee 2008; Carroll & Shabana 2010). These studies have mainly addressed themes such as construction of holistic framework of CSR (Bowen 1953; Davis 1960; Frederick 1960; Sethi 1975; Carroll 1979; Jones 1980 Drucker 1984; Wartick & Cochran 1985; Wood 1991), implementation of CSR initiatives into a business model (Kotler & Lee 2005; Porter & Kramer 2006), discussion to whom CSR initiatives should be targeted for (Freeman 1984; Donaldson & Preston 1995; Mitchell, Agle & Wood 1997; Jensen 2002), search of robust empirical evidences from the positive link between CSR and a bottom line of an organization (McWilliams & Siegel 2000) and also justification of why CSR should be actually understood as an illegitimate business policy (Friedman 1970; Henderson 2001; Karnani 2011).

As an outcome, the long and multidimensional literature history of CSR has led to various connected and disconnected definitions, theories, approaches and terminologies under the same concept of CSR. In fact, as noted above, there is not even common consensus that CSR should be a part of the core business model in the first place. However, majority of scholars within the research field and undoubtedly most of citizens these days endorse the perspective that corporations indeed have responsibilities and obligations to conduct their businesses in socially responsible manners. But the fundamental factors why companies should then have these responsibilities, how companies should tackle these responsibilities and to whom companies should aim their actions based on these responsibilities, are still diverse. This disagreement indicates that the theoretical framework of CSR is still incomplete and CSR as business policy is unclear. In other words, the business field lacks clear and holistic guidelines that would direct managers to better understand CSR in their environment in order to justify responsible actions for shareholders and also to absorb full benefits out of these actions. (Lee 2008; Carroll & Shabana 2010.)

2.1. Evolution of the concept

The scientific community of the western part of the world has mainly affected the evolution of the modern concept of CSR. The United States of America is especially viewed to be the cradle of the most major milestones of the concept. The book named Social Responsibilities of Businessman by Howard Bowen in 1953 is widely perceived to be the starting point of the modern CSR literature. During the following next two decades, the concept of CSR as an interesting and brand new research topic received broad recognition and development in the academic world. As a result, the 1960s and the 1970s are said to be the golden era in the definitional evolution of the CSR concept because definitions expanded and formalized heavily at that time. In addition, in the United States of America, the birth of numerous non-governmental organizations and activist groups in the 1960s, as well as the birth of various governmental bureaus in the early of 1970s, boosted the concept of CSR eventually into public awareness at large. The purpose of these new organizations was and is to provide help for citizens regarding to their rights when they are dealing with companies, and on the other hand to supervise that companies are performing in socially responsible manners and within laws and local regulations. (Carroll 1999.)

Another notable landmark in the evolution of the theory field of CSR in the 1970s was the report named Social Responsibilities of Business Corporations published by the Committee for Economic Development in the United States. The core message was the announcement that business environment has changed radically and thus corporations are now instructed to engage CSR in terms of contributing more to the wellbeing of society than just products and services. The report marked a significant contribution into the evolution of the theory field of CSR because the Committee for Economic Development represents business people and managers and thus reflects an important practitioner view of CSR. Given that, after the publication of the report, the concept of CSR was no longer perceived purely as a discussion of the academic world and distinct from the real business world. In addition, in the 1970s, the concept of CSR also evolved by alternative theories including corporate social responsiveness theory and corporate social performance theory. (Carroll 1999.)

Next, in the 1980s, the focus of the research field moved from developing new or redefining already established definitions, which was in fashion in the 1960s and the 1970s, to more empirical based studies. Furthermore, more alternative theories and models with different viewpoints such as corporate social responsiveness theory, corporate social performance theory, public policy theory, business ethics theory and stakeholder theory began and continued to emerge strongly in the 1980s. The starting point behind these new approaches was not necessarily to overwhelm CSR as the main term and perspective, but rather to extend and enhance the CSR theory framework comprehensively by bringing new aspects and ideas to the conversation. (Carroll 1999.)

In the 1990s, the theory framework of CSR continued its development towards complementary and overlapping themes in the research field. Especially, corporate social performance theory, stakeholder theory, business ethics theory and corporate citizenship theory were the key themes that took over the main focus of the research field (Carroll 1999). Although all given alternative emphases and approaches were merged into the evolution of the CSR concept, the term CSR has remained one of the most used terms in both academic and practical business communities. The term CSR could be basically understood as the header and all the other terms as branches of CSR (Carroll & Shabana 2010).

The dominant approach to what the concept of CSR embraces has been constantly evolving over time. Today, the dominant approach in the research field of CSR is moving from a macro social level and ethics-oriented arguments to an organizational level and performance-oriented arguments. This means that the cardinal point of view is not anymore to appeal to the moral and conscience of business managers, but to demonstrate that in well-planned CSR engagement could be a source of profit and an essential factor of running a business operation nowadays (Lee 2008). As Vogel (2005) has argued that the fundamental reason why managers have lately increased their engagements with CSR is not because they have suddenly become more socially aware, but because they have started to view CSR as a strategic tool aimed to an improvement of an overall business performance (2005). Smith (2003) has also written that majority of implemented CSR activities have included clear aspects of enlightened self-interests in terms of pursuing direct or indirect profit.

2.2. Chasing the universal definition

Today, there is an enormous amount of information available in terms of academic articles, writings, guidelines and reports that address CSR as business policy. The most typical sources are contributed by scholars, corporations, consultancies, media, nongovernmental organizations and governmental departments. Furthermore, millions of informal web sites contain various standpoints regarding to the relation between business and CSR (Crane, Matten & Spence 2014: 5). However, in spite of the long literature history of CSR that has produced a vast amount of definitions over time, the universally accepted definition is still missing from the literature (Lee 2008; Carroll & Shabana 2010).

One key factor behind the definitional diversity could be that CSR seems to appear to different companies by different ways. For example, a small local firm is not likely to face similar intensive pressure to engage CSR due to the less media visibility compared to a big multinational corporation. Or a financial institution is not likely to be pressed on environmental issues as much as an industrial manufacturer (Crane, Matten & Spence 2014: 12-13). Another explanatory factor could be that different actors tend to define CSR through their own agendas. For example, one non-governmental organization could have totally different perspective about the relation between business and CSR than another non-governmental organization with different mission. Or one interest group could consider one CSR attribute to be more important than another interest group (Sethi 1975). Dahlsrud (2008) has remarked that the challenge behind generating an unbiased definition is that there is not actually any methodology to verify whether the definition is indeed unbiased or not.

This challenge is not new, as Votaw (1972) has written "CSR means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others, the meaning transmitted is that of responsible for in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large."

As a matter of fact, Dahlsrud (2008) has criticized the search of the universal definition by noting that it will only lead to the description of the phenomenon while failing to donate any managerial guidance to its management. Managers should therefore overlook the long definitional debate by understanding practically how business is affecting its surroundings in a specific cultural context and using these insights as a starting point of CSR management (2008). Sethi (1975) has suggested a long time ago that CSR should be viewed within a structural framework of cultural context of each organization. The level of responsibility in an action is always embedded with the framework of time, environment, and the very nature of the parties involved. This means that the same business practice could be considered socially responsible in one cultural context and irresponsible in another cultural context (1975). As McWilliams, Siegel and Wright (2006) have pointed out that laws, regulations and unwritten business norms and standards as well as the level of demand by society for companies to operate socially responsibly vary considerably across nations, regions and industries. Therefore, it could be argued that the chase of the universal definition is not rational or perhaps even possible objective to pursue.

CSR literature is nevertheless full of definitions and the table on the next page presents a few of these definitions from the most distinguished scholars in the research field of CSR. It seems that scholars tend to define CSR more or less through one main perspective. For example, Wood (1991) talks about the importance of integration between business and society. Managers should have a responsibility to consider impacts by business to society because companies are not operating in a vacancy and business decisions made by companies have a strong influence to society and people living there (1991). Drucker (1984) on the other hand emphasizes economic opportunities by arguing that a well-organized socially responsible business initiative could be a hidden source of profit (1984). Frederick (1960) defines CSR through strong ethical perspective by writing that resources on this planet should be used for the common welfare of citizens rather than for the interests of private people and firms (1960). Davis (1973) centers free will to go above current laws and regulations to the key attribute of CSR by arguing that a firm is not socially responsible actor if it just operates within the minimum requirements of mandatory law (1973). Jones (1980) highlights the multiple stakeholder orientation because every company needs support from various stakeholders in order to operate successfully.

Table 1. Definitions of corporate social responsibility.

Scholars	Definitions
Bowen (1953: 6)	*"Social responsibilities of businessmen refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."*
Frederick (1960)	*"Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms."*
Friedman (1970)	*"There is one and only one social responsibility of business–to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."*
Davis (1973)	*"CSR refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It means that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do."*
Carroll (1979)	*"Social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has to firm at a given point in time."*
Jones (1980)	*"Two facets of this definition are critical. First, the obligation must be voluntarily adopted; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities."*
Drucker (1984)	*"Social responsibility of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth."*
Wood (1991)	*"Business and society are interwoven rather than distinct entities: therefore, society has certain expectations for appropriate business behavior and outcomes."*

Despite of the definitional diversity and the cultural context perspective discussed previously, Dahlsrud (2008) has argued that CSR definitions are generally based on five dimensions or a combination of them: stakeholder dimension, social dimension, economic dimension, voluntariness dimension and environmental dimension (2008). In addition, Crane, Matten and Spence (2014: 9) have concluded that beyond philanthropy, managing externalities, multiple stakeholder orientation, social and economic alignment, practices and values and voluntariness are the six main characteristics of CSR that tend to appear in some ways in most of definitions in the literature (2014). Next, by compressing these two quite recent conclusions of the core CSR attributes together, a comprehensive conceptual framework of CSR can be illustrated. Some dimensions and characteristics discussed fit together better than others, but these two summaries seem to support each other by and large.

2.2.1. Integration dimension

One of the main themes appearing in most of definitions is going beyond philanthropy. Managers have traditionally viewed CSR through charity work in terms of giving a part of the profit to those in need in order to ensure and enhance socially responsible reputation among society. The shortcoming of this old but still quite popular perspective is that profit is generated without taking any negative social impacts caused by the profit creation under consideration. An extreme example would be that an organization is donating money to a social cause, but also at the same time damaging the same social cause directly by its own business activities or indirectly by supporting business activities of its business cooperation partners. (Crane, Matten & Spence 2014: 11-12.)

It has been therefore argued that the focus should move from how to spend profit to how to generate profit in the first place. CSR policies and activities should be integrated into the core business models of organizations, rather than viewing CSR as an unattached part from the core profit creation processes. This transformation requires that organizations must stop seeing CSR as maintenance of license-to-operate and reputation management tool that are only aimed to mitigate the public pressure to engage CSR without a genuine commitment to improve social causes. There should be a meaningful strategy, a measurable objective and a bond with primary business segments behind every CSR initiative and procedure. (Crane, Matten & Spence 2014: 11-12.)

2.2.2. Voluntariness dimension

The voluntariness characteristic of CSR contains the idea about companies going in free will beyond the minimum requirements of law to self-regulation. It is often discovered that the current laws and regulations forming the legal framework for companies to operate are not necessarily at the same level than what most of citizens consider fair and appropriate. For example, although a policy designed and implemented by a firm is in accordance with the current law, majority of citizens could anyway view the policy against their own values and thus concern the firm as an irresponsible actor. In other words, companies cannot justify every questionable action by just announcing loudly that they are operating within the current laws and local regulations. Organizations are expected today to internalize what the dominant values and opinions are in the society and operate according to them, although they may be above the law. (Crane, Matten & Spence 2014: 10-11.)

2.2.3. Values dimension

CSR is also often defined through practices and values that guide all business activities of every organization. This perspective is very close to the beyond philanthropy and the voluntariness characteristics, discussed above, as all of these perspectives are based on the same endorsement: CSR is in essence about voluntarily meeting society's dominant ethical values of good and fair business practices, which may be above the current laws in some cases, by integrating genuinely desired CSR procedures into the core business values. CSR engagement should not be viewed as a mandatory and reactive short-term reputation management tool and an unattached part from important profit creation functions of companies, but rather as the core mission that assigns the main reason to exist for every organization. Companies that are recognized of being highly socially responsible actors are first seen to have a social mission to promote and only after that a business plan designed around the mission in order to clarify how to turn the social cause into economic opportunity. Practices and values characteristic indicates essentially a deeper and more meaningful purpose behind business mission than just profit creation and distribution of dividend. (Crane, Matten & Spence 2014: 10-11.)

As discussed previously, there are also statements against CSR in the literature. Perhaps one of the most famous advocates against CSR is Milton Friedman who has won the Nobel Memorial Prize in Economic Sciences. Friedman (1970) has criticized the concept of CSR and what the integration, voluntariness and values dimensions represent. Companies should instead be only socially responsible to increase profits within the current laws and regulations because the free market system and the pursuit of self-interest will result in the greatest benefit for society overall. The free market mechanism pushes firms to engage activities that are valued by individuals in terms of high demand. If consumers want, for example, responsibly produced products, it is a company's own interest to engage CSR in order to meet the demand. Vice versa, activities that are not demanded by the free market mechanism are those activities that individuals do not value and thus are unimportant for business to engage. Therefore, managers should not be concerned about CSR because social issues should be resolved by the unrestricted working of the free market system.

For example, both profit and community wellbeing increased simultaneously when McDonald's started serving salad on its menu. Consumers became healthier because they got access to more nutritious food and McDonald's generated more profit from the satisfaction of the new demand. However, it can be argued that McDonald's was acting purely in self-interest by responding to the increased demand of healthy food that ultimately led to social improvement as well. The free market system worked and thus there is no need to praise McDonald's for being socially responsible organization. It seems that it is unnecessary to promote the concept of CSR in a situation where private profit and public interest are embedded together because any organization would tackle the appeared social demand in order to maximize profit. In the case of McDonald's, it would have been against shareholder value not to tackle the demand for salad and nothing more under these circumstances. (Karnani 2011.)

Further, another argument in favor of the classical free market economy theory is arguing that the world's poverty has clearly been decreasing at the same time when the political ideology of the world has decisively moved towards market-oriented economics in the last twenty-five years. This indicates that even though the free market system may not be flawless, it is still the best system available in the toolbox to economic prosperity at large and therefore it should be left working independently without any major restrictions. (Karnani 2011.)

However, after all, it has been discovered that the free market system works only when private interest and public interest are on the same page, but fails to solve social issues when they are in conflict (Karnani 2011). Friedman (1970) has argued that now the job to solve social issues should fall upon government to change the legal framework of business environment if it is clearly needed and wanted by citizens at large (1970). Legislation is also more effective way to pursue desired social outcomes compared to a situation where citizens have to rely on the goodwill of managers to voluntarily promote social causes. The rulebook of CSR such as which labor standards should be met or which environment regulations should be followed is argued to belong better in the hands of government than in the hands of individual business managers (Karnani 2011). Further, firms are already perceived to possess an enormous power because business decisions have a strong influence on communities and therefore firms should not be given any additional power (Davis 1973).

The counterargument here is that the legislation perspective ignores one of the key reasons why CSR is on the agenda nowadays. Due to the globalization and the ideology of free movement of money and goods, many governments are now unwilling to impose extra regulations on corporations in the fear of losing employment and tax incomes. Today, corporations can easily relocate their business activities to more business friendly countries in terms of lower CSR standards and regulations. Moreover, many governments in developing countries are weak and they do not have required abilities or even desire to monitor how socially responsible foreign corporations are operating in their countries. To put it simply, massive multinational corporations are more powerful than governments these days and voluntary based self-regulation is therefore clearly expected and needed. (Crane, Matten & Spence 2014: 30.)

Moreover, the self-regulation approach could prevent additional regulations from government in the future by removing the necessity for new regulations. It could also place a firm in a better position if a new regulation emerges because the business model is already designed to facilitate the adaption of the new regulation. Proactive approach to manage social issues is also considered to be much more rational and less costly compared to a situation where a company is forced to deal a social issue reactively after it has emerged. The damage has already occurred and the firm must face the severe consequences that it could have been avoided with proactive approach. (Davis 1973.)

2.2.4. Environment dimension

Many CSR definitions are also commonly linked to environmental issues in terms of protecting environment by internalizing and managing externalities. Externality is generally understood as a positive or negative side effect by a business operation that effects to an actor who has not chosen to incur that cost or benefit. A classic example from a negative externality is pollution originated from a heavy manufacturing. In that case, a manufacturer is intentionally or unintentionally ignoring pollution originated from the production by not taking it into account during the decision-making process of the production. This means that pollution is not counted into overall production costs and thus is not included in the market price. In the end, the local community next to the factory is left alone to bear the negative externality in terms of polluted nature. The environmental dimension holds that companies are responsible to internalize an externality so that the costs or the benefits will effect mainly to parties who choose to incur them. (Crane, Matten & Spence 2014: 10.)

Furthermore, the term sustainability has been used widely to describe the relationship between business and environment since the World Business Council for Sustainable Development published the report called Brundtland in 1987. The report stands that every organization should target to sustainable development, which is generally understood as meeting the needs of the present without compromising the ability of future generations to meet their own needs. The core idea is that people today should be responsible for unborn generations by rejecting the short-time perspective with the long-time perspective. The term has later expanded to cover also social and economic attributes into the meaning of sustainable development. (Garriga & Méle 2004.)

The main factor behind the broad acceptance of the sustainable development perspective is basically the increased understanding about the Earth’s limited resources. Conducting daily business operations lead typically exploitation of natural resources and creation of pollution and waste through productions and other processes that have to be eventually absorbed by the Earth with limited capacity to do so. That being said, the Earth must be able to sustain itself in order to people living and prospering on it and thus corporations are expected by society to follow the cardinal principles of the sustainable development. (Crane, Matten & Spence 2014: 351-352.)

Companies that have implemented the principle of sustainable development into the core business values have often innovated green and new technologies. These kinds of environmental friendly investments to so-called tomorrow's technology are typically aimed to reduce operating expenses in terms of using fewer resources more efficiently by minimizing pollution and waste of material throughout the entire value chain. The key idea here is that a firm could reduce operating costs and protect environment at the same time making a win-win situation possible. For example, a firm could reduce the use of electricity and water during production phases by utilizing the latest energy saving green technology. Another example would be a reduction of petrol expenses by integrating the latest fuel saving technology into distribution that advances both environment and revenue. (Crane, Matten & Spence 2014: 351-353.)

Further, a discussion of a life cycle of a product in terms of its environmentally friendly design is also associated as an important factor in the environmental dimension. The discussion addresses that the entire life cycle of a product from the start of the resources procurement right to the end of the recycling of the used product is required to be taken under consideration. This demands more holistic approach in terms of recognizing and enhancing all the processes in a product's life cycle where negative impacts towards environment emerge. (Crane, Matten & Spence 2014: 351-353.)

Another popular theme these days regarding the coexistence of business and environment is the much spoken global warming caused by increased greenhouse gas emissions from several sources. Many politicians, pubic figures, organizations and institutions have claimed that the current global warming is one of the biggest threats that humankind is facing in the near future and this enormous challenge needs everybody to get involved. Companies possess an important role to play here because business activities such as production and distribution as well as often the actual use of commercial products in terms of consumption are discovered to be the major sources of greenhouse gasses. Therefore, it has been increasingly endorsed by citizens that corporations have a responsibility to tackle the global warming issue. This is done mainly by decreasing carbon footprints and reliance on fossil fuels by moving to carbon-neutral and environmental friendly procedures and policies throughout the entire value chain. (Crane, Matten & Spence 2014: 351-353.)

2.2.5. Stakeholder dimension

The multiple stakeholder orientation perspective has also been integrated in many CSR definitions. The key driver here is the statement that the success of a firm relies eventually on various actors such as consumers, employees, suppliers and local communities. Therefore, managers should extend their responsibilities when making business decisions to cover also other interest groups than just shareholders. The central questions in the stakeholder theory have always been how much weight should be given to interests of shareholders in comparison to interests of other stakeholders and which stakeholders should receive more attention than others. In other words, how managers are able to find the appropriate balance between various interests by numerous stakeholders in different contexts. (Crane, Matten & Spence 2014: 11.)

The stakeholder theory has also evoked criticism in the literature in terms of how to implement the multiple orientation perspective into practice. It has been argued that managers cannot perform their tasks efficiently and responsibly if they are required to focus on many groups including various expectations and objectives (Jensen 2002). For example, if interests of stakeholders are in conflict with interests of shareholders, a manager has an extremely difficult task to genuinely place the interests of stakeholders over the interests of shareholders. Given that, a manager is not hired to solve assorted social causes by channeling limited resources into them, but to work as an agent for shareholders and to advance their interests in every lawful way as possible (Karnani 2011).

The counterargument here is that the central stakeholders of a firm will most likely lose their endorsements from the firm if the firm ignores their legitimate demands and expectations. For example, customers could stop buying products and services, employees could withhold their loyalty and best efforts, business partners could withdraw business connections, government could impose fines and non-governmental organizations could start aggressive campaigns against the firm. Given that, the stakeholder theory holds that it is crucial for companies to be successful in the long term that managers are able to create a transparent and interactive network based on collaboration, honesty and mutual respect of each other between shareholders and the most important stakeholders. (Wood 1991.)

2.2.6. Economic dimension

The last and perhaps the most important characteristic of CSR is the social and economic alignment. In essence, it is a challenging task for the CSR movement to persuade companies to engage CSR by talking about integration, voluntariness, values, environment and stakeholder dimensions, if there is not some sort of financial reward waiting behind a corner. This signifies that every socially responsible business policy or initiative will eventually face the assessment, which determines whether the responsible business action is worth of engaging in a financial sense. (Crane, Matten & Spence 2014: 11.)

Today, there are growing numbers of arguments in favor of CSR that are embedded with the statement that it pays off for organizations to operate in socially responsible ways in the long run. Firstly, CSR engagement may be rewarded by increased sales and strengthened brand position. Many studies have found that under certain conditions and terms consumers are increasingly willing to favor and support socially responsible companies over others. Secondly, CSR engagement may improve corporate public image in society. Several widely respected and followed organizations assess CSR performance of corporations by making reports and rankings. These conclusions possess the potential to gain substantially wide publicity and thus influence on common opinions of citizens towards a single company. (Kotler & Lee 2005: 10-16.)

Thirdly, CSR engagement may facilitate hiring and keeping motivated and talented employees. Many surveys have shown that employees prefer to work for socially responsible companies because they want to be proud of their company and stand behind those values what their company represents. This argument has been found to be especially strong among young, ambitious and highly educated technology friendly people who are most likely going to be in top management positions in the near future (Kotler & Lee 2005: 10-16). For example, Smith (2003) has written that it is generally known that tobacco companies are facing difficulties when trying to hire young and talented employees because tobacco as business field is broadly considered to be unethical. This means that organizations with poor socially responsible image usually have to pay extra in order to lure people to work for them, but the question remains that can money guarantee the best and especially the most motivated employees available.

Fourthly, CSR engagement is also seen related to decreased operating costs. Companies, especially heavy manufacturers, could reduce operating costs by integrating effective environmentally friendly practices such as reduction of waste, recycling of materials and conservation of water and electricity into everyday business operations. All activities and resources required to get a product from raw material to the hands of consumers are obviously listed as costs. Then, by enhancing the value chain in terms of using fewer resources that erode nature to produce the same level of goods than before the enhancement, a firm is reducing operating costs and protecting environment simultaneously. (Kotler & Lee 2005: 10-16.)

Fifthly, CSR engagement may increase stock value by attracting investors and financial analysts. Companies with good CSR records are seen to have a low risk to end up in the middle of a reputation crisis. Therefore, investors tend to value socially responsible companies in terms of minimizing all the possible risks behind an investment. The more investors are seeking shares of one specific firm, the more the price of a single share will rise according to the law of demand (Kotler & Lee 2005: 17-18). In other words, a reputation crisis originating from an irresponsible business practice could lead to many severe consequences. For example, temporary prohibition to run business, expensive lawsuits, termination of collaboration with partners, consumer boycotts, drops in sales and reduction in brand image. All these could lead eventually to negative stock market reaction and decrease of share price that is often held as the primary metric to measure how successful a firm has been (Smith 2003).

In addition, safeguarding a brand image from a reputation crisis by engaging CSR has become more important than ever before. Today, reputation has become more vulnerable due to the growth of transparency in terms of the recent development of information technology and the evolution of social media. Many non-governmental organizations have also become better organized and sponsored as well as more aggressive watchdogs monitoring and exposing irresponsible corporations to the public judgment. Further, markets have become more competitive in many industries due to the spread of the open competition ideology and lowered market enter barriers caused by new business models originated from the digital revolution (Smith 2003). As argued above in many ways, CSR engagement is an essential factor behind financial success within competitive business industries nowadays.

However, many empirical studies that have examined the economic and social alignment have reported mixed outcomes including positive and neutral as well as negative impacts of CSR engagement on financial performance of an organization. It has been argued that the fundamental problem behind finding any solid positive link is that such kind of correlation is difficult to measure reliably due to the numerous changing variables. As an outcome, the positive link between CSR engagement and financial performance may not be so straightforward as it may first seem and thus the economic and social alignment argument remains inconclusive. (McWilliams & Siegel 2000.)

For example, one of the most essential factors regarding the social and economic alignment is consumers and their willingness to support socially responsible companies. It has been argued that although many consumers tend to answer on market polls that they like to see themselves as ethical buyers and are willing to favor socially responsible companies over others, often these statements are not reflected to the real purchase decisions. It is widely known within the consumer marketing field that what consumers are saying may not often be the same thing than what they are doing (Bhattacharya & Sen 2004). Of course everybody wants to support a socially responsible firm by buying its environmental friendly and ethically produced products and services compared to offerings of an irresponsible firm. But these decisions rarely come without a trade-off or two meaning that consumers are often required to compromise on quality, material, design and taste or even pay premium in order to pick up the responsibly produced product from a shelf (Crane, Matten & Spence 2014: 235).

Another significant factor is that consumers are not always aware about all socially responsible business activities and procedures performed by companies. It is very difficult or even sometimes impossible for consumers to acquire and process huge amount of information about companies and their products. Further, often consumers are not even conscious about which company has produced the product they are consuming. As a result, it has been suggested that behind any successful responsible business initiative are meaningful communication and strong endorsement among consumers. The more consumers are aware and interested in an action conducted by a firm, the stronger consumers will support and reward the firm. This means that companies should promote more their socially responsible actions in marketing to make the hidden benefits visible for consumers. (Mohr, Webb & Harris 2001.)

The suspicious nature of human being also creates challenges. Because of many consumers tend to question reasons and motives behind socially responsible initiatives, companies should introduce their plans transparently and honestly. Basically, motivations based on principles of fairness and justice have much better reception among consumers than motivations based on profit making. Furthermore, a proactive approach guarantees better acceptation among consumers towards a socially responsible initiative than a reactive approach. In a worst-case scenario, a poorly designed and timed responsible initiative could even have a negative influence for consumer behavior. In other words, responsible business initiatives should be planned before a crisis and selected carefully with an appropriate communication strategy in order to assert consumers that the action is ethically motivated. This kind of planning and motivation will increase the possibility of transforming the implemented action into consumer purchases. (Becker-Olsena, Cudmore & Hill 2006.)

Moreover, Mohr, Webb and Harris (2001) have pointed out that it seems that most consumers react negatively to negative news about companies whereas only those who really value social issues react positively to positive news about companies. In other words, consumers are more likely to boycott irresponsible companies than to support responsible companies. This signifies that although an implemented socially responsible initiative does not necessarily effect directly to consumers' purchase decisions, the initiative may have indirect impacts to purchase decisions by ensuring a license to operate for the company and thus the direct positive link between CSR and bottom line stays blurred. Finally, there are numerous difficultly defined factors that effect whether CSR activities and policies will transform into consumer purchases that eventually is one of the most fundamental issues behind the economic dimension.

The search of finding the positive link between CSR engagement and bottom line of an organization is crucial behind the genuine acceptance of CSR. The concept of CSR will always remain controversial business policy unless there is strong empirical evidence that can verify the existence of the positive link. This means that otherwise managers do not have any incentives to engage CSR. It is not an easy task for a manager who has a profit responsibility to convince shareholders that their firm should engage CSR without any idea how beneficial it would be in a financial sense. (Vogel 2005.)

It is self-evidence that a firm must manage its resources wisely and in a cost-effective sense in order to avoid a bankruptcy, produce profit, maintain its market share and the ability to run and expand business in the future. Managers are therefore only responsible for implementing activities where a clear return of investment is wanted and expected and that may not always be the case with CSR engagement according to the empirical studies discussed above. On the other hand, the findings of neutral impacts of CSR on financial performance indicate that CSR engagement does not make companies less profitable or competitive. In summary, the positive, negative and neutral findings suggest that there is a place in the market for socially responsible firms, but the market is not big enough to make the concept of CSR the core mission for all companies. It is known that consumers are different regarding to their preferences and purchase behaviors. From this perspective it becomes clear that some consumers are ready to favor socially responsible companies in terms of backing up their promises with their wallets and some consumers are not and thus the market for virtue is not for every organization. (Vogel 2005.)

Finally, an important part of the economic dimension is also the question of how much resources should be channeled into CSR engagement. This question could be understood via cost-benefit analysis based on a supply and demand model. This means that the revenue coming from the satisfaction of the demand of socially responsible business should at least equal the cost originated from the used resources needed to fulfill the demand. In other words, any investment to a socially responsible business initiative should be addressed as all other investment decisions. (McWilliams & Siegel 2001.)

To sum up the search of the universal definition discussion, the modern concept of CSR is defined here as an integrated and self-regulated policy of operating according to a framework based on dominant ethical standards and moral values of citizens. This is done by avoiding negatives and creating positive impacts in society in terms of supporting and improving the overall wellbeing of citizens. To some companies these kinds of efforts are more beneficial than to others in a financial sense in the long-term. According to Dahlsrud (2008) as well as Crane, Matten and Spence (2014: 9), a holistic definitional framework of CSR can be formed by combining integration, voluntariness, values, environment, stakeholder and economic dimensions together into one encompassing model. This model is illustrated on the next page.

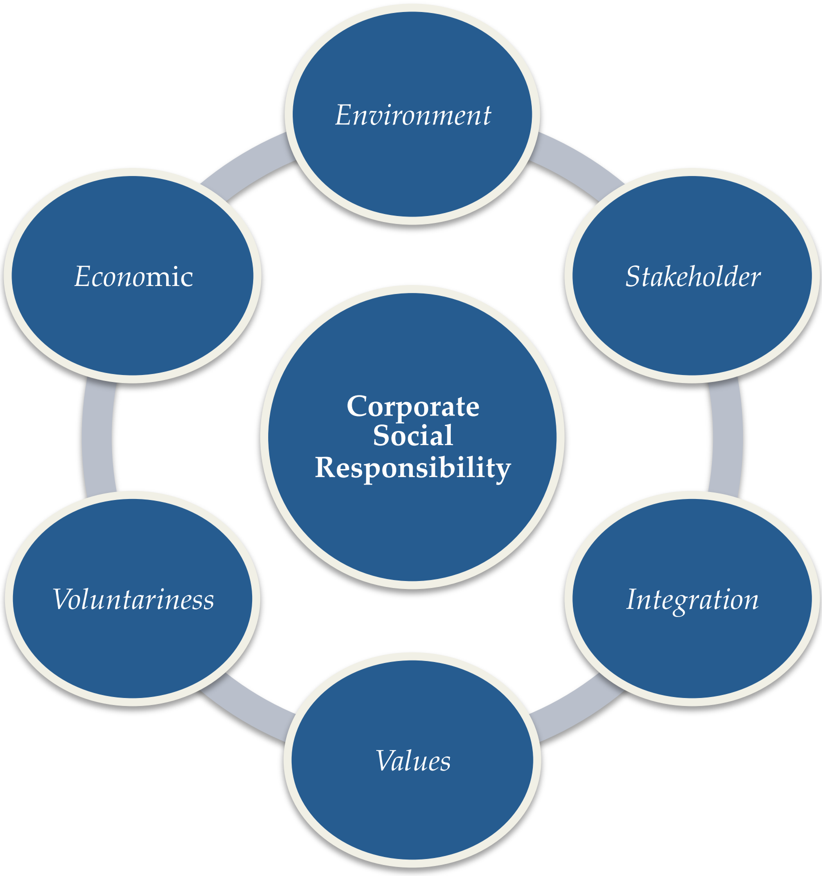

Figure 1. Dimensions of corporate social responsibility.
(Dahlsrud 2008; Crane, Matten & Spence 2014: 9.)

2.3. Mapping the theory field

The theory field of CSR is full of different approaches with various emphases trying to determine the fundamental reason why organizations should get involved with CSR (Lee 2008; Carroll & Shabana 2010). Garriga and Méle (2004) have therefore clarified the complex situation by examining similarities and differences between numerous theories and concluded that the most relevant theories within the literature field form four cardinal theory groups. However, a theory may occasionally include many aspects from different schools of thought indicating that any theory may match to more than one group depending on the point of view. This notion signifies that the borders of these groups may be unstable to some extent.

One of the groups is named instrumental theories where financial benefits emerging from CSR are the key focus. This means that companies should only consider CSR when an involvement is financially reasonable. Other group called political theories is formed around those theories that advocate responsible use of the social power that companies possess. In other words, companies should engage CSR because business decisions have so significant impacts to society. Another group named integrative theories supports the idea that business and society are fundamentally embedded together. This signifies that companies should engage CSR in order to maintain operational business environment because companies need a healthy and safe society for running businesses successfully in the long-term. The last group is named ethical theories, which endorses the statement that companies have a moral responsibility to do the right thing by contributing resources into the wellbeing of citizens, even if the action itself is not rational in a financial sense. The figure underneath this paragraph illustrates the four main theory groups and the main theories within these groups. (Garriga & Méle 2004.)

Figure 2. Theory field of corporate social responsibility. (Garriga & Méle 2014.)

2.3.1. Instrumental theories

Instrumental theories represent one of the most traditional and broadly accepted perspectives among business managers regarding to CSR engagement. This theory group addresses the theme of why companies should engage CSR by only paying attention to the economic aspect from the relation between business and society. The key statement here is that companies should only engage CSR when there is a clear sign of return of investment on the horizon. CSR engagement is basically conceived purely as a profit creation tool aimed to enhance bottom line of organizations. It is obvious that not all CSR initiatives possess the same financial potential and therefore companies should exploit customary ethics in terms of examining the scale of profitability in different CSR initiatives and engage only to those responsible initiatives that pay off. Furthermore, all those possible positive impacts in terms of increased wellbeing of communities and citizens, caused by implemented CSR initiatives, are understood here as secondary side effects compared to the real business objective of creating profit through CSR engagement. (Garriga & Méle 2004.)

The maximization of shareholder value theory, the achieving competitive advantage theory and the cause-related marketing theory are the main theories in the instrumental theories group (Garriga & Méle 2004). The maximization of shareholder value theory is based on the endorsement that interests of shareholders should always work as the supreme criterion behind all business decisions. The role that companies should possess in society is in essence to create profits for their owners and managers are hired to ensure the achievement of this objective. In other words, managers should not be responsible for taking stakeholders interests into account if these interests are in conflict with interests of shareholders. Given that, managers should only engage CSR when the involvement serves interests of shareholders. This often requires that there is a clear return of investment expected, that is to say, a large enough demand by consumers for socially responsibly produced products and services on the market. Then, the satisfaction of this new demand should lead to increased sales and eventually to better financial result that is obviously much valued issue in the eyes of the shareholders. Therefore, in this case, the CSR involvement has maximized the shareholder value (Friedman 1970).

Achieving competitive advantage theories address means of how to establish a sustainable competitive advantage through CSR initiatives and activities. Firstly, CSR engagement could be a powerful way to differentiate a business concept of a firm from business concepts of its competitors. In a situation where consumers want to support and favor socially responsible firms, a firm wins the battle of consumers and overcomes its competitors by being the most socially responsible actor on the market. A firm can also fortify its cost leadership strategy by using fewer resources in the value chain by implementing environmentally friendly technologies into processes (Porter & Kramer 2006). The resource-based view of competitive advantage and CSR are also merged together when a firm achieves competitive advantage through natural environment based resources and dynamic capabilities such as pollution prevention, product stewardship and sustainable development (Hart 1995).

Furthermore, companies have also the often forgotten option to target and optimize their business operations to the bottom of the economic pyramid and thus create profit and serve the poor at the same time. Most products and services on the markets are traditionally targeted to upper and middle class people because a low-income person is usually conceived as an inactive consumer with low purchasing power. However, there is an enormous amount of poor people all over the world creating automatically huge markets with big opportunities for business concepts of inexpensive products and services. By penetrating into these untapped markets, a firm can establish a sustainably competitive advantage based on the first-mover advantage. This means significant occupant of the most important market segments due to the lack of intensive competition. (Hart & Christensen 2002; Prahalad & Hammond 2002.)

The cause-related marketing theory means that CSR engagement can be used as an effective instrument of marketing communication in order to advance directly both sales and social cause at the same time. In practice, the main idea is that a firm connects its product to some specific social cause that is meaningful for the target audience. Then, the firm donates a specific percentage from the product sales or total revenue to the selected cause. This requires that consumers should be willing to choose the product over competitors' products because consumers are seen to embrace the social cause where the product is bound. (Varadarajan & Menon 1988.)

2.3.2. Political theories

The second group addresses the theme of responsible use of business power by companies in society. The foundation of the political theories group leans on the perspective that companies should get involved with CSR because they have a strong social influence to society as being providers of employment and living standards in the current capital economic system. Although there are numerous approaches in the literature trying to understand the social power and the impacts of this power in society, two major theories could be distinguished: the corporate constitutionalism theory and the corporate citizenship theory. (Garriga & Méle 2004.)

The corporate constitutionalism theory is founded on two core principles of social power: the social power equation and the iron law of responsibility. The social power equation principle claims that social power and the necessity of CSR correlate positively together. The higher the social power is, the higher CSR engagement is required by society. In other words, massive multinational corporations should have broader CSR engagements compared to small locally operating companies due to the bigger social power in their hands. The iron law of responsibility principle stands that an organization that fails to manage its social power in a responsible manner tends to lose its position in society in the long run. This happens because other organizations will eventually occupy the position by engaging those neglected CSR demands. Therefore, companies should engage CSR in order to sustain their already approved positions in society, that is to say, maintaining the license to operate. (Davis 1960, 1967.)

The corporate citizenship theory approaches the CSR theory field by arguing that companies should basically be understood as citizens of society. The core standpoint of this theory is that every citizen living in a society has certain legitimate responsibilities and obligations towards other citizens living in the same society. Given that, companies should not have any special rights above other members by ignoring the legitimate responsibilities and obligations placed on every member of society. Companies are expected to design their business operations accordingly the dominant responsibilities and obligations, including laws and local regulations as well as unwritten norms of society. In other words, companies should behave as any decent citizen would behave. (Carroll 1998.)

2.3.3. Integrative theories

Theories in the integrative group are focusing on the integration of social demands. Social demands are understood here as the ways of how society interacts with companies and gives them a certain license to operate. License to operate refers to the level of endorsement of a particular firm in society and it can be removed if a firm operates in socially irresponsible ways. Therefore, companies should integrate social demands into their business models in order to maintain their licenses to operate in society. Furthermore, integrative theories advocate the perspective that companies need a healthy and thriving society in order to run business operations successfully. The entire existence, continuity and growth of a company depend basically on how well a society is organized. For example, proper education and healthcare are essential factors behind productive and effective workforce and robust judicial system is important behind product innovation. (Garriga & Méle 2004.)

The issues management theory, the public responsibility theory, the stakeholder management theory and the corporate social performance theory form the group of integrative theories (Garriga & Méle 2004). Issues management theory emphasizes that companies should be responsible in a causal mode. This means that companies should be responsible for responding only to those issues that have emerged significantly because of their own operations. Further, it is often argued that there is a gap regarding to what is the actual level of CSR compared to what is the wanted level of CSR by citizens. Given that, the issues management theory focuses on the level of social responsiveness of firms in terms of how firms can internally manage vital social issues in order to close the possible gap (Ackerman 1973; Sethi 1975; Jones 1980; Wartick & Mahon 1994).

The public responsibility theory stands that the framework of CSR should be formed according to the current laws and regulations, but also according to the opinions of good business practices in the eyes of public. Therefore, companies should voluntarily integrate socially responsible business practices into their business models in order to meet the public sense of justice, although these values may be above the current law. The core of the public responsibility theory is that the legitimate proportion of CSR engagement comes from the public option of what is the correct way to run business and not from laws and regulations or from personal moral of managers. (Preston & Post 1981.)

The stakeholder theory focuses on the balance between various interests by numerous stakeholders. The starting point of the stakeholder theory is that managers should not be only responsible for shareholders, but also for other interest groups as well because the success of a firm relies eventually on various stakeholders and their endorsements towards the firm. Therefore, the objective of the stakeholder theory is to integrate various demands and expectations by many interest groups into the decision-making processes of companies. Another important factor according to the stakeholder theory is that stakeholder management should not be executed inside an organization because it requires actively taking an interest in having an external dialogue based on honesty, transparency and mutual understanding and respect with the most important stakeholders. (Freeman 1984; Mitchell, Agle & Wood 1997.)

The corporate social performance theory is built around the approach of compressing various theories together to produce one holistic framework representing the total CSR field (Garriga & Méle 2004). One of the first attempts to develop such framework was the suggestion to divide social responsibilities of any firm into four dimensions: economic, legal, ethical and philanthropic. The most important contribution of this suggestion was the link between the financial and the ethical schools of thought by acknowledging that the economic responsibility should also have its legitimate place in the framework (Carroll 1979). These four dimensions are later utilized as the ground for the construction of the well-known pyramid of CSR. The layers of the pyramid are in order the economic responsibility, the legal responsibility, the ethical responsibility and finally the philanthropic responsibility (Carroll 1991).

Recently, Schwartz and Carroll (2003) have proposed an alternative approach by melting the ethical and the discretionary dimensions together and replacing the pyramid model with the venn framework. The venn framework enables altogether seven CSR categories to be formed as an outcome from the overlaps of these three core dimensions (2003). Other important contributors of the corporate social performance theory field are Wartick and Cochran (1985) with their holistic model based on the principles of social responsibility, the process of social responsiveness and the policy of issues management and Wood (1991) with her holistic model composed of the principles of CSR, the processes of corporate social responsiveness and the outcomes of corporate behavior.

2.3.4. Ethical theories

The fourth group of theories is founded on the approach of understanding the relation between business and society through moral and ethical values. Companies should to do the right thing by aiming to spread common wealth throughout society, even if the action itself would mean sacrificing some of the profit during the process. It is an ethical responsibility of every company above any other consideration to operate in a socially responsible manner because the wellbeing of company's operational environment in the long-term is always more important than profit making in the short-term. The fundamental role of business in society today is not to make profit as much as possible, but to engage building society by improving the living conditions of citizens. The normative stakeholder theory, the universal rights theory, the sustainable development theory and the common good approach theory are seen as the major representatives of the ethical theories group. (Garriga & Méle 2004.)

Donaldson and Preston (1995) have compressed the broad debate around the stakeholder theory into three mutually supportive main groups named descriptive, instrumental and normative, and endorsed the normative perspective as the most legitimate from these three approaches. The core of the normative stakeholder theory is the argument that all stakeholders have a legitimate entitlement to influence decision-making processes of companies. This means that companies are required to equally respond to many kinds of demands by various stakeholders, regardless the broadly agreed fact that different stakeholders have different level of importance for companies.

Next, the universal rights theory is based on the Ten Principles of CSR introduced by the UN Global Compact. The Ten Principles guideline forms the framework of proper socially responsible procedures for companies on issues such as human rights, labor rights, environment protection and anti-corruption. Especially, numerous massive and well-known multinational corporations have announced to follow these principles. The sustainable development theory argues in essence that companies should have a responsibility to aim towards sustainable economic development by considering the needs of the future generations during business decision-making processes. The fundamental idea is that the future generations should have at least the same opportunities than the current generations had. (Garriga & Méle 2004.)

The common good approach theory is very general by nature indicating that companies as members of society are expected to spread common wellbeing throughout their surroundings. The Aristotelian tradition, Medieval Scholastics, Catholic social thought and Japanese concept of Kyosei have especially influenced the concept of common good approach. All these ideologies maintain that everybody should work together with other members of society in order to build better living conditions for everyone. (Garriga & Méle 2004.)

2.4. Initiatives of corporate social responsibility

There is a broad mutual understanding about the necessity of CSR in today's business environment and a strong consensus that the term CSR addresses social responsibilities and obligations of business in society. However, there is much less certainty about the toolbox of how companies should engage CSR (Smith 2003). Therefore, Kotler and Lee (2005: 46) have tackled the problem by identifying that the most used CSR initiatives form six classes: cause promotion, cause-related marketing, corporate social marketing, corporate philanthropy and community volunteering as well as socially responsible business practice. It is worth of recognizing that the borders of these main classes are sometimes inconstant, indicating that an initiative may possess various attributes that match several classifications. In other words, there are similarities among these six initiatives, like utilizing a partnership with a non-profit organization, but nevertheless each initiative has one or more unique characteristics, which enables the division to be formed. The figure on the next page illustrates the six mostly used CSR initiatives these days.

Figure 3. Initiatives of corporate social responsibility. (Kotler & Lee 2005: 46.)

Also, these six terms are not the only terms used in the literature to label same kinds of socially responsible business actions. Cause promotion is often described as cause marketing, cause sponsorship, cause advertising, co-branding or corporate sponsorship. Cause marketing and co-branding are also often related to cause-related marketing. Corporate social marketing goes hand in hand with cause marketing. Corporate social investing, corporate giving, community development, community giving and community involvement are frequently used when discussing about corporate philanthropy. Community service, community development, community relations, community involvement, community partnerships and corporate citizenship are commonly used as synonyms for community volunteering. Socially responsible business practice is often covered when referring to corporate social responsibility, corporate citizenship and corporate commitment. (Kotler & Lee 2005: 47.)

2.4.1. Cause promotion

Cause promotion means in essence an action where a company engages to a social cause with persuasive communication in order to increase awareness and concern of the social cause among citizens. The main difference between cause promotion and other initiatives is that cause promotion is based on the theme of persuasion in terms of activating people to engage with a social cause, rather than promoting the social cause internally. Collaboration with non-profit organizations and other interest groups associated with the chosen social cause is strongly linked with cause promotion initiatives. (Kotler & Lee 2005: 79-80.)

One typical way to build awareness and concern around an important social cause is to illustrate and promote charts with motivating statistics and facts that capture people's attention. For example, metrics of how much food is thrown away per capita or how many homeless people are forced to live on street. Another way to build awareness is to persuade people to donate their time like spending free time in voluntary work or attending fundraising events. Further, cause promotion initiatives are often associated with actions based on persuasion of nonmonetary resources like used clothes or unwanted books. Direct monetary contributions have also a legitimate place within the cause promotion framework. This means that a firm is persuading people to donate money directly to a social cause. (Kotler & Lee 2005: 51-52.)

2.4.2. Cause-related marketing

Cause-related marketing stands out from the other initiatives by having the clearest link between a social cause and sales. Cause-related marketing initiatives are based on the perspective that consumers who care about some specific social cause are willing to choose a product attached with the social cause over other products. By purchasing the product, consumers automatically support the social cause closed to them because a part of the sales of the product is being channeled to the social cause. Given that, organizations have the best chance to increase sales directly through cause-related marketing initiatives compared to other initiatives. Furthermore, cause-related marketing is often viewed as one of the most effective CSR initiatives when the objective is to raise significant funds for a social cause due to its ability to collect money quickly and considerably. (Kotler & Lee 2005: 112-113.)

One of the most common ways in which companies are seen to implement cause-related marketing initiatives is to contribute a specific amount of money directly to a specific social cause for each product sold during a specific period of time. For example, a beverage company announces to share ten cents to clean water programs for developing countries for every soda sold during a summer. Another popular form is the percentage-based contribution such as giving a specific percentage of the total product sales or a specific percentage of the total profits after taxes to a social cause. As noticed, the mutual factor between cause-related marketing initiatives is promotion of sales by attaching a product and a social cause together whereas the main difference is the form of how the generated profit is actually being donated. (Kotler & Lee 2005: 83-84.)

2.4.3. Corporate social marketing

Corporate social marketing is in essence a tool of advancing and supporting a public behavior change. In other words, the main factor that distinguishes corporate social marketing initiatives from other initiatives is their interests on individual behavior change. Corporate social marketing initiatives are often targeted to change public behavior within the four main segments that are public health, injury prevention, environment protection and community involvement. Furthermore, corporate social marketing initiatives are usually implemented by collaborating with professionals and influencers of the field where the corporate social marketing initiative is targeted, in order to strengthen the message with credibility. (Kotler & Lee 2005: 143.)

The public health area includes various alternative themes such as prevention of tobacco, secondhand smoke, breast cancer, prostate cancer, physical activity, fetal alcohol, skin cancer, eating disorder, heart disease and so on. Corporate social marketing initiatives that tackle the injury prevention area address typically subjects like traffic safety, safe gun storage, drowning prevention, suicide prevention and emergency preparedness. Further, companies are seen to advance public behavior within the environmental area with issues like water conservation, electrical conservation, use of pesticides, air pollution, wildlife habitats and liter prevention. Finally, in the community involvement area, companies usually promote issues like volunteering, voting, animal rights, organ donation, crime prevention and blood donation. (Kotler & Lee 2005: 116.)

2.4.4. Corporate philanthropy

Corporate philanthropy means a direct monetary or non-monetary contribution to a social cause. Although corporate philanthropy is one of the most traditional and oldest perspectives to engage CSR, it is still highly valued and used initiatives among business managers. However, it is commonly agreed that the core attributes of CSR have been evolved over time towards deeper integration of responsible business procedures into core business models. Consequently, the corporate philanthropy perspective has also been forced to evolve along with the mainstream CSR evolution (Kotler & Lee 2005: 144-145). As discussed previously, the modern perspective of CSR includes the endorsement of going beyond traditional philanthropy to full integration of CSR activities and policies into core business models (Crane, Matten & Spence 2014: 11-12).

Nowadays there is a clear trend of constructing a deeper and longer-lasting relationship with the party chosen to be the target of corporate philanthropy initiative. The perspective of giving purely a monetary value, which could be diminished later in taxation, to a randomly selected social cause in order to sustain and enhance socially responsible brand image in the eyes of citizens without any real commitment to make a positive change, is not valid anymore these days. Given that, companies are increasingly expanding their corporate philanthropy viewpoints from pure cash donations to contributions of other tangible and intangible resources such as excess products, use of distribution channels and equipment and technical expertise. (Kotler & Lee 2005: 144-145.)

There is a broad range of alternatives of how companies could implement a corporate philanthropy initiative. A direct cash donation to a social cause, like contributing a grant for a nonprofit organization or paying a scholarship for a student from poor living conditions, are both typical examples of the traditional corporate philanthropy approach. However, as noted above, more creative solutions have been recently emerging around the corporate philanthropy theme. The core idea behind the transition is that companies are expected to make a more authentic contribution to a social cause requiring often a more time-consuming activity with deeper commitment. In other words, today, it has become self-evident that companies cannot simply bypass anymore the necessity of CSR engagement with a bag of money. (Kotler & Lee 2005: 146.)

Activities embedded with the modern perspective of corporate philanthropy include actions such as giving away products that are not on sales anymore or offering services free of charge. For example, a local grocery store donates expiring food away and a medical company provides free healthcare in a homeless shelter. Another example would be an action of providing technical expertise like teaching coding skills for schoolchildren. Moreover, allowing the uses of own facilities or equipment are often seen associated with the modern perspective of corporate philanthropy. For example, granting a permission for a specific group to enter without a payment to firm's free time facility or giving corporate trucks to temporary use in order to get food and other important aids to a natural catastrophe area. (Kotler & Lee 2005: 146.)

4.2.5. Community volunteering

Community volunteering is by nature an action where a firm supports and encourages its employees to volunteer their time for a social cause. Community volunteering initiatives make the main difference between other CSR initiatives through the standpoint that employees get personally involved with a social cause while their organization stays at the background. Therefore, community volunteering is often perceived as one of the most genuine and restorative of all initiatives as it truly requires an effort to be made as well as employees will instantly see the impacts of their contributions. Furthermore, it is typical for community volunteering initiatives that employees have an option to affect personally in which social causes they are engaging. This possibility is seen to make the volunteer work more pleasant and effective due to the stronger connection between an employee and a social cause. (Kotler & Lee 2005: 205.)

Community volunteering initiatives range from a low level of persuasion to a high level of persuasion. Low level of persuasion normally contains merely loose encouragement and empowerment towards employees to voluntarily spend their time among a social cause. In that case, the idea of engaging a social cause often comes from employees themselves. High level of persuasion on the other hand means taking the initiative to own hands by actively providing information on how to get involved with a social cause and organizing a display of recognition for all volunteers. Further, one very effective high-level persuasion method is awarding a direct cash grant to the social cause where employees spent their time as volunteer workers. (Kotler & Lee 2005: 205.)

There are basically an endless amount of social causes where community volunteering initiatives could be targeted. For example, employees could engage community volunteering initiatives such as building homes, collecting food for food banks, taking part of charity events, cleaning parks, reading to kids, mentoring youth at risk, volunteering in the classroom, visiting children in hospitals, spending time with seniors in nursing homes, teaching computer skills, building playhouses for orphans et cetera. Often the criterion behind the chosen community volunteering initiative is that employees have some kinds of expertise regarding to the field where the social cause appears. For example, a construction company is building a playhouse for orphans while a technology company is teaching computer skills at orphanage. (Kotler & Lee 2005: 177.)

2.4.6. Socially responsible business practice

The sixth and the final CSR initiative is socially responsible business practice. This initiative means an action where an organization integrates a socially responsible business practice into the core business model. The previous five CSR initiatives discussed above were focused more on external operations, but socially responsible business practice initiatives are focused on procedures of how the entire business is designed and operated internally. Furthermore, socially responsible business practice initiatives are often understood as ongoing actions because a modification of the core business model is not reasonable to perform continuously. The other five CSR initiatives were based more or less on temporary campaign launches and marketing testing, even though they could also be performed continuously. (Kotler & Lee 2005: 208.)

There are in practice vast amount of options in terms of what kinds of socially responsible business practices a firm could integrate to the core business model. Typical examples of socially responsible business practices nowadays are actions such as starting an internal wellbeing program of employees or demanding and monitoring that suppliers and other business partners in developing countries operate according to values of the firm. Further, designing environmental friendly and safe production facilities or integrating latest green technology into production in order to reduce waste and needed resources are also common examples. In summary, socially responsible business practice initiatives could be understood as internal procedures explaining employees how to run daily business operations responsible. (Kotler & Lee 2005: 209-211.)

2.5. Stakeholder management

The stakeholder theory was first introduced in a book called Strategic Management: A Stakeholder Approach by Edward Freeman in 1984. Freeman (1984: 46) has defined stakeholder as “any group or individual who can affect or is affected by the achievement of the organization's objectives” (1984). Clarkson (1995) on the other hand has defined stakeholders as “those who have claim, ownership, rights, or interest in a corporation and its activities” (1995). Donaldson and Preston (1995) have also made an important contribution to the broad discussion by defining stakeholder as “person or groups with legitimate interest in procedural and/or substantive aspects of corporate activity”. The figure below illustrates common stakeholders of a firm.

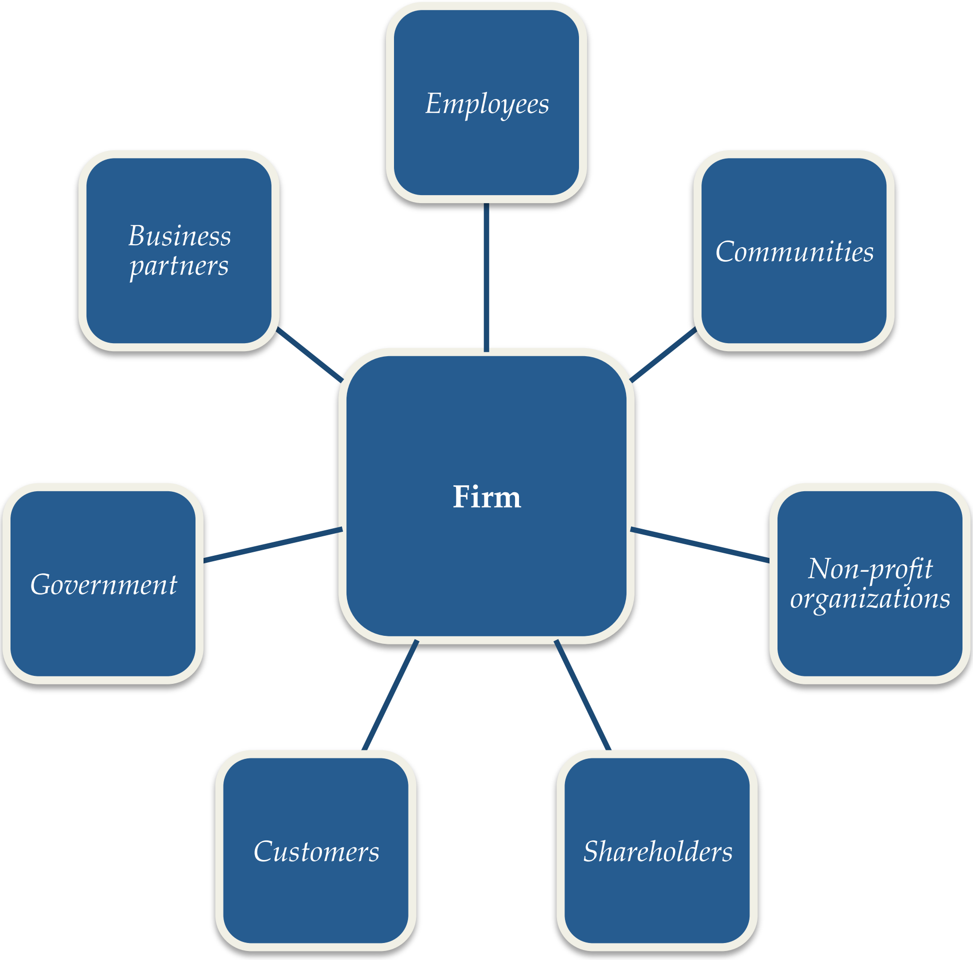

Figure 4. Common stakeholders. (Donaldson & Preston 1995.)

The core of the stakeholder theory is that managers should not only be responsible for shareholders, but to other legitimate stakeholders as well. Running of business operations may affect significantly to different groups around the company and thus managers should extend their responsibilities to cover also these groups due to their legitimate interests towards the company. Moreover, the stakeholder theory argues that the multiple stakeholder orientation is a crucial factor behind every successful company in the long-term. There is not a single company that could operate in a situation where the most important stakeholders have withdrawn their essential endorsements from the company. Therefore, managers should establish and cherish honest and transparent relationships with various stakeholders to ensure that all legitimate stakeholders are satisfied as well as possible. (Mitchell, Agle & Wood 1997.)

It seems that different scholars tend to emphasize different issues within the academic research field and one of the main borderlines is placed between the narrow and the broad approaches. The core of the narrow view is the practical reality of limited resources. The focus should be on those groups who have direct links to the core financial processes, legal rights to back up their claims or extremely solid moral interests towards the firm. The core of the broad view, in contrast, is built around the perspective of embracing all stakeholders whether they have direct links to the core financial processes or legitimate claims based on law or moral. The broad approach endorses the perspective that all firms could affect or be affected by almost anyone. (Mitchell, Agle & Wood 1997.)

Another way to comprehend the stakeholder theory field is to explore the three most used aspects inside the research field that are called descriptive, instrumental and normative approaches. The descriptive aspect is used to describe and explain the core behavior of a firm such as firm’s nature and culture, the ways in which managers are managing or how board members view the interests of corporate constituencies. The instrumental aspect emphasizes financial objectives such as profitability and market growth through multiple stakeholder management and is close with the narrow definition approach. The normative aspect moves from the financial perspective to underline moral and ethical values and is close with the broad definition approach. The normative aspect pays attention to all stakeholders and disputes the argument by the instrumental aspect that managers should only consider those stakeholders who are financially important. (Donaldson & Preston 1995.)

One of the main debates in the stakeholder theory field is to determine how to prioritize various competing stakeholders claims in the world of limited resources. One way to tackle the challenge is to separate all stakeholders into three groups according to their attributes that are the power to influence a firm, the legitimacy and the urgency of a claim. The power attribute is understood in this context as the ability of a stakeholder to influence a company in order to secure a desired outcome. The more influence stakeholders have the more power they possess towards a firm. The legitimacy attribute addresses how justified a claim is. A claim is justified when it matches with the platform of socially constructed norms, values and beliefs or a claim has a clear bond with a paragraph of law. Generally speaking, stakeholders possess the legitimacy attribute when they have been affected directly by business operations of a company. The urgency attribute covers the degree to which a claim calls for immediate attention and is based on time sensitivity and criticality of a claim. The time sensitivity factor means the border when a delay to engage wanted issue is seen unacceptable by stakeholders and the criticality factor includes the level of importance a claim is for stakeholders. (Mitchell, Agle & Wood 1997.)

In addition, the three cardinal attributes can be grouped into seven different types of combinations based on the figure on the next page. In other words, the model contains three combinations possessing one attribute, three combinations possessing two attributes and one combination possessing all three attributes that is located at the center of the model. The model also signifies that a group without any attributes should not be viewed as a stakeholder as it does not have any kind of stake in a firm. This means that a group without power, legitimacy or urgency to back up its claim towards an organization should not be taken under consideration during business decisions. The combinations that possess only one attribute are called latent stakeholders containing dormant stakeholders, discretionary stakeholders and demanding stakeholders. The combinations that possess two attributes are named expectant stakeholders including dominant stakeholders, dependent stakeholders and dangerous stakeholders. Stakeholders who possess all three attributes are called as definitive stakeholders. In summary, the model allows managers to identify and select the most legitimate stakeholders depending on how much power they possess or what is the level of legitimacy and urgency behind their claims. (Mitchell, Agle & Wood 1997.)

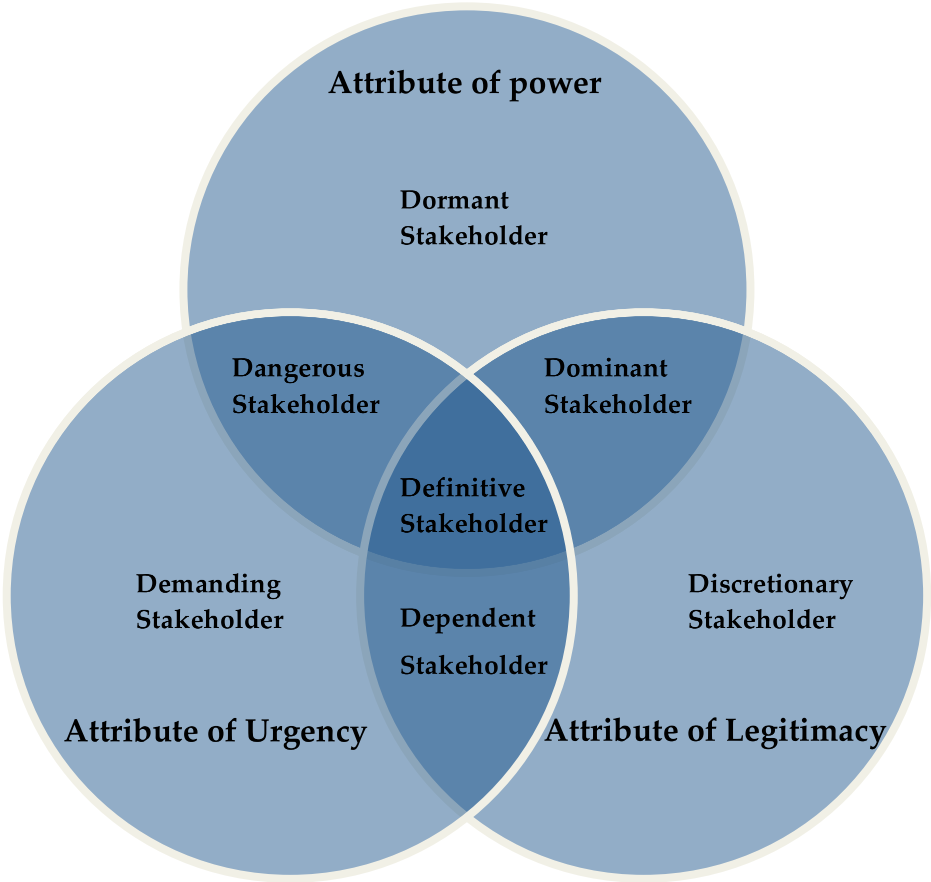

Figure 5. Attributes of stakeholders. (Mitchell, Agle & Wood 1997.)

Dormant stakeholders, discretionary stakeholders and demanding stakeholders are called as latent stakeholders as they possess only one attribute. In the business world of limited resources, managers should not pay much attention to latent stakeholders per se. In fact, managers could even go as far as denying the existence of these groups. Latent stakeholders are the least important group for companies compared to other stakeholders because they possess only one attribute to support their claims. Dormant stakeholders possess the power to influence a firm, but there is not any legitimacy or urgency behind a claim. However, dormant stakeholders are seen to have a high level of potential in terms of acquiring another attributes and thus management should always be on alert of stakeholders with the power attribute. An example of dormant stakeholder could be fired and unhappy employees who may seek to utilize their latent powers towards their old employer. (Mitchell, Agle & Wood 1997.)

Discretionary stakeholders have the legitimacy attribute to present claims, but they do not possess the power or urgency attributes to strengthen their demands. This means that managers do not have any urgent pressure or strong incentive to engage in an active relationship with discretionary stakeholders. Charitable organizations could be listed as discretionary stakeholders because these kinds of organizations rarely have the power to influence a firm or crucial urgency behind their demands. On the other hand, demanding stakeholders have the urgency attribute behind their claims, but do not possess any power or legitimacy to support their requirements further. These kinds of stakeholders may be irritating, annoying and loudmouthed, but do not requires more than passing attention if even that. For example, a lonely millenarian demonstrator outside a firm's headquarters shouting blurred and mixed accusations towards the firm without any solid evidences than just the word of God is a good example of a demanding stakeholder. (Mitchell, Agle & Wood 1997.)

Dominant stakeholders, dependent stakeholders and dangerous stakeholders are named as expectant stakeholders as they possess two attributes. These kinds of stakeholders require more attention than latent stakeholders because these groups are more connected and closer to companies and their business operation impacts than latent stakeholders. As a result, managers are required to abandon their passive approach designed to deal issues with latent stakeholders and raise their responsiveness level when they have identified that they are dealing with expectant stakeholders. (Mitchell, Agle & Wood 1997.)

Dominant stakeholders are defined here as actors who possess both the power and legitimacy attributes, but do not have the urgency attribute embedded with their claims. It is often endorsed in the research field among scholars who advocate the narrow stakeholder definition perspective discussed previously that dominant stakeholders should be considered as the only legitimate stakeholders of every firm. These kinds of stakeholders are so important to be recognized because they possess the power to put forth their legitimate claims in a situation where they feel unsatisfied due to the indifference of the organization. Companies have commonly established some sort of formal mechanism to deal with issues with dominant stakeholders. For example, maintaining a human resources department that is responsible for maintaining and advancing relationship with employees. (Mitchell, Agle & Wood 1997.)

Dependent stakeholders possess the legitimacy and the urgency attributes, but do not have the power to influence a company. The lack of the power attribute signifies that these kinds of stakeholders have to entirely rely on the goodwill of other stakeholders or firm's managers to carry out their will. For example, local poor and disadvantaged residents living beside a massive manufacturing plant of heavy industry could be counted as dependent stakeholders. Clearly, these residents have a demand based on the legitimacy and urgency attributes that the factory does not pollute their living environment, but obviously do not have the power to influence the owner of the factory regarding to that matter. Therefore, the local residents depend on the advocacy of other powerful stakeholders or benevolence of the factory's management. Furthermore, even wild animals and environment itself could be seen in many cases as dependent stakeholders. (Mitchell, Agle & Wood 1997.)

Dangerous stakeholders possess the power and the urgency attributes, but do not have any legitimacy behind their claims. Aggressive and fundamentalist organizations or individuals that pursue their missions by calling attention to their claims regardless of law or consequences could be listed as dangerous stakeholders. For example, attacks to fur farms by animal protectors, environmentalists fastening themselves around trees to block continuation of construction works or religious terrorists using bombings could all be counted as examples of dangerous stakeholders. (Mitchell, Agle & Wood 1997.)

Finally, groups that possess all the three attributes are called as definitive stakeholders. These kinds of stakeholders are the most important for managers and should always be taken into account during business decision-processes. When stakeholders have the power, the legitimacy and the urgency attributes to back up their claims, managers should have a robust mandate to give priority to those claims. Definitive stakeholders are most likely to be evolved when dominant stakeholders, discussed earlier, become active. This means that dominant stakeholders who already had the power and the legitimacy attributes have now received the urgency attribute as an outcome of starting an active communication towards management. Often the key reason why claims by dominant stakeholders become urgent and these stakeholders grow to definitive stakeholders is that they have felt that business managers were not serving their legitimate interests properly. (Mitchell, Agle & Wood 1997.)

2.6. Holistic model of corporate social responsibility

It is suggested here that the pyramid of CSR is appropriate for creating the frame for the holistic model of CSR. According to Carroll (1991), the pyramid is composed of four responsibility areas that are in order from bottom to top economic, legal, ethical and philanthropic. The economic responsibility stands that business is responsible for making profit. The legal responsibility means that business is responsible for operating according to the law and the local regulations. The ethical responsibility argues that business is responsible for operating according to the dominant ethical values in society. The philanthropic responsibility views that business is responsible for being a good corporate citizen in society. It has been argued that the economic and the legal responsibilities are required, the ethical responsibility is expected and the philanthropic responsibility is desired by society. Generally speaking, the higher an organization is able to climb on the pyramid, the higher social responsibility status it will gain itself. Finally, the most important contribution that the pyramid has donated into the CSR research field is that the model connects the tension between the instrumental and the ethical schools of thought by acknowledging that they both should possess a legitimate position within the holistic framework of socially responsible business policies.

The pyramid could also be understood as a model that illustrates the level of responsiveness of every firm for the demand of socially responsible business. At the lowest level, a firm has adopted a reactive approach towards the demand. This means that a firm wants to primarily pay attention only to its economic responsibility and try every way to keep distance from the other responsibilities of the pyramid. At the second lowest level, a firm has taken a defense approach to handle the demand. In this case, a firm aims to operate according to the minimum requirements by the law and ignores all the other responsibilities that are not seen to be mandatory to engage legally. At the second highest level, a firm has adopted an accommodation approach to tackle the demand. This means that a firm voluntarily proceeds beyond the law to self-regulation based on prevalent ethical values of citizens. At the highest level, a firm has adopted a proactive approach to handle the demand. Now, a firm proceeds even beyond the prevalent ethical values of citizens. Proactive organizations do more than citizens even expect them to do. (Carroll 1979.)

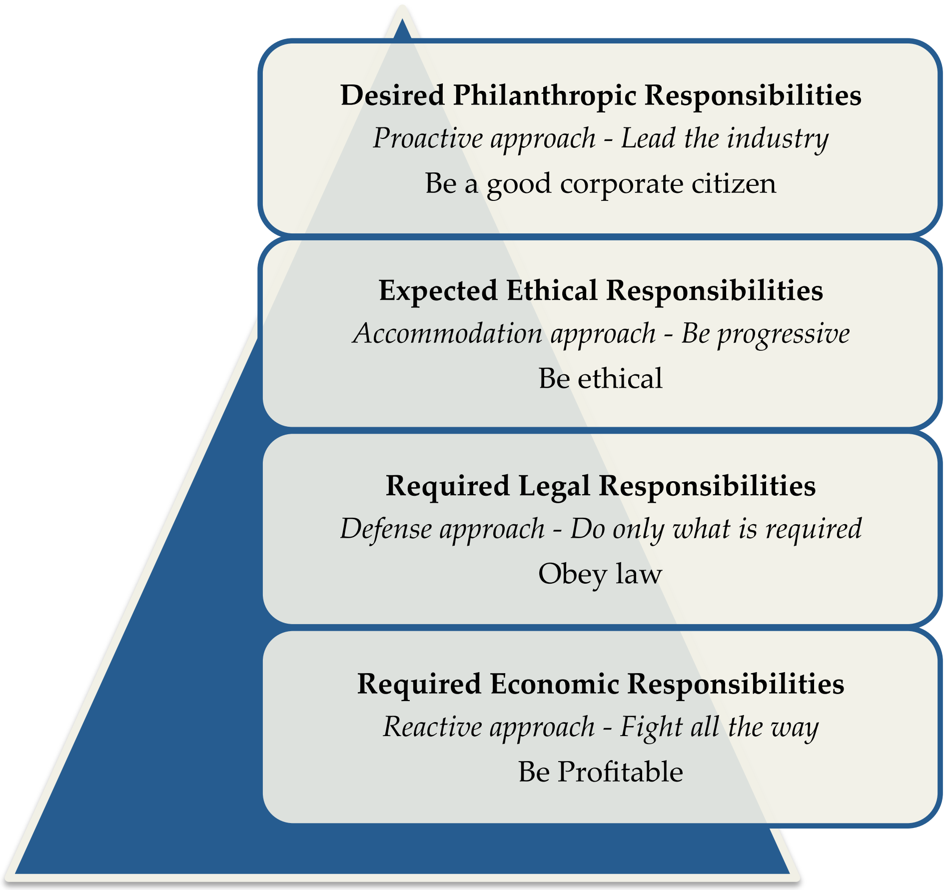

Figure 6. Pyramid of corporate social responsibility. (Carroll 1979; 1991.)

The pyramid's lowest layer is the economic responsibility. The economic responsibility of business is about providing satisfying return on investment to shareholders, creating jobs in communities and contributing needed products and services to society. This means that before anything else a firm is required to produce products and services that are highly valued by consumers and to make an acceptable profit in the process. Internally, the economic responsibility stands that business is responsible for operating effectively in order to maintain a strong competitive market position and to avoid a bankruptcy in the future. That being said, if a balance sheet of an organization is falling alarmingly to minus due to loose operating efficiency and careless expenditure, the organization has failed to meet its economic responsibility. Finally, the cardinal debate has always been here that how far an organization is appropriate to proceed in a pursuit of profit in an ethical sense. (Carroll 1991.)

The next layer on the pyramid is the legal responsibility. After achieving the economic responsibility, a firm is responsible for securing that its business operations are designed according to current laws and local regulations. The framework of law offers companies the minimum boundaries where they should operate as it stands without saying that companies must obey the law. Both economic and legal responsibilities are clearly required to be tackled and thus it can be argued that together they form the foundation of the pyramid. In other words, by thinking narrowly, it should be enough for a firm to meet only these two responsibilities in order to run a legitimate business operation without interferences by authorities or anyone else. This is because of pursuing financial stability within the framework of the law is in principle the only compulsory responsibility that every organization is facing. (Carroll 1991.)

The third layer is the ethical responsibility. Ethical responsibilities contain unwritten values and norms of what citizens view fair and appropriate regarding to business practices. These responsibilities are not mandatory for companies to engage in the legal perspective because they are beyond the valid laws and regulations. However, the ethical responsibility holds that companies are responsible for voluntarily going beyond the minimum legal requirements to meet the dominant ethical and moral values of citizens in the form of self-regulation. This means that firms cannot glue the socially responsible actor stamp into their chests by loudly announcing that they have indeed designed all their business activities and policies exactly according to laws and regulations. Furthermore, a firm is not a socially responsible actor if it is forced to engage CSR, but rather there should be a genuine willingness to voluntarily get involved with social causes. In summary, the ethical responsibility argues that social responsibility of a firm begins where the law ends. (Carroll 1991.)

Finally, the top layer on the pyramid of CSR is the philanthropic responsibility. The philanthropic responsibility stands that companies are responsible for proactively improving the wellbeing of citizens by contributing tangible and intangible resources to society. If the economic and the legal responsibilities were required and the ethical responsibility was expected, the philanthropic responsibility is desired by society. This attribute signifies that although citizens desire that companies proceed to the top level of the pyramid in terms of proactively contributing their resources to society, they do not regard any company as irresponsible if it is not providing the desired level. (Carroll 1991.)

Next, the holistic model of CSR can be advanced further by integrating institutional, organizational and individual principles of CSR into the model. These principles are based on the idea that companies are facing three kinds of pressure to engage CSR. Firstly, the institutional principle argues that business should be seen as an institution in society and thus it takes its legitimate from the standpoint that society possesses the right to give power to its institutions and to determine their legitimate functions. This signifies that every institution in society for example police force, nursery, armed forces, church or department of justice have their own responsibilities towards society and business as an institution should bear the institutional responsibilities placed on it. The institutional principle defines fundamentally the relation between society and business and focuses on obligations and sanctions of business. (Wood 1991.)

Secondly, the organizational principle is based on the perspective that every company should be responsible for responding social issues that have emerged significantly from own business operations or social issues that are closely related to own business operations and interests. This signifies that the organizational pressure to engage CSR depends heavily on the context in terms of what the companies are and what they do. Thirdly, the individual principle holds that managers as moral actors should be personally responsible for their business decisions and the social consequences of them. In the end, the demand for engaging socially responsible business policies is not met by some abstract organizational actor, but an individual human being. Moreover, the individual principle argues that managers are responsible for using their own discretions when making business decisions and that should not be ever limited by corporate procedures or formal job definitions. (Wood 1991.)

In addition, the responsiveness level of an organization for the demand of CSR can also be analyzed through these principles. Companies that meet only the institutional pressure have adopted a reactive approach to tackle the demand. Companies that are motivated both institutional and organizational principles have taken a responsive approach to meet the demand. Companies that have adopted all three principles into their business models have taken a proactive approach to answer the demand (Wood 1991). Next, by adding to the model the cardinal parts of the theory section discussed previously, the holistic model of CSR can be suggested and illustrated on the next page.

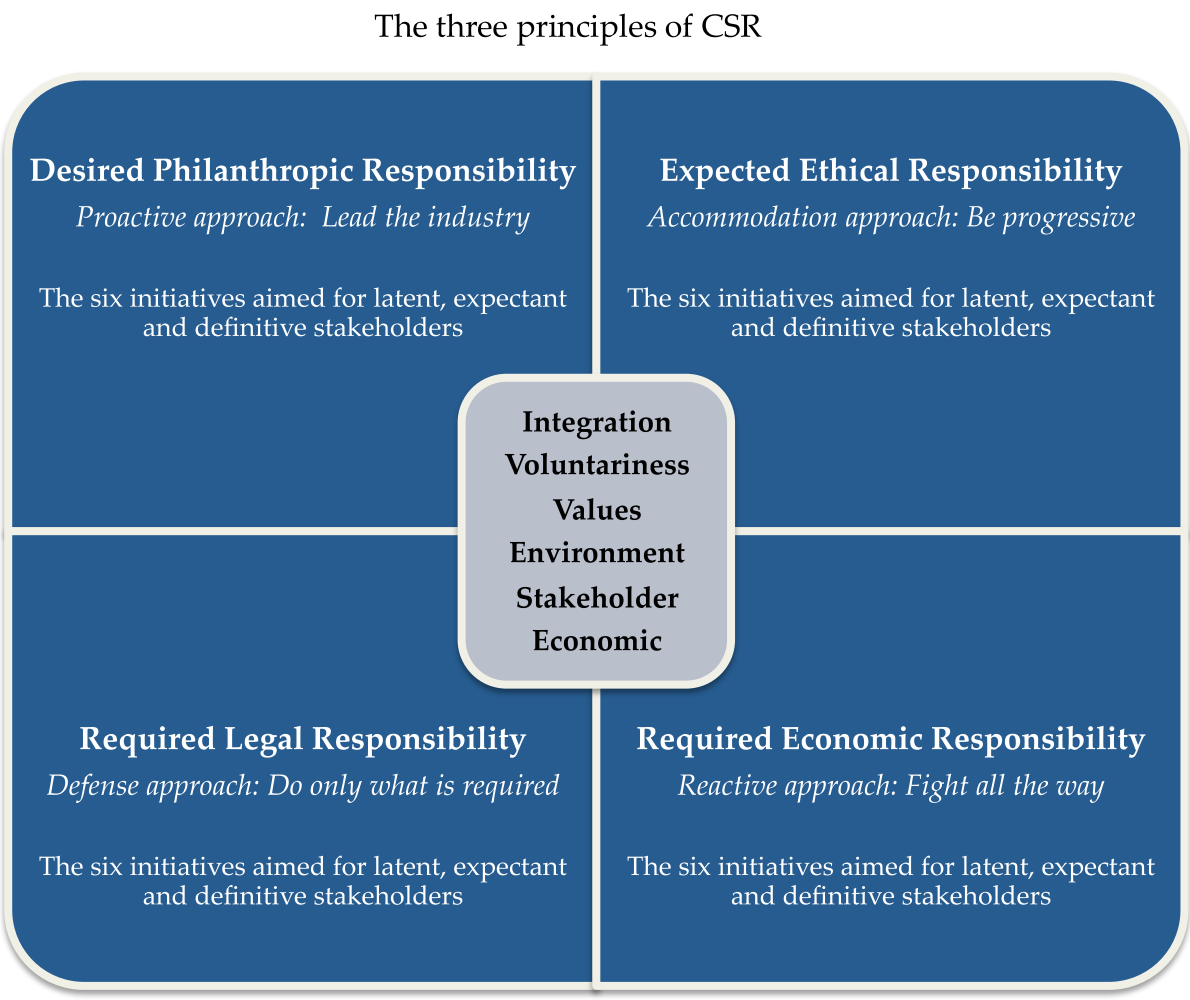

Figure 7. Holistic model of corporate social responsibility.

The figure above compresses the main parts within the theory section together by visualizing the holistic model of CSR. For scholars in the academic field, the model aims to facilitate the process of understanding the vast research field of CSR by integrating various endorsed perspectives that have appeared in the literature into one model. For managers in the business environment, the model works as a tool for mapping their own socially responsible positions as well as to improve and facilitate planning and managing of CSR initiatives and policies. In summary, the purpose of this model is to mitigate the process of perceiving what kinds of pressures to engage CSR companies are facing, what responsibility and responsiveness levels CSR contain, what engagement options companies possess and to whom these actions should be targeted for.

The holistic model is founded on the six dimensions of CSR: integration, voluntariness, values, environment, stakeholder and economic. These dimensions have rightfully formed the core of the model, which signifies that every CSR strategy should approximately cover most of these dimensions. In other words, these dimensions explain what CSR engagement should fundamentally stand for (Dahlsrud 2008; Crane, Matten & Spence 2014: 9). Furthermore, the three principles of CSR affecting outside to the model indicate that the starting point of understanding the relationship between business and CSR is the notion that companies are facing three kinds of pressures to engage CSR: institutional, organizational and individual (Wood 1991).

The pyramid of CSR has constituted the total frame for the holistic model. In other words, the model illustrates that companies have four boxes available when it comes to the level of CSR engagement as well as the level of responsiveness for social issues. The level of CSR engagement ranges from purely economic responsibility to cover also legal, ethical and finally philanthropy responsibilities (Carroll 1991). The level of responsiveness is closely embedded with these different responsibility levels. Reactive responsiveness indicates low CSR engagement philosophy while proactive responsiveness designates high CSR engagement philosophy (Carroll 1979).

Furthermore, the model expresses that companies mainly have six CSR initiatives available for them. These initiatives are cause promotion initiative, cause-related marketing initiative, corporate social marketing initiative, corporate philanthropy initiative, community volunteering initiative and socially responsible business practice initiative. From this toolbox of initiatives, companies have the option to always choose the most suitable initiative based on the current circumstances (Kotler & Lee 2005: 46). Finally, according to the comprehensive model above, these socially responsible business initiatives can be targeted for latent stakeholders, expectant stakeholders, definitive stakeholders or some combination of them (Mitchell, Agle & Wood 1997).

3. RESEARCH METHODOLOGY

Research methodology signifies why and how a researcher is approaching his research question in order to solve it, that is to say, explains how a research is done scientifically. Given that, methodology works as a research strategy of a study that systematically outlines the way of how the study will be conducted. An appropriate scientific research requires a research strategy that includes a bunch of essential answers for questions such as why a research is going to be conducted, what information is going to be collected, what particular method is going to be adopted and how results are going to be calculated. It is important to understand that research methodology is not the same as research method. Research methodology does not only contain methods, but also an analysis of the chosen method in terms of why the particular method is chosen in the specific context, so that the results are capable of being assessed by everyone. Research method is defined here as all those methods and techniques that are being used by a researcher to tackle the research question. (Kothari 2014: 7-8.)

3.1. Research methodology of this thesis

The research methodology of this thesis is hermeneutics because the purpose of this thesis is to interpret an understanding of how the biggest organizations at the Finnish banking industry have approached the increased demand for socially responsible banking activities and policies. The interpretation is going to be conducted by analyzing the CSR reports of selected organizations and thus the research method of this thesis is content analysis. These reports are selected for the source of information because they are in textual format and are seen to provide a holistic understanding about the main approaches of CSR. In other words, these reports are seen as the main tool of how chosen organizations are manifesting their CSR engagements to public awareness. Obviously, these reports do not include every implemented socially responsible business action or policy, but it is viewed that they cover the main emphases, which is enough for solving the research question of this thesis. Furthermore, the research approach of this thesis is qualitative because the focus is not to measure quantity or amount, but to produce a deeper verbal understanding about the relationship between CSR and the Finnish banking environment.

The banking industry is selected under investigation because of the recent global economic depression originated from the subprime lending that has put the issue of responsible banking high on the public conversation today. Moreover, it is commonly agreed that the banking industry possesses an enormous power in society and thus citizens are expecting that banks should engage responsible banking activities and policies. Having said these, the question raises that how the biggest organizations within the Finnish banking industry have approached the increased demand of CSR activities and policies.

This thesis pays attention only to the biggest organizations in the Finnish banking industry due to the perspective that the biggest organizations face the strongest pressure to engage CSR because of their high media visibility as well as their powerful social influence in society. This indicates that the chosen organizations are understood here as trailblazers, that is to say, possess the ability to provide the most current and encompassing outlook of how the CSR ideology has been penetrated into the Finnish banking sector principally. The financial organizations and their CSR reports chosen under analysis are Nordea (2015), OP Financial Group (2015) and Danske Bank (2015).

3.2. Hermeneutics research methodology

The hermeneutics research methodology is founded on interpretation and understanding of hidden meanings within interactions of human beings. In principle, a hermeneutics study focuses on meanings of texts. Yet, hermeneutics methodology does not cover only literary text, but every single entity of meanings that require becoming understood. The interpretation process of a phenomenon is argued to proceed according to the hermeneutics cycle. This indicates that a phenomenon can be never understood as a whole. This means that the understanding of a phenomenon requires a reference to the individual parts while the understanding of each individual part requires a reference to the whole. Neither the whole text nor any individual part can be understood without reference to one another and thus the interpretation process becomes a circle. In other words, the knowledge in hermeneutics is seen as a continuing process of interpretation where hidden meanings and produced knowledge are continuously renewing. (Kalaga 2015: 1-4.)

3.3. Principles of context analysis method

Content analysis is in essence a scientific method of analyzing textual materials. The main purpose behind all actions is to produce a compact description from the phenomenon that is under analysis in order to develop reliable conclusions by utilizing the produced description. In other words, the fundamental idea of content analysis is not to describe what is the content of material, but to find out the valuable insights behind the textual material and to link these findings to other findings within the theory field of the subject under investigation. In practice, content analysis means an action where the purpose is to compress data by throwing away all the useless information and categorizing all the useful information into specific content groups that exclude each other. This categorization is done by systematically and objectively discovering similarities and differences between content groups and should be continued as far as there is differences to be noticed between already formed content groups. Content analysis is possible to carry out with all sorts of textual materials including books, writings, research articles and reports inter alia. Even interviews, discussions and debates et cetera can be targeted by content analysis if these materials are first transcribed into textual format. (Tuomi & Sarajärvi 2009: 108.)

Content analysis can be performed according to the principles of qualitative or quantitate researches, even though quantitate content analysis has traditionally been more popular approach in the literature. Quantitate content analysis means an action where a researcher analyzes the content of material in a statistical sense, such as calculating frequencies of specific keywords. The idea is that then the important keywords appear in the material more often than the less important ones. On the other hand, qualitative content analysis aims to build more holistic and in-depth understanding verbally about the phenomenon of the subject. In other words, the starting point in qualitative content analysis is not to test statistical significance of the findings, but rather to acquire more profound understanding about the various aspects behind the phenomenon under examination. Basically, the general perspective behind a qualitative research is to produce hypotheses that can be later tested by utilizing principles of a quantitate research. (Tuomi & Sarajärvi 2009: 105-121.)

It is the number one requirement for a validity and reliability content analysis that constructed content groups are very carefully designed in order to ensure that the produced analysis would describe the phenomenon with great accuracy (Tuomi & Sarajärvi 2009: 103). Validity is defined here as how accurately and logically chosen textual material supports the results got from the content analysis. When determining the level of validity in content analysis, various questions should be answered such as, are the selected textual materials appropriate for answering the research question or are the results universalized to other studies in the same research field. Reliability on the other hand signifies how closely other researches are able to repeat the conclusion. If the reliability of content analysis is really high, other researches will end up the same conclusion by using the same method and the same textual materials (Koskinen, Alasuutari & Peltonen 2005: 254-257).

As noted above, the fundamental requirement for a validity and reliability content analysis is the strong link between textual material and conclusion. If the link is missing, generated content groups are invalid and eventually the content analysis has failed to describe the phenomenon accurately enough. One broadly recommended way to reduce the possibility of invalid content groups is to use a second categorization by another researcher who is very familiar with the used method and topic. The idea is to then compare how close the two categorizations are with each other. Content analysis and produced content groups can be said to be valid if the two categorizations are approximately 80 percent similar. (Janhonen & Nikkonen 2001: 36-38.)

One of the main strengths of content analysis is its independence from memories and behaviors of human beings because results are based on invariable textual materials. Many other methods that are relying on human beings face the dilemma that participants may not often remember everything, may accidentally do human errors or may be unwilling to tell everything truthfully and thus the produced conclusions are based on invalid data. Content analysis is also a very appropriate method for a study engaging issues happened a long time ago in history because textual materials are often the only evidence left to remain till present day. Furthermore, content analysis is commonly argued to be a fairly cheap and convenient method to carry out because a researcher is not depending on other human beings or any specific physical place and time. (Koskinen, Alasuutari & Peltonen 2005: 131-132.)

One of the main criticisms of content analysis is that the method only describes the content of textual material while failing to contribute any valuable insights from the phenomenon the textual material covers. Therefore, it is very important to acknowledge that content analysis is only an instrument for valuable insights and deeper understanding about the phenomenon, not the result of the study itself. Furthermore, content analysis does not take into account that is something valuable missing from the textual material that is under analysis. Missing information may have the potential to corrupt all the results generated by imperfect textual material (Tuomi & Sarajärvi 2009: 103). Sometimes it can be difficult to access informative rich textual material if the issue under investigation is delicate. For example, it can be possible that textual material published by an organization is first being censored and polished to give better image from the organization. In that case, the textual material is not providing all the information that would be crucially important for validity content analysis and results (Koskinen, Alasuutari & Peltonen 2005: 139-142).

3.3. Phases of context analysis method

Qualitative content analysis contains three main phases that are illustrated next. The first phase includes two fundamental actions that are crucial for successful content analysis. The first action of phase one is to choose the right material that possesses the capability of solving the research question and then modify the selected material into text format if it is not that already. For example, transcribing interviews or conversations into textual material. The second action of phase one is to determine what information is useful and what information is useless and split these two data groups apart. Deliberation of what information is valuable for solving the research question should make the division. The useful information will be taken to the next phase and the useless information will be thrown away. In principle, the core objective of phase one is to compress the entire material into smaller segments by reducing all the unnecessary information from the standpoint of research question. The first phase is said to be the most important of them all because it eventually determines the whole material that can be used to solve the research question. (Janhonen & Nikkonen 2001: 26- 28; Tuomi & Sarajärvi 2009: 108-110.)

The second phase is the construction of clusters from the information that was chosen to be important during the phase one. These clusters are built by classifying the information into different groups based on similarities and differences of the data. Every cluster should have its own specific theme that embeds all information within a cluster together and excludes the cluster from other clusters. Furthermore, every cluster should be given a specific name that describes the theme that makes the cluster unique compared to the other clusters. The third phase is the construction of abstractions from the clusters that were produced during the phase two. The action is to find similarities and differences among clusters in order to combine clusters that possess similar themes together into bigger abstractions. This categorization should be continued as far as there are differences to be noticed between clusters. Eventually, the analysis has constructed a collection of theoretical abstractions from the analyzed material, which can be now utilized during the construction of results. (Janhonen & Nikkonen 2001: 26-29; Tuomi & Sarajärvi 2009: 108-117.)

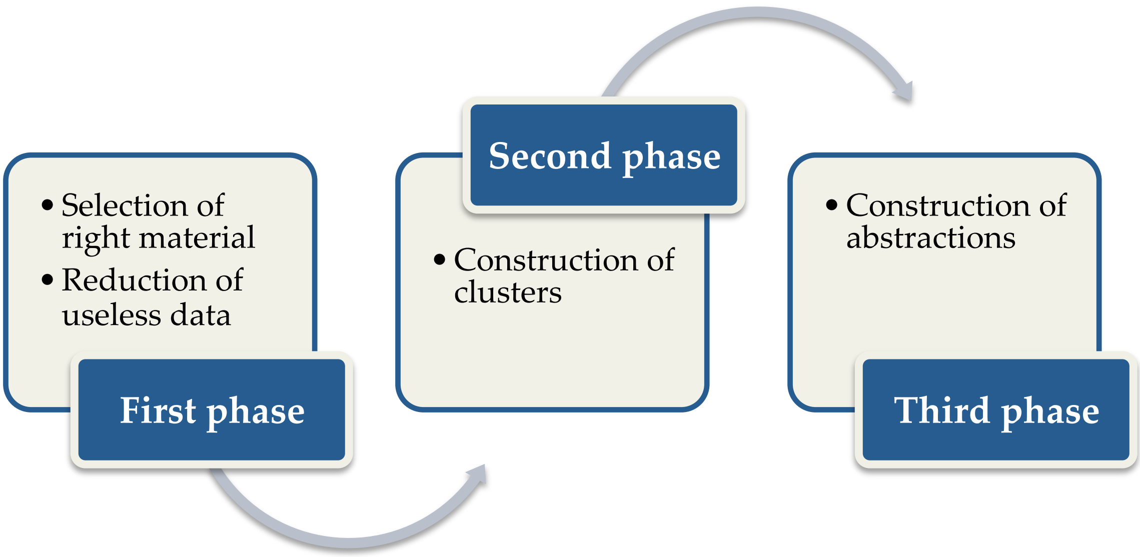

Figure 8. Phases of content analysis.
(Janhonen & Nikkonen 2001: 26-29; Tuomi & Sarajärvi 2009: 108-117.)

4. THE CORE EMPHASES AT THE BANKING SECTOR

This result section contains the empirical findings of the three content analyses. In practice, the first step during every content analysis was to go through the entire CSR report of an organization to reduce all the information that was seen useless from the perspective of what knowledge is helping to solve the research question. Then, all the useful information that contained socially responsible business activities and policies were listed. The second step was the construction of clusters by analyzing similarities and differences between listed activities and policies in order to combine all the similar subjects under the same theme. The third step was the construction of abstractions by discovering similarities and differences between produced clusters in order to combine every cluster into bigger identical main groups. Eventually, these produced groups are describing the main emphases of CSR of an analyzed organization.

4.1. Corporate social responsibility emphases by Nordea

The current structure of Nordea was formed in the 1990s by the combination of Nordbanken from Sweden, Merita Bank from Finland, Unibank from Denmark and Christiania Bank from Norway. Today, Nordea has become the largest financial services group in Northern Europe and among the ten largest banks in Europe in terms of total market capitalization. Nordea has approximately 30 000 employees in 600 branch offices serving 10 million personal customers and more than half a million corporate customers throughout the Nordic region. The main business areas of Nordea are personal banking, commercial and business banking, wholesale banking and wealth management. Personal banking offers services to household customer and commercial and business banking is focusing naturally on commercial and business banking customers. Wholesale banking helps the largest corporate and institutional customers and wealth management provides various different services regarding to savings, investments, risk managements and life and pension insurances. (Nordea 2017.)

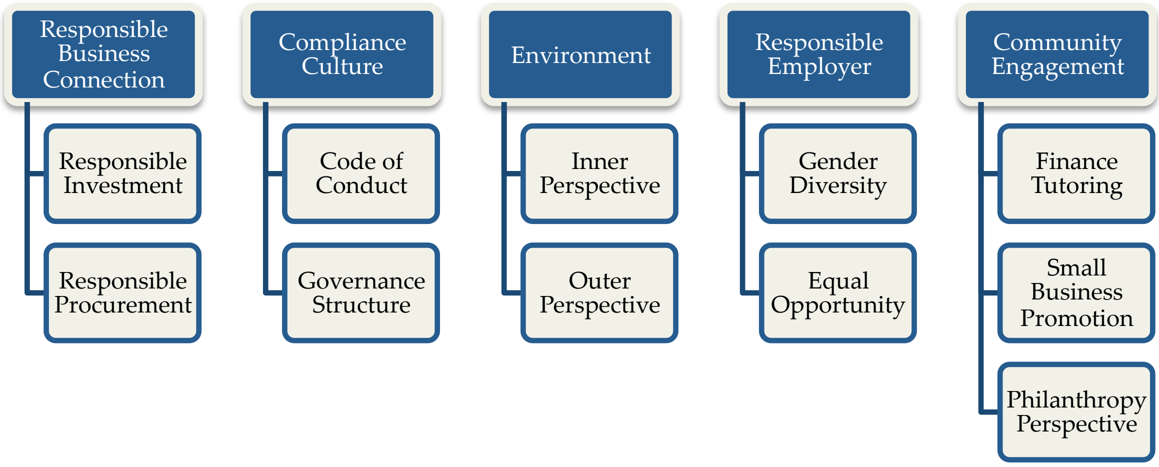

Figure 9. Corporate social responsibility emphases by Nordea.

It is suggested here that the core emphases of CSR by Nordea are responsible business connection, compliance culture, environment, responsible employer and community engagement. The following subtitles below this paragraph introduce the logic of how these abstractions are constructed by illustrating those clusters that have worked as building blocks behind the construction.

4.1.1. Abstraction of responsible business connection

The responsible procurement and the responsible investment clusters form together the responsible business connection abstraction. One of the main policies in the responsible procurement cluster is that all suppliers are required to acknowledge and operate according to Nordea's responsible supplier guidelines. Further, the risk that a supplier fails to follow these principles is actively under monitoring. Given that, on-spot reviews of selected suppliers are being conducting habitually to ensure that all suppliers operate according to the guidelines placed on them. These suppliers are selected through a combination of individual risk assessment and random selection. Suppliers assessed to be at high risk of failing to follow these guidelines are first being targeted to individual action plans determining how to go back on track. If this also fails, the supplier agreement will be removed. Further, all suppliers are required to complete a self-assessment questionnaire of how they are planning to engage CSR now and in the future. Nordea also uses external consultancy to bring up third-party independence and expertise into the process of supplier monitoring.

The mission of Nordea Asset Management is to invest responsibly and generate risk-adjusted returns by integrating environmental, social and governance (ESG) issues into the core investment process and product development. The focus is especially on climate change, corruption, water waste and human rights issues during an investment decision. The responsible investment cluster does not only cover actions before an investment, but also actions after the decision. That being said, a major part of the responsible investment cluster is to screen all equity holdings annually in order to discover violations of international norms including environmental protection, human rights and labour standards. If an actor is found guilty for an irresponsible action and there is not a sign of transition, the actor can be eventually excluded from the Nordea's funds.

Nordea has adopted a policy of refusing to invest in companies involved in producing nuclear weapons or illegal weapons such as cluster munitions and anti-personnel mines. Nordea has also refused to invest in sovereign bonds issued by governments that are under international sanctions or are broadly known of failing to respect human rights. Further, Nordea has established responsible investment products such as several renewable energy green bonds. Nordea also maintains and enhances a treasure named The Start Funds where only companies receiving enough high ESG-based ratings are included.

4.1.2. Abstraction of compliance culture

The core of this abstraction is the strengthening of the compliance culture in order to support robust integration of socially responsible business practices into the core business model. The established formal governance structure that handles CSR related issues plays crucial part here. This structure contains various committees that oversee that all employees are conducting their daily work tasks responsible and in accordance with values and ethical standards of Nordea. To facilitate this task, the code of conduct is built to provide holistic guidance for all employees of proper socially responsible behaviour at work. The code of conduct is being instilling throughout the organization by strong and ongoing training of entire personnel. Another important way of how Nordea aims to strengthen the compliance culture is by establishing various integrated responsible business programmes. For example, one group-wide programme is called the Financial Crime Change Programme that aims to detect money laundering, corruption, bribery and terrorist financing effectively.

4.1.3. Abstraction of environment

The environment abstraction is divided into outer and inner perspectives. The inner perspective focuses on Nordea's internal impacts to natural environment. The fundamental objective of the inner perspective is to acquire the stamp of being a totally carbon-neutral organization. Purchasing renewable energy and reducing the use of total energy as well as acquiring carbon offsets equal to the amount of carbon dioxide emitted as a result of needed energy to run business operations are cardinal components of this ambition. One way of how Nordea reduces the internal ecological footprint is its investments into the latest energy-efficient technologies applied for office buildings. Nordea also aims to diminish the total amount of emission originated from travel activities by introducing new alternative virtual collaboration tools. Furthermore, eliminating the use of unnecessary paper both externally and internally has also been taken under consideration. Externally, this means that the goal is to reduce the total amount of paper sent to customers by offering electronic products and services. On the other hand, internally, the paper reduction process means about increasing the use of double-sided print and supporting the use of electronic tools in order to reduce the total amount of paper used in offices.

The outer perspective considers on how Nordea can join the global movement against the climate change and the destruction of the nature. As a consequence, Nordea has adopted a policy that integrates climate change issues into a decision-making process on investment, lending and procurement fields. For example, Nordea has introduced several renewable energy green bonds including the first unrated benchmark size Eurobond in green format for Vestas Wind Systems. The idea behind these green bonds is to support the shift to a low-carbon economy. In the lending field the aim is to provide more capital to greener solutions and include climate risk into the decision-making processes.

Nordea has also taken a strict policy towards coal to tackle the climate change. Nordea has signed the current Paris Pledge for non-state actors to support the COP21 agreement. As a part of this endorsement, Nordea has refused to start new client relations with companies depending primarily on coal. Nordea has also started to remove already established relationships with organizations generating at least 75% of their revenues from sales of coal products and with no desire to diversify away from the coal business.

4.1.4. Abstraction of responsible employer

The gender diversity and the equal opportunity clusters make the responsible employer abstraction. Nordea has primarily established policies to ensure that both genders represent the organization. One policy is that both genders are preferred to be among the final three candidates during a recruit process of management position. Another policy is that when hiring fresh graduated no gender shall make up more than 60% of the new recruits. The ultimate goal is to increase the number of women in leadership positions. This is achieved by supporting leaders to make the change happen in practice by integrating gender diversity training into all leadership pipeline programmes. The training focuses especially on unconscious bias awareness among managers. Moreover, Nordea maintains the equality committee that monitors salaries regularly to ensure that there are no unjustified salary differences between men and women with equal roles. Nordea is also conducting an annual employee satisfaction survey to enhance satisfactions and motivations of all employees. Career couching and development dialogues are likewise important factors here.

4.1.5. Abstraction of community engagement

The abstraction of community engagement is based on the fields where Nordea sees that it has expertise and it can make a positive change. One of these community engagement initiatives is to provide personal finance tutoring. This means for example visiting classrooms to give teenager hands on lessons in private economics or advising citizens on finances who need to get their economy back on track. Another example is an action of giving advises on personal finances while discussing future dreams with young under thirty years old people who do not have a job or a place to study. Nordea also engages with communities by supporting entrepreneurship and small business. This means maintaining the start-up accelerator programme aimed to support small businesses with pioneering business ideas and concepts. Furthermore, Nordea supports networks and organizations that foster entrepreneurship. The cluster of philanthropy perspective signifies a direct cash donation to a social cause. Nordea has normally targeted these social actions for various charitable organizations, but sponsoring sport and culture is also usually used.

4.2. Corporate social responsibility emphases by OP

OP Financial Group is the largest financial services group in Finland with over 100 years of history. Today, the organization contains about 180 independent member cooperative banks and their central organization called OP Cooperative including its subsidiaries and closely related companies. The organization is founded on the cooperative principle meaning that the fruits of collaboration and success are sharing with over 1.4 million customer-owners. Given that, the mission of the organization is to advance sustainable prosperity and wellbeing of its owner-members. The organization has approximately 12 000 employees working in three main business segments including banking, non-life insurance and wealth management banking. (OP 2017.)

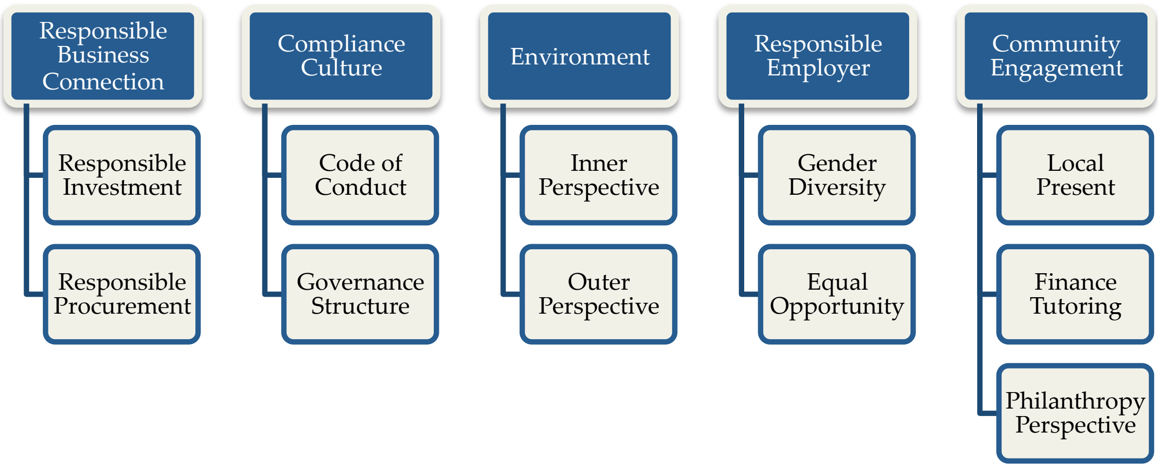

Figure 10. Corporate social responsibility emphases by OP.

It is proposed here that the content analysis of OP Financial Group provides six cardinal CSR emphases. These emphases are the responsible business connection abstraction, the compliance culture abstraction, the environment abstraction, the responsible employer abstraction and the community engagement abstraction. Further, the figure above illustrates the clusters used to form these abstractions. Given that, the logic behind the construction of these abstractions is displayed on the next page.

4.2.1. Abstraction of responsible business connection

The main fields where OP Financial Group is especially carefully with whom it runs business operations are investment and procurement. The core of the responsible procurement cluster is the integration of CSR risks and compliance into the supplier risk assessment process. Given that, all suppliers are required to organize their business operations according to the socially responsible supplier guidelines established by OP Financial Group. One of the key functions here is the continuing monitoring that all suppliers have understood and implemented socially responsible supplier requirements placed on them. In principle, this monitoring is being conducting by systematically meeting suppliers' managements in order to acquire information about suppliers' current socially responsible business engagement levels and discovering what are the future plans and objectives regarding to CSR. All this acquired knowledge is then used during the supplier risk assessment process.

The responsible investment cluster includes several socially responsible investment activities and policies. One core policy is to always investigate an investment target before an investment decision in order to secure that the target is not associated with violations of international responsible business standards and norms. Furthermore, another cardinal policy is that an external party reviews equity and corporate bond investments made by OP Financial Group biannually. The purpose of this policy is not only to ensure that the investment portfolios do not include companies promoting socially irresponsible business activities and policies, but to also bring third-party independence and expertise to the assessment process. Companies that are seen to violate international standards and norms may be eventually removed from the investment portfolios, if there is not a clear sign of transition on the horizon.

Moreover, OP Financial Group is encouraging investees and partners to operate socially responsible by promoting the rule that the most attractive potential investments for any fund are issuers whose operations match international ethical standards. The Group also declines to make direct investments in companies producing anti-personnel mines or cluster weapons as banned by the Ottawa and Oslo treaties. This indicates that an important part of the responsible investment policy in OP Financial Group is to actively seek relationships with organizations promoting sustainable investment culture.

4.2.2. Abstraction of compliance culture

The core of this abstraction is to maintain a robust governance structure to facilitate the integration of CSR activities and policies into the daily business operations. An essential part here is to promote the code of conduct that provides an ethical foundation for everyone working at OP Financial Group whatever their role, position or location. The objective is that every single employee will take the code of conduct online course to ensure that all employees are aware of how they should perform their daily tasks regarding to ethical and moral business issues. If an employee detects violations of the code of conduct, the employee is responsible to report the violation by confidential message. Finally, another cardinal policy to strengthen the compliance culture is the independent committee overseeing risks and compliance of CSR.

4.2.3. Abstraction of environment

The environment abstraction contains inner and outer perspectives. The inner environment cluster pays attention how the organization could decrease the ecological footprint internally. The following procedures are good examples of how OP Financial Group aims to tackle this objective. Decreasing the total amount of printed materials by actively promoting alternative electronic tools and instruments. Reducing transport emissions by adapting digital interaction tools and promoting the rule that trains or busses must be favored when travelling within Finland. Further, establishing a policy to lower CO2 emission of company's cars by starting to replace them with more environmentally friendly models. Diminishing electricity and heat consumption in offices by implementing new energy saving technologies into buildings.

The outer perspective focuses on policies of how OP Financial Group could promote the movement against the climate change. Especially, investment products that emphasis environmental responsibility play crucial part here. For example, maintaining climate and clean water funds only for organizations whose business activities aim to solve healthy climate and clean water issues. Further, establishing a policy that declines investments to coal mining firms in a situation where the potential investment target does not possess a credible plan for reducing its climate impact. In summary, the outer perspective seems to be mostly advanced through responsible investment activities and policies.

4.2.4. Abstraction of responsible employer

The cluster of equal opportunity means that all employees should be given mutual opportunities for training and development. One of the key methods here are personal mentoring and coaching as well as job rotation within the organization. This means that all employees are receiving regular performance and career development reviews. OP Financial Group has also established a policy that gender shall play no role in the determination of salaries. Further, the equality of remuneration is reviewed on an annual basis to make sure that there are not differences between women and men. In summary, the key employee wellbeing elements include the early support model, occupational health care, rehabilitation and flexibility at work and diversity management.

4.2.5. Abstraction of community engagement

The cluster of local present aims to address issues that are current in the public discussion. For example, the youth unemployment and the possibility for elder people to conduct their banking matters have been broadly under public conversation today. Given that, OP Financial Group has established a policy that ensures that all consumers have equal opportunities to carry out transactions by guarantying the coverage of the automated teller machine network. No machines are closed down regardless of their usage located over 20 kilometers away from the next machine. Further, OP Financial Group has funded a summer job project in which non-profit organizations employed one thousand people aged between 15 and 17 by paying their wages for two weeks.

Promoting personal financial skills and small entrepreneurship are also important ways of how OP Financial Group is engaging with communities. For example, OP Financial Group has been involved in the Taloustaito project where practical financial advice is given to young people at risk of becoming marginalized and who have significant shortcomings in their everyday financial management skills. Further, offering young and competence-based start-up businesses financial support in terms of paying a rent for a period of three to six months. Finally, OP Financial group also utilizes the philanthropy perspective meaning direct donations to various social causes. For example, one broadly used target of donations is the higher education system in Finland.

4.3. Corporate social responsibility emphases by Danske Bank

The Danske Bank Group is one of the largest financial enterprises in the Nordic region originated from Denmark. In Finland the organization have almost 1 million personal customers and around 90 000 business and institutional customers. The latest structure of the organization was formed when Sampo Bank became a part of the Danske Bank Group in 2007. Danske Bank is organized in three business units. These business units are personal banking, business banking and corporates & institutions. (Danske Bank 2017.)

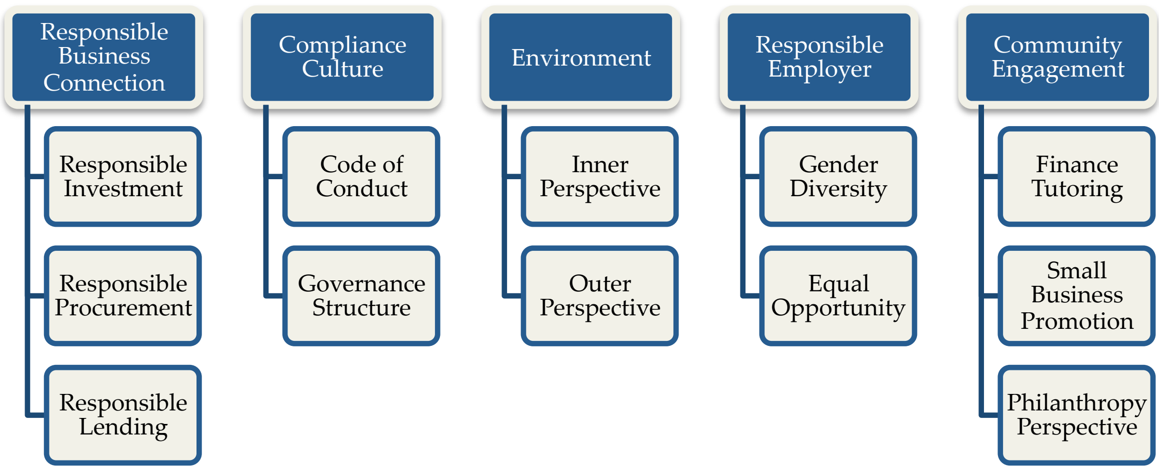

Figure 11. Corporate social responsibility emphases by Danske Bank.

It is suggested here that the main emphases of CSR by Danske Bank are built around five abstractions. These abstractions are the responsible business connection, the compliance culture, the environment, the responsible employer and the community engagement. The content analysis analyzed on the next page introduces the logic of how this model has been constructed. In other words, illustrating the socially responsible business activities and policies that have worked as building blocks behind the construction of this model.

4.3.1. Abstraction of responsible business connection

The foundation of the responsible procurement cluster is to ensure that all suppliers comply with responsible supplier requirements placed on them. This is achieved by screening suppliers including especially a supplier risk assessment based on the UN Global Compact principles and other internationally recognized standards. The core objective of this screening process is to make sure that supplier agreements are only established with socially responsible suppliers. If after an agreement a violation of responsible supplier standards is identified, a dialogue will start to clarify the situation. If the dialogue does not lead to any visible improvement, the relationship with the supplier will be terminated. Moreover, Danske Bank has also determined to reduce the total number of suppliers in order to streamline its supply chain management and strengthen the dialogues and relationships with all suppliers.

The cluster of responsible investment is based on screening investment targets in order to discover violations of international standards. Especially, environmental, social and governance (ESG) issues are taken under consideration during an investment decision-making process. Danske Bank has also aimed to increase its involvement with companies detected to operate socially irresponsible in order to encourage them to engage CSR. Company exclusion will eventually be the final step, if there is not a clear sign of transition on the horizon. Furthermore, Danske Bank has declined to finance controversial weapons such as anti-personnel mines, cluster munitions and biological and chemical weapons. This policy also covers any production regarding to nuclear warheads, missiles carrying nuclear warheads, or activities directly associated with them. Another essential part of responsible investment is to maintain green bonds for projects that address issues such as renewable energy, energy-efficiency, sustainable transportation and climate protection.

The cluster of responsible lending focuses on lending policies with private individuals. This means that private individuals are offered only credit services matching their financial needs and capacities and making sure that they understand their financial obligations now and in the future. In addition, the aim is not only assessing repayment abilities of private individuals, but also considering the purpose for which the funds will be used and assessing especially environmental, social and ethical risks associated with the subject.

4.3.2. Abstraction of compliance culture

The code of conduct cluster and the governance structure cluster are included in the abstraction of compliance culture. The cluster of governance structure means a clear hierarchic structure in which every business function has its own task regarding to implementation of responsible business activities and policies. Financial crime prevention is especially important objective. Given that, Danske Bank has allocated resources to the prevention of money laundering and terrorist financing as well as reorganizing the organization to make the governance of these activities more effective.

The glue of the governance structure is the code of conduct. The code of conduct facilitates situations where employees are facing ethical business issues at their daily work. For example, the code of conduct includes clear guidelines for employees on giving and receiving gifts and registering them. The code of conduct is especially being strengthening throughout the organization by online course that all employees must complete every year. Finally, another essential part of the compliance culture is the international commitments. These are, for example, the UN-supported Principles for Responsible Investment and the OECD Guidelines for Multinational Enterprises.

4.3.3. Abstraction of environment

The environment abstraction contains inner and outer perspectives. The inner perspective is built around the objective of becoming carbon-neutral organization by internally reducing energy consumption and emissions originated from business operations. That being said, Danske Bank has switched to 100% renewable electricity, for example, 10 solar panels have been installed in Northern Ireland. Emissions that could have not been eliminated, the organization offsets by investing in carbon credit projects.

The outer perspective focuses on external means of how the organization could protect environment. For example, Danske Bank has joined the Paris Pledge and involved in the UN Environment Programme Finance Initiative. Furthermore, the organization has invested to DKK 100 million in 18 large solar cell parks in Danica Pension’s property portfolio. The investment has made Danske Bank the largest private owner of solar cell parks in Denmark.

4.3.4. Abstraction of responsible employer

The abstraction of responsible employer is founded on objective of broaden the diversity and inclusion agenda to various backgrounds. This means that Danske Bank has established clear numerical objectives of how many women should be in management position in the near future. Also, providing equal opportunities for all employees to develop own skills and expertise is important part of being responsible employer at Danske Bank.

4.3.5. Abstraction of community engagement

Teaching personal finance in local communities is the spine of the community engagement abstraction. For example, Danske Bank has developed free educational materials and online learning games for children and young people in order to promote their financial knowledge. These games also provide ideas for parents about how to talk about money and personal finance with their children. Further, Danske Bank performs classroom visits in terms of introducing for students concepts such as income, expenses, interest and cyber crime in banking environment. This indicates that corporate volunteering is one of the main initiatives of how Danske Bank engages with communities. For example, in 2015, employees spent more than 15 000 hours on volunteering. Another mostly valued initiative is the philanthropy perspective meaning direct donations to numerous social causes.

4.4. Summary of the content analyses

It is clearly brought up in all CSR reports that all of the analyzed organizations view that they have a responsibility to operate in a socially responsible manner. This indicates that the Finnish financial sector is undergoing a radical change in terms of the clearly announced willingness by managers to engage socially responsible banking activities and policies. For example, the observation that all of the analyzed organizations are seeking to be at the forefront of this transformation signifies that managers have acknowledged the importance of CSR in today’s banking environment in Finland as well as globally.

It is suggested here that the analyzed organizations have all adopted very similar emphases to engage the increased demand for socially responsible banking activities and policies. There are differences to be noticed between clusters within a single abstraction, but nevertheless all the abstractions can be compressed under homogeneous themes. The figure underneath elucidates that the core emphases of CSR by the biggest organizations at the Finnish banking industry are responsible business connection, compliance culture, environment and responsible employer as well as community engagement.

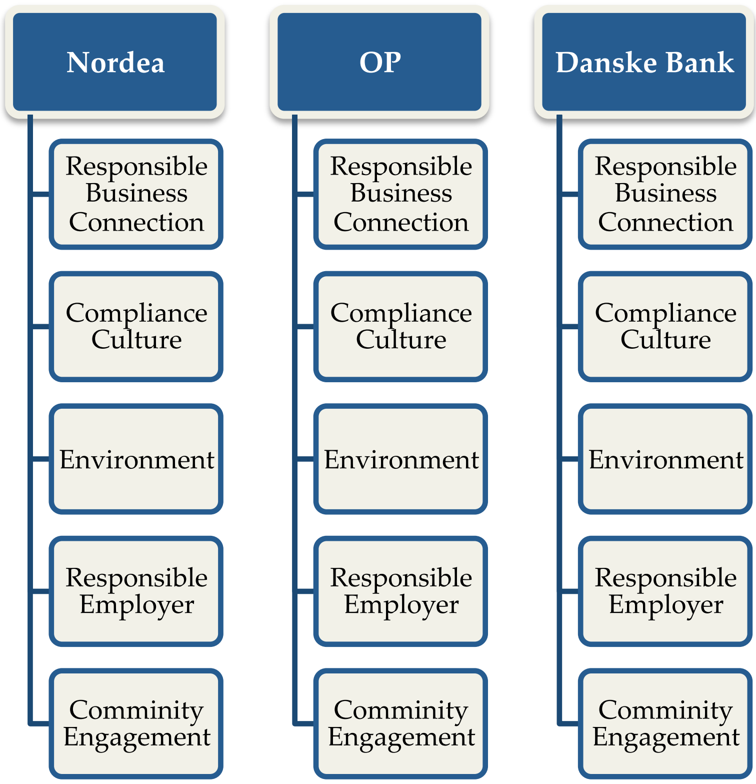

Figure 12. Summary of the content analyses.

In all of the reports, it is commonly agreed that although own business operations do not include major direct negative impacts towards society, such impacts may emerge indirectly from the various established business connections. In other words, it has a significant impact in society of how a massive financial organization invests, funds and spends its money.

This notion of with whom a financial organization establishes and cherishes business relationships raises concerns among citizens. This indicates that all of the analyzed organizations want to assess very carefully with whom they run business operations because they do not want to be dragged into middle of a reputation crisis via an irresponsible business practice of their business connection. Especially, supply chain as well as invested and funded business connections have acquired the main focus within every report regarding to this matter. Given that, the responsible investment and the responsible procurement clusters are the two clusters that can be found from every content analysis under the abstraction of responsible business connection.

The main parts of the responsible investment cluster are active ownership and integration of environmental, social and governance (ESG) risk assessment into the investment process. Active ownership means in essence an action of actively screening new and existing investment targets for violations of international principles of CRS. In order to facilitate this screening process, all of the analyzed organizations have established responsible investment standards that all investment targets are required to meet. International commitments and self-regulated policies play key roles in the formation of the investment standards. An actor that violates these standards may be removed from the investment list, if there is not a genuine interest to adapt these standards. In other words, the first step is to try to affect the actor and only after that the actor will be excluded from the funds. This policy is aimed to encourage investment targets to engage CSR more effectively than a direct rejection. In addition, responsible investment instrument like green bonds are also important building blocks of this cluster.

The responsible procurement cluster is based on similar ideas as the responsible investment cluster. The key action is here to demand that all suppliers operate according to socially responsible supplier standards placed on them. Monitoring misconducts of these standards and actively persuading suppliers to enhance their CSR engagements are also essential parts of the responsible procurement cluster. In summary, it is argued here that the fundamental idea of the abstraction of responsible business connection is to require, monitor and finally if necessary push business connections towards stronger and more profound CSR commitment. This means that the analyzed organizations are willing to use the power they possess towards their business connections in order to promote socially responsible business philosophy.

Another shared emphasis that has emerged in every content analysis is the abstraction of compliance culture. The ultimate objective of this emphasis is to integrate CSR policies and activities into daily business operations and that way to organization culture. It is claimed here that this emphasis is based on the factor that financial organizations are facing today more complicated and heavier regulation framework than ever before. Now, it seems that the organizations are answering this requirement by strengthening their compliance culture with more structured governance of CSR related issues. The idea behind this action is that a formal governance structure facilitates the penetration of CSR policies into organization culture because all employees are then clearly informed about how they should act when they are facing issues such as moral and ethical dilemmas, money laundering, bribery and corruption.

The main method to strengthen compliance culture throughout an organization is ongoing training of entire personnel. The core of this training regardless an employee's role, position or location is some sort of internal code of conduct that contains the main CSR principles of an organization. This kind of code of conduct seems to be constructed by mixing international commitments, external official regulations and internal self-regulations. This indicates that a code of conduct is normally based on mandatory legal regulations as well as self-imposed regulations. In principle, the code of conduct is argued here to be the most important function of CSR within every analyzed organization because it covers the total CSR framework and works as a beacon for correct socially responsible behavior whatever issue is in question.

Another mutual emphasis is the environmental perspective that can be divided into inner and outer dimensions. The core of the inner perspective is the reduction of own ecological footprint throughout an entire organization. Both Nordea and Danske Bank have even gone so far by announcing that their aim is to become eventually carbon neutral corporations. Typical inner environmental activities are reduction of travel emission and reduction of total use of energy and waste in offices. Implementing new technologies and new procedures into business models often do this reduction Moreover, other important part of the inner environmental perspective is to acquire carbon offsets equal to the amount of carbon dioxide emitted as a result of needed energy to run daily business operations.

The outer perspective is devoted to the standpoint that financial organizations should take a part to the climate change movement by encouraging their business connections to reduce their own ecological footprints. In other words, the financial sector can help to limit climate change by creating a financial infrastructure that supports a low-carbon economy. Given that, every analyzed organization has established green bonds and other environmentally friendly investment products and policies aimed to encourage business partners to engage ecological initiatives and projects. For example, Nordea has established a treasure called The Start Funds that includes only firms that have received enough high ratings from environmental, social and governance assessments.

The responsible employer abstraction is mainly associated with the endorsement of gender diversity. The diversity of workforce objective is based on perspective that a successful organization has to mirror the society where it operates because diverse workforce is able to better serve diverse customer base by possessing deeper insights from the needs of various customers. Implementing prevention of discrimination training as a mandatory course to all leadership pipeline programmes and establishing hiring policies to ensure that no gender will make a majority of applicants are the two main principles to achieve the diversity workforce objective. Furthermore, it seems that in the future the focus will move beyond gender equality to cover variety of demographic backgrounds mirroring society and people living there.

The community engagement abstraction includes all the policies and activities where an organization is actively engaging with society. As all of the analyzed organizations operate within the financial industry, these organizations have decided to utilize their expertise by teaching personal finance management for free. The starting point is here that many recent studies have discovered that there seem to be disturbing gaps in understanding of financial issues, especially among young citizens. The core idea of this money management is to enable employees to voluntarily share their expertise by engaging with local communities. This action is indeed aimed to increase the understanding of financial issues, but also to give employees the feeling of helping others by doing well. Promotion of small entrepreneurship as well as philanthropy perspective including direct cash donations and sponsorships of culture and sport are also the two central areas in the community engagement abstraction.

As noted previously, all of the analyzed finance organizations have adopted very similar approach to handle the CSR demand. This may indicate that these organizations continually benchmark each other in order to keep own CSR engagement level at least at the same level as the mainstream level in the field. This observation raises the question that is there really a genuine desire to engage socially responsible banking activities and policies, or are these organizations just doing the minimum. In other words, no one can claim that an organization is socially irresponsible because the organization can plead that it is as responsible or irresponsible than everyone else in the same industry. Additionally, majority of socially responsible banking activities and policies implemented by analyzed organizations seem to lack clear numerical objectives and measure plans. This may indicate that most of these initiatives have been implemented without any concern what would be their social impacts in society. This would mean that CSR is still seen as a public relation management tool aimed to mitigate the pressure to engage responsible banking procedures.

Another explanatory factor behind the discovery that the organizations have adopted very similar approach to deal the CSR demand may be that every analyzed organization is more or less similar than others in terms of what it is and what it does. This means that all of the analyzed organizations are facing same kinds of demands and pressures to engage CSR and thus the required and adopted socially responsible banking activities and policies are the same. Although it is strongly brought up during the theory section that there is not a one size fits all approach regarding to CSR, the empirical findings of this thesis suggest that the size, industry and geographic location, which are the common factors here, affect how organizations are getting involved with CSR.

Further, it seems that the global CSR movement seeks to establish universal standards and guidelines of what the concept of CSR should fundamentally stand for. This kind of development would likely lead to fairly structured and formalized CSR activities and policies, especially in massive corporations. The demand of CSR would be translated into codes of conduct that would guide all business decision processes. There would be committees and other official functions within an organization to ensure implementation of CSR activities and policies into daily business operations and culture. The empirical findings of this thesis support this perspective by and large.

5. CONCLUSION

The endorsement, that companies should bear some kind of responsibility towards society and take a broader standpoint beyond shareholders to cover also interests of important stakeholders during a decision-making process, was properly introduced in the first time in the modern literature in the 1950s. Since then, the concept of CSR has been increasingly receiving attention and recognition as well as complementary and overlapping themes and approaches in both the academic and practitioner communities around the whole world (Carroll & Shabana 2010). Having said that, the dominant focal point within the research field of CSR has been constantly evolving over time. Today, the cardinal research approach is moving from a macro social level and ethics-oriented arguments to an organizational level and performance-oriented arguments (Lee 2008). Furthermore, although there have been arguments about CSR as an illegitimate business policy (Friedman 1970; Karnani 2011), an increasing majority of organizations have committed to engage socially responsible business activities and policies. This acknowledgment indicates strongly that the concept of CSR has become an inseparable business policy in today's mainstream business thinking (Lee 2008; Carroll & Shabana 2010).

However, despite the long literature history and the broadly acknowledged acceptance, the concept of CSR has remained multifaceted and incoherent. Scholars have strived for a long time to come to a mutual conclusion about why and how companies should engage CSR and to whom these responsible actions should be aimed for without generally accepted consensus. The key reason behind this complexity is that the term CSR has gained so many different meanings in so many different contexts. This has eventually led to various connected and disconnected approaches and emphases within the field of CSR (Lee 2008; Carroll & Shabana 2010). For example, it seems that different kinds of firms face different kinds of pressures and demands by society to engage CSR based on what they are and what they do (Crane, Matten & Spence 2014: 12-13). Further, different actors tend to define CSR through own agendas (Sethi 1975). In summary, it has been argued that the instrumental, the political, the integrative and the ethical theory groups form the key approaches in the theory field (Garriga & Méle 2004). The principles of CSR are also designed to facilitate the understanding of the relation between business and society (Wood 1991).

Despite of the growing enthusiasm of the business opportunities streaming from CSR engagement, many companies are facing difficulties when planning and implementing CSR initiatives. One major stumbling block in planning is that companies engage CSR with too generic approaches making the actions much less productive than they could be both business and society. Every CSR initiative should reflect the core mission of an organization and thus CSR strategy and business strategy should be fused together into one main strategy (Porter & Kramer 2006). Given that, it is put forward here the planning process should be understood through the cultural context of each organization because the level of social responsibility in an action is always embedded with the framework of time, environment and the very nature of the parties involved. This indicates that CSR planning should be individualized (Sethi 1975).

It is suggested here that the holistic model introduced in the end of the theory section facilitates the understanding of the concept of CSR. Firstly, according to the pyramid of CSR, which forms the frame of the model, a business model should be first designed to tackle required economic and legal responsibilities. Then, expected ethical responsibilities should be included into the business model. The highest social responsibility level is when the business model meets desired philanthropy responsibilities (Carroll 1991). The steps of the pyramid also illustrate the level of responsiveness for the demand of CSR. Given that, organizations are seen to be reactive, defense, accommodation or proactive actors regarding the way of how they address the concept of CSR (Carroll 1979).

Secondly, in order to facilitate the process of implementing CSR initiatives, cause promotion initiative, cause-related marketing initiative, corporate social marketing initiative, corporate philanthropy initiative, community volunteering initiative and socially responsible business practice initiative are represented (Kotler & Lee 2005: 46). According to the cultural context perspective, an organization should select the most suitable initiative based on the current circumstances (Sethi 1975). Furthermore, how managers prioritize and balance various demands by numerous stakeholders is often a challenge facing many companies due to limited resources. It is proposed here that CSR initiatives could be targeted for latent stakeholders, expectant stakeholders, definitive stakeholders or a combination of them (Mitchell, Agle & Wood 1997).

Finally, perhaps the most crucial part of the model is the six dimensions of CSR forming the core of the model. This means that CSR planning should be based on the integration, voluntariness, values, environment, stakeholder and economic dimensions. In other words, every organization should bear a responsibility to pursue financial success while voluntarily integrating socially responsible business activities and policies into core business values. These responsible activities and policies should especially cover environmental and stakeholder issues. (Dahlsrud 2008; Crane, Matten & Spence 2014: 9.)

It is suggested here that the core emphases of CSR by the analyzed financial organizations are responsible business connection, compliance culture, environment and responsible employer as well as community engagement. These emphases reflect at large the emphases found in the literature of CSR indicating that the selected organizations have incorporated different CSR emphases broadly into their CSR framework.

It has been discovered that all of the analyzed organizations are operating approximately where the expected ethical and the desired philanthropy responsibilities locate. This means that the organizations are integrating socially responsible banking policies into their daily business operations. These policies are often above the current law indicating that analyzed organizations go beyond legal minimum to self-regulation in some extent. Moreover, the stakeholder dimension is especially associated with the responsible employer and responsible business emphases. In other words, employees, suppliers and investment targets are the most important stakeholders in an ethical sense. Obviously, customers have also their own legitimate place here. Furthermore, the environment dimension is basically a synonym for the environment emphasis. In addition, the community volunteering and the socially responsible business practice initiatives are clearly the most utilized initiatives.

Finally, the debate around the concept of CSR is founded on three perspectives. Someone views it as an illegitimate business policy that gnaws resources of firms and money of shareholders. For others, it is a public relation management tool to ease the pressure of CSR by appearing to be a responsible actor via shiny reports and orations while maintaining an irresponsible business model. For still others, it represents a genuine opportunity to make an actual effort for a better world for everybody. (Crane, Matten & Spencer 2014: 443.)

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