UNIVERSITY OF VAASA

FACULTY OF BUSINESS STUDIES

DEPARTMENT OF MANAGEMENT

Lotta-Liisa Takala

EMPLOYEE AWARENESS AND ENGAGEMENT AS A GATEWAY TO CREATING VALUE FROM CORPORATE SOCIAL RESPONSIBILITY (CSR)

The strategic role of internal CSR communication in Finnish Firms

Master's Thesis in
Management and Organizations

International Business

VAASA 2016

TABLE OF CONTENTS **page**

TABLES AND FIGURES **page**

_____

UNIVERSITY OF VAASA
Faculty of Business Studies
Author: Lotta-Liisa Takala
Topic of the Thesis: Employee awareness and engagement as a
                                                       gateway to creating value from corporate social
                                                       responsibility (CSR): The strategic role of
                                                       internal CSR communication in Finnish Firms
Name of the Supervisor: Olivier Wurtz
Degree: Master of Science in Economics and
                                                       Business Administration
Department: Department of Management
Year of Entering the University: 2009
Year of Completing the Thesis: 2016   **Pages:** 129

_____

ABSTRACT

Corporate social responsibility (CSR) has become an established part of business activity. In addition to social impact, it has also been increasingly studied to bring strategic value for a company, for instance in the form of competitive advantage or enhanced corporate reputation. However, as firms are subjected to different stakeholder demands and contextual factors, successful management of CSR has become an important factor to consider in the hopes of maximizing the returns on social responsibility.

Despite the importance of employees as a key stakeholder group for business, their role in the realization of CSR has not been commonly addressed. Even less attention has been paid to the practices and effectiveness of communicating CSR within the company. To address this gap, this paper examines the role of employee communication on CSR, approaching the topic particularly from a strategic management perspective. Moreover, the aim of this research is to find out whether and how employee CSR communication can influence the ability of a company to capture value from social responsibility. To provide a comprehensive picture on the previous literature related to the subject, the key theoretical areas of the business case for CSR, the role of employee behaviour in CSR, as well as effective internal CSR communication are reviewed. To support the theoretical framework developed for CSR value creation and effectiveness of communication, empirical findings from a qualitative case study of 9 Finnish organisations are introduced.

The findings of the study suggest that internal CSR communication has an important role in increasing the awareness, understanding, and engagement of employees in terms of the initiatives and objectives developed for social responsibility. The relationship between employee behaviour and the strategic value creation for CSR was found to be most evident in the areas of 1) risk management, 2) operational effectiveness, 3) corporate image, 4) competitive advantage, 5) new business opportunities, 6) employee well-being, and 7) organizational alignment of objectives and values.

_____

1.   INTRODUCTION

The role of corporations in society has been a popular topic of discussion and debate. Recent events – such as the global financial crisis, the Paris agreement on climate change, and the various scandals of multinational firms like Volkswagen or Apple – have brought the attention to the fact that corporates do not operate independently of society or environment. As a result of persistently growing regulation, extensive media reach, and increasing public interest on social issues, companies have been impelled to consider the impact of their operations on a wide range of different stakeholders (Porter & Kramer 2006; N. C. Smith 2003) – namely – *"those groups and individuals who can affect, or are affected by, the achievement of an organisation's mission"* (Freeman 1984: 54).

Referring to the voluntary actions of a company to mitigate or improve the impact of its operations on society and environment (Kotler & Lee 2005; McWilliams & Siegel 2001), the notion of *corporate social responsibility* (CSR) has thus become a prominent part of both academic and corporate agenda. Companies in different parts of the world are increasingly undertaking this management philosophy by incorporating the interests of their stakeholders into organisational activities and decision-making practices. In practice, this can mean, for instance, improving environmental performance through recycling or controlling emissions, integrating social features into products or manufacturing processes, or adopting advanced corporate governance or HR practices (McWilliams, Siegel & Wright 2006). Especially large corporations are now publishing CSR reports, featuring CSR departments, and collaborating with non-governmental organisations and CSR networks in order to meet the growing expectations of their stakeholders (KPMG International 2015; Maon, Lindgreen & Swaen 2010). Also in Finland, several companies now consider CSR to be a relevant theme for business and many see its importance increasing in the future (FIBS 2015).

Apart from purely moral reasons, one driver for corporate interest in CSR has also been the belief that it can influence corporate performance (Kotler & Lee 2005; McWilliams & Siegel 2001; Porter & Kramer 2006). The business rationale for applying CSR has been a hot topic for years, as both academics and practitioners have been increasingly interested to understand the return on investment of social responsibility initiatives. This quest for *the business case for CSR* has resulted in numerous studies stating the different benefits of operating socially responsibly (Carroll & Shabana 2010). CSR has studied to create business value, for instance, by serving as a risk management tool in mitigating the potential threats presented by stakeholder demands (Kurucz, Colbert & Wheeler 2008),

enhancing corporate image and brand positioning (Kotler & Lee 2005), or by generating distinctive competitive advantage in relation to competitors (McWilliams & Siegel 2011; Porter & Kramer 2006). In terms of the personnel, corporate social responsibility has found to improve employee commitment, motivation, and loyalty to the firm, as well as to increase the attractiveness of the company for future recruitment (Bhattacharya, Sen & Korschun 2008; Branco & Rodrigues 2006; Turker 2009).

Moreover, according to recent studies, increasing amount of corporate leaders have come to consider CSR as one way of creating business value, as opposed to treating it merely as an added cost or constraint (BITC 2011; Kiron, Kruschwitz & Haanaes 2012; Vogel 2005). Similarly for Finnish companies, CSR is most often said to be a matter of business rather than ethics or philosophy (Juholin 2004). The approach of pursuing economic goals through social activities, also described as *strategic CSR*, has thus been approved by many scholars as the most effective and pragmatic approach to be applied by modern businesses (Jones 2005; Kotler & Lee 2005; Perrini 2005). More specifically, the perspective is about using CSR deliberately and strategically as a source of competitive advantage and stakeholder success. However, as companies operate in distinct contexts and are driven by different stakeholder needs and expectations, a purely responsive or generic approach to CSR is no longer enough to bring competitive edge for the firm (Bhattacharya, Sen & Korschun 2011; Porter & Kramer 2006). Furthermore, previous research has suggested that social responsibility initiatives need to be aligned with the long-term objectives of the business to maximize the business returns from CSR (Porter & Kramer 2006).

As a key stakeholder group, employees play a vital role in the realization of corporate social responsibility (Collier & Esteban 2007). Corporates are ultimately consisted of people whose actions and decisions have a direct effect on the business and social performance of the firm. Without the support and involvement of the people working in the organisation, corporate responsibility policies, commitments, and strategies cannot be put into practice (Hohnen 2007; Werre 2003). In other words, the organisational adoption and implementation of CSR is contingent with the behaviour of employees (Garavan, Heraty, Rock & Dalton 2010) – a business cannot be socially responsible if its employees do not share the same mind-set. Nevertheless, relatively little attention has been given to the role and impact of employee engagement in CSR, despite of their importance as primary stakeholders. Furthermore, previous studies have underlined the need for more practice-oriented CSR research focused in understanding how organisations engage and encourage corporate responsibility commitments (Lindgreen, Swaen & Maon 2009; N. C. Smith 2003).

In order to be engaged and involved in CSR, employees have to first be aware of the social responsibility commitments and objectives of the organisation. This has been strongly underlined in the literature concerning CSR implementation, as several researchers have stressed the importance of continuous and effective communication in embedding CSR into everyday business practices (Maon *et al.* 2009; Panapanaan, Linnanen, Karvonen & Phan 2003; Werre 2003). Nevertheless, a lot of the existing research on corporate responsibility communication has focused on the methods and influences of external communication, particularly from the viewpoint of CSR reporting, marketing, PR, or issues management (Waddock & Googins 2011). Less attention has been paid in the academic literature to the strategic role that employee CSR communication can play. Furthermore, previous research has identified internal communication as an "*under-utilised and potentially powerful channel for enhancing a company's reputation for responsibility among its key stakeholders*" (Dawkins 2004). It has also been described as a crucial method for organisational success as it "*affects the ability of strategic managers to engage employees and achieve objectives*" (Welch & Jackson 2007). In this paper, internal CSR communication is defined as the coordinated use of the communication actions and methods to systematically influence the awareness, understanding, attitudes, and behaviour of existing employees related to CSR (CSR Europe 2010). In addition, previous scholars have emphasized an urgent need for a deeper understanding on the methods and characteristics of how CSR can be communicated more effectively to stakeholders (Du *et al.* 2010).

1.1 Research problem

The lack of employee awareness and involvement in CSR has been studied to be one of the biggest challenges for companies to gain strategic benefits from socially responsible business practices (Bhattacharya *et al.* 2011). The main purpose of this study is to better understand the role of employee awareness and involvement in CSR from the viewpoint of strategic management. In other words, the primary interest is to find out whether and how internal CSR communication affects the ability of a company to create and capture value from social responsibility. Furthermore, as opposed to studying a variety of different methods developed for employee engagement in CSR, the focal point of this research is on effective internal communication and how it can be utilized to maximise the added value of CSR, for instance, in the form of successful strategy implementation, committed or motivated workforce, or through increased corporate reputation and image.

In line with the purpose of the study, the primary research question of the paper is therefore formulated as follows:

> **RQ:** *Whether and how employee communication on CSR influences the ability of a company to generate value from corporate social responsibility?*

In order to answer to this question, one must first understand what does the concept of corporate social responsibility stands for, both in theory and in practice. Secondly, one should outline the framework and limitations for CSR to create value for a company in the first place, for instance when it comes to favourable corporate image or increased competitive advantage. In addition, the role of employee behaviour in maximizing benefits from CSR need to be examined more in detail. Finally, the characteristics related to effective internal communication of corporate social responsibility and its connection to employee involvement and commitment should be identified (*see **Figure 1***). In other words, the research objectives of this study are:

1. To outline the content and focus of corporate social responsibility;
2. To understand how CSR can create and capture strategic value for the firm;
3. To recognise how employee awareness and engagement in CSR can influence the ability of the company to create value from social responsibility; and
4. To identify the characteristics of effective internal communication on CSR and how it can be utilized to engage employees in corporate social responsibility.

Figure 1. The main research themes of the study

The scope and delimitations of the research

Most importantly, the purpose of this study is not to measure tangible or quantitative benefits of CSR, but to compare the conditions and criteria for CSR value creation with

the perspectives and viewpoints emerged from the interviews. In other words, the study is not meant to comprehensively explain the direct relationship between internal CSR communication and business performance, but to form a basis to further research on this subject. The subjective views of managers merely give initial ideas about the connection between possible business benefits and employee awareness with CSR. Moreover, the main focus of this research is on the perspective of corporate social responsibility as a strategic activity (Carroll & Shabana 2010; Porter & Kramer 2006). The business motivations and benefits of applying CSR are therefore examined more closely, as opposed to investigating the personal CSR-related values of managers or the normative societal expectations towards companies to engage in social responsibility. In addition, this paper looks at internal communication as an instrument of strategic management rather than an organisational phenomenon that exists between employees (Welch & Jackson 2007). Moreover, the goal here is to study the managerial perceptions of internal CSR communication as opposed to the actual nature and level of employee CSR awareness or the attitudes towards the concept.

1.2 The outline of the study

This study is formulated on the basis of a common linear-analytic structure (see *Figure 2*) (Saunders, Lewis & Thornhill 2009: 176). After introducing the research problem, the paper continues with the review of previous CSR literature, particularly from the viewpoint of strategic value creation and employee engagement. The key theoretical propositions emerged from the literature are presented after each theme, in order to
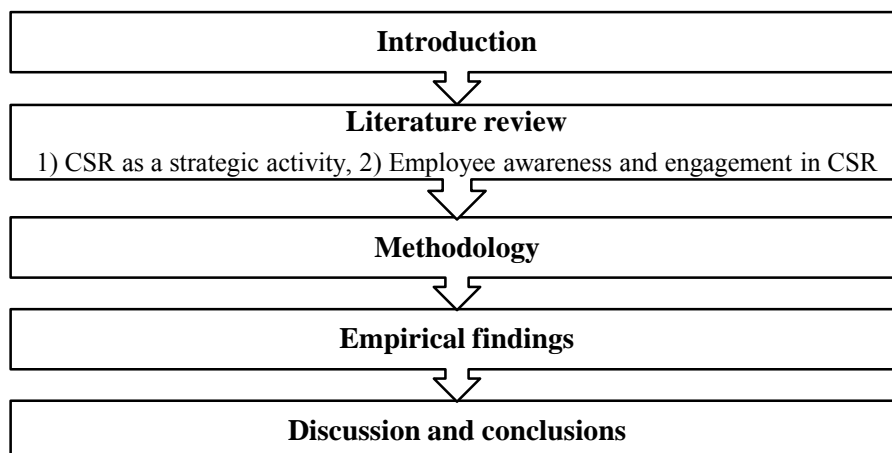
Figure 2. The structure of the thesis

facilitate the transition between the theoretical framework and the analysis of the empirical data. The underlying methodology of the research is then described, and more details are provided about the cases and subjects of the study. The paper then goes on by presenting the main empirical results, summarizing them, and discussing the key points in the light of the theoretical propositions developed earlier. Finally, the conclusions and limitations of the study are presented, together with the theoretical and managerial implications and possible avenues for further research.

Moreover, the review of previous literature is divided into two theoretical areas in line with the objectives of the study: 1) the strategic approach towards corporate social responsibility, and 2) the role of employee awareness and engagement in CSR. To better understand how CSR can create value for business, the first part of the literature review (*chapter 2*) discusses the practical meaning and focus of CSR, the different motives and avenues for value creation in terms of social responsibility, as well as the management practices and challenges of integrating CSR into the organisation. The second part of the literature review (*chapter 3*) is built on the theories and frameworks concerning employee CSR awareness and engagement, as well as internal CSR communication. More specifically, it covers the general role of employees in strategic management of CSR, their reactions and attitudes towards the concept, as well as the methods for companies to communicate their CSR commitments more effectively to this particular stakeholder group. Lastly, a summary of the theoretical framework is provided in order to restate the main points for further analysis and discussion. More specifically, the theoretical propositions developed from the literature review are summarized to provide the basis of what could be expected from the data.

1.3   Central Terminology

Corporate social responsibility (or CSR)

The voluntary actions of a company to mitigate or improve the impact of its decisions and activities on society and environment (e.g. Kotler & Lee 2005; McWilliams & Siegel 2001).

CSR communication

Creating and maintaining stakeholder awareness of the company's CSR activities and objectives (Dawkins 2004; Du *et al*. 2010).

CSR implementation	The day-to-day decisions and operational actions that are taken to ensure that the firm meets its CSR commitments and carries out the chosen strategy for corporate responsibility (Hohnen 2007).
CSR strategy	A road map that sets the long-term direction and scope for corporate responsibility engagement (such as the social issues to address) (Crane et al. 2014: 444; Hohnen 2007).
Internal communication *(or employee communication)*	The coordinated use of the communication actions and methods to systematically influence the awareness, understanding, attitudes, and behaviours of existing employees (CSR Europe 2010).
Internal CSR communication	Organisational efforts aimed to increase employee awareness and commitment to CSR, including face-to-face communication and training.
Stakeholder	"*Any group or individual who can affect or is affected by the achievement of the organization's objectives*" (Freeman 1984: 46), e.g. shareholders, employees, customers, investors, suppliers, etc.
Stakeholder engagement	An interactive communication with a variety of stakeholders in order to capture information about their interests and expectations towards the company, and involving them in the development and decision-making process of CSR (Waddock & Googins 2011).
Strategic CSR	Responsible corporate activities that create long-term business value and allow a company to achieve sustainable competitive advantage, regardless of motive (e.g. McWilliams & Siegel 2011). Links CSR activities to strategy and operations.
The business case for CSR	The justification for CSR initiatives from an economic point of view. Relates to the different direct and indirect links between CSR and firm performance (Carroll & Shabana 2010)

2. CSR AS STRATEGIC ACTIVITY

The first part of the literature review examines the concept of corporate social responsibility (CSR) from a strategic perspective; what does it mean in theory and in practice, what are the different ways companies can benefit from CSR, and how can it be developed and implemented to create value within a company.

2.1 Introduction to corporate social responsibility

The responsibility of a corporation towards society is a complex and wide-ranging topic that has been in the centre of discussion and debate for decades (Carroll 2008). In order to explore the business motives and firm-level practices of managing CSR (such as communicating it internally), one should understand what the concept of corporate social responsibility actually entails and how it has developed. To form a basis for following discussion, this section offers an overview of the underlying debates and approaches of CSR, including agency and stakeholder theories, the pyramid of CSR, corporate social performance, sustainability, and strategic CSR. The concept of corporate social responsibility is then defined, both from an academic and practitioner viewpoint.

2.1.1 Dominant debates and theories

The concept of corporate social responsibility is not new, although it has been an increasingly prominent subject of management research in the 21st century (Egri & Ralston 2008) and widely discussed in today's business community (BITC 2011; KPMG International 2011). The idea that companies have some responsibilities towards the surrounding society has existed for centuries, but most of the formal writings have been produced in the past half century (Carroll 2008). More specifically, the evolution of the modern CSR concept can be seen to have started from the publication of the landmark book "*Social Responsibilities of a Businessman* by Howard Bowen (1953) in the early 1950's, initially reflecting the context of Anglo-American business (Crane *et al*. 2014: 68). However, the notion of "social responsibility of business" has, in time, been replaced by the term "Corporate Social Responsibility" (Garriga & Melé 2004).

Ever since the discussion and debate of the corporate responsibility to society started, numerous academics have presented theoretical frameworks and arguments for and against the idea of CSR (Carroll & Shabana 2010). One of the most critical debates has been about whether corporations have social responsibility to begin with, or in other

words, should they pursue more than the interests of their owners, as in, the shareholders. This topic was discussed, amongst others, by the renowned economist Milton Friedman already in 1970. His article "*The Social Responsibility of Business is to Increase its Profits*" emphasized the particular importance of shareholders' interests in all business operations, and is considered by many in this field to be the reason why this debate has started and is still going on. Often referred to as the *agency theory of the firm*, this school of thinking is characterized by the concern of the companies' lack of expertise in social issues, the use of valuable shareholder resources, and the absence of a valid foundation for undertaking normative CSR (Friedman 1970; Levitt 1958). Friedman and many others have argued that the single responsibility and objective of a corporation is to maximize its market value and the profits of its owners, and that CSR dilutes this primary purpose (Davis 1973; Friedman 1970; Hayek 1969). On the other side of this fundamental debate, the most traditional argument for CSR has been that accomplishing social goods would actually be in the company's long-run self-interest (i.e. *enlightened self-interest*) (Keim 1978), as better society contributes to a better environment for doing business. Another reason offered for CSR is that supporting social goals can enhance the public image of the firm, which may then result in gaining more customers and better employees. (Davis 1973.) Additionally according to some of the advocates of the concept, CSR should even be seen as a necessity for business success, as companies need to maintain a "*social licence to operate*" in the eyes of the surrounding society (Davis 1973; Smith 2003).

Stakeholder theory

Contrary to the conventional stockholder view of Friedman (1970), many scholars have argued that a socially responsible firm should take into consideration all appropriate stakeholder groups. This perspective called the *stakeholder theory of the firm* plays a key part in CSR (Donaldson & Preston 1995; Melé 2008), and was first introduced by Edward Freeman in 1984 in his book '*Strategic Management: A Stakeholder Approach*' (Freeman 1984). This approach was initially based on an ethical starting point of managers bearing a fiduciary duty to stakeholders (Freeman 1984), but it has then evolved to include also the theories for integrating social demands into managerial decision-making (Garriga & Melé 2004). In this theory, a stakeholder is outlined as "*any group or individual who can affect or is affected by the achievement of the organization's objectives*" (Freeman 1984: 46), and can refer for example to shareholders, employees, creditors, customers, suppliers, governments, unions, competitors, local communities and general public (*see Figure 3*).
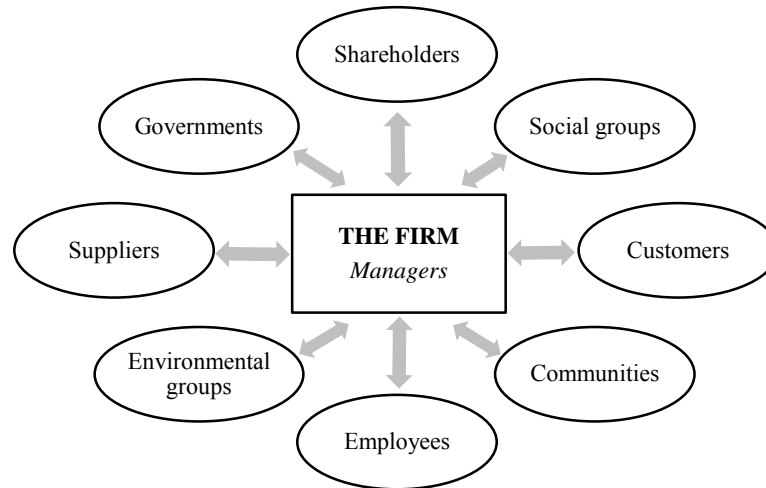
Figure 3. The stakeholders of the firm. Adapted from Donaldson & Preston (1995).

Some authors have further classified the stakeholders of the firm into two categories of primary and secondary stakeholders. *Primary stakeholders* are seen as those who have a direct impact on the company's primary functions and therefore essential for the organisation in realizing its mission (such as shareholders, employees, customers, and suppliers). *Secondary stakeholders*, on the other hand, are said to have a more indirect effect on the company and its support functions, without having such critical importance to the firm's existence (such as local communities, governments, and NGOs) (Clarkson 1995; Post, Frederick, Lawrence & Weber 1996.) As opposed to the agency perspective, stakeholder theory highlights that the survival and success of companies is contingent on the ability of a company to create wealth and value for its primary stakeholders, not merely stockholders (Clarkson 1988).

The pyramid of corporate social responsibility

Another theoretical approach challenging the agency theory perspective is the four-domain approach of corporate social responsibility by Archie Carroll, later incorporated into a '*pyramid of CSR*' (Carroll 1979, 1991). As opposed to the classical economic and legal responsibilities of business, Carroll expanded CSR to include also the responsibilities that go beyond them, by distinguishing the ethical and philanthropic dimensions of corporate responsibility. In this framework, CSR is defined to "*encompass the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*" (Carroll 1979), and divided into four different levels of economic, legal, ethical and philanthropic responsibility (*see Figure 4*).

According to Carroll, businesses are first of all required to be profitable and create value for their shareholders, as well as to comply with existing laws and regulations. Companies are additionally expected by stakeholders to operate ethically in terms of specific cultural contexts, and desired to be good corporate citizens by helping to improve the environment and society (Carroll 1979, 1991) As the legal and economic responsibilities of companies are hardly contested, the essence of CSR has later said to be most of all in the ethical and philanthropic responsibilities of the company (Carroll & Shabana 2010; Davis 1973; Kotler & Lee 2005). Nevertheless, despite of being one of the most cited frameworks, the pyramid of CSR has been criticized for being less applicable in other business contexts outside the US (Visser 2008). For example, CSR in Finland may be seen differently due to the strong role of the government as the main provider of social services, education, and other welfare benefits (Panapanaan, Linnanen, Karvonen & Phan 2003).

Figure 4. The pyramid of corporate social responsibility by Carroll (1991).

Corporate social performance

Another central theory more related to the actual practice of CSR is the *corporate social performance* (CSP) framework (Carroll 1979; Wood 1991). The corporate social performance of a firm refers to *'the configuration of social responsibility principles, processes of response to social requirements, and policies, programs and tangible results that reflect the company's relations with society'* (Wood 1991). In other words, it is more related to the actual organisational practice and the way the company is performing socially in the eyes of its stakeholders, as opposed to being an aspirational perspective.

The CSP framework emphasizes the divergent management actions or "*philosophies of social responsiveness*" that firms may have towards CSR. As stated by Carroll, companies' responsiveness to social issues can range between four possible strategies of managerial action, including *reaction*, *defence*, *accommodation*, or *proaction*. More specifically, firms may 1) deny any responsibility for social issues and remain passive even when problems arise, 2) admit it and do only what is required by focusing on regulatory compliance, 3) accept their responsibility and accommodate to the needs of relevant stakeholders, or 4) anticipate social changes and seek to proactively go beyond industry norms. (Carroll 1979; Peng 2009: 101.) The different stages of corporate social responsibility are discussed more in detail in the section concerning the management practices of CSR (*see chapter 2.3.1. Stages of corporate social responsibility*).

Corporate sustainability

Also from a broader perspective and often reflected by the business practice, CSR can be linked to the more general concept of *sustainability*. This theme, originating from environmental management and forestry, became a part of the CSR discussion in the early 2000s, when the business community became increasingly interested of the concept (Carroll & Shabana 2010). Sustainable development, or in other words '*the ability to meet the needs of the present without compromising the ability of future generations to meet their needs*' (Brundtland 1987: 43), is seen by many as the key objective for CSR. From a business perspective, sustainability has been characterized as the ability of a company to achieve its business objectives and increase long-term shareholder value by incorporating economic, social, and environmental opportunities into corporate strategies (Elkington 1997).

One of the most noteworthy concepts related to sustainability in business is the "*triple bottom line*"- model, or the 3Ps (people, planet, and profit) by John Elkington (1997) (*see Figure 5*), which also appeals to the enlightened self-interest of the firm. Furthermore, the triple bottom line comprises the dimensions of social and environmental performance, in addition to the economic view of profits and shareholder returns. According to this model, companies should operate in ways that are economically viable in the long run and avoid such short-term actions that are socially or environmentally harmful. (Elkington 1997.) Furthermore, numerous firms often talk about CSR in terms of sustainability (Crane *et al.* 2014: 69; KPMG International 2013), which is also important to keep in mind when conducting empirical research on the subject.
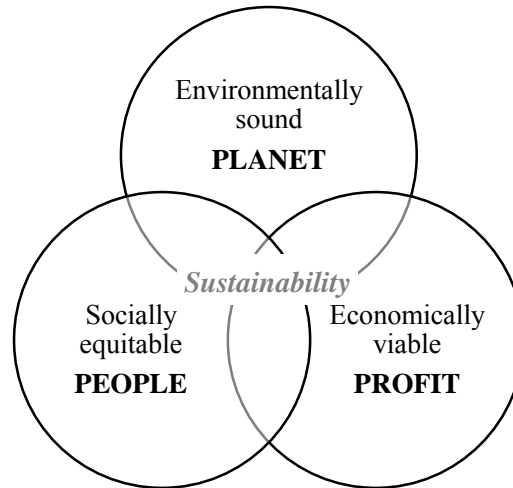
Figure 5. The triple-bottom line of sustainability (Elkington 1997).

Strategic corporate social responsibility

More recently, the focus of CSR research has progressively shifted away from ethics orientation (focusing on the social obligations of the firm) towards studying the connection between socially responsible business practices and the bottom line performance of the firm (Lee 2008; Lindgreen & Swaen 2010; Lopez, Garcia & Rodriguez 2007; Margolis & Walsh 2003). As businesses have been required and expected to invest in wide variety of CSR activities, the need of linking these practices to the business strategy and operations has been increasing. Due to dissatisfaction with the conventional philanthropic or responsive CSR with no relation to overall business objectives, the notion of "*strategic corporate responsibility*" was developed as the latest emergent thought in CSR literature (Bhattacharyya *et al.* 2008; Porter & Kramer 2006). Numerous scholars in this field now accept that profit-maximization does not exclude considering the interests of other stakeholder groups, and that maximizing shareholder value can actually go hand in hand with satisfying the expectations of stakeholders (Garriga & Melé 2004).

Strategic corporate social responsibility has said to entail such CSR programs that provide value for business, and thus generate sustainable competitive advantage (McWilliams & Siegel 2011). In other words, as opposed to merely bettering the society, strategic CSR is also about making good business sense (Burke & Logsdon 1996; Crawford & Scaletta 2005; Jones 2005; Kotler & Lee 2005; Perrini 2005; Porter & Kramer 2006). As well stated by Carroll, "*CSR can be sustainable only so long as it continues to add value to corporate success. It is society or public that plays an increasing role of what constitutes*

business success, not just business executives alone" (Carroll 2008). According to previous research in this field, CSR is argued to have the ability to create business value and improve performance, both directly and indirectly (Carroll & Shabana 2010; Kurucz, Colbert& Wheeler 2008). This has enabled companies to utilize it with a strategic intent (Porter & Kramer 2006). Engaging in CSR has reported, for instance, to enhance market credibility and increase the level of future cash flows (Luo & Bhattacharya 2009) and to attract investment (Smith 2005). It has also found to create value by building social complexity as an intangible asset of a firm (Branco & Rodrigues 2006; Hart 1995) or generating profits from the bottom of the economic pyramid (BOP) (Prahalad & Hammond 2002). Engaging in CSR has additionally argued to enhance customer relationships by improving brand loyalty (Pivato, Misani & Tencati 2008), or by serving as an instrument of cause-related marketing (Varadarajan & Menon 1988) (*see chapter 2.2.2 for more detailed discussion of the business case for CSR*). Furthermore, this school of thought offers the backbone for the thesis, as the research is centred on understanding the role of employee communication in achieving business-related benefits from CSR.

Approach	Author(s)	Key argument
Agency theory	Friedman (1970)	The single responsibility of a corporation is to maximize the profits of its owners.
Stakeholder theory	Freeman (1984); Donaldson & Preston (1995)	Companies should take into account also the interests of other stakeholder groups, not just those of shareholders.
The pyramid of CSR	Carroll (1979; 1991)	CSR is comprised of economic, legal, ethical, and philanthropic responsibility towards society and stakeholders.
Corporate social performance (CSP)	Carroll (1979); Wood (1991)	Companies perform differently in the eyes of stakeholders, depending on their responses and actions towards social issues.
Sustainability/ triple bottom line	Elkington (1997)	In order to be economically viable, companies should mitigate negative environmental impacts and conform with societal expectations.
Strategic CSR	Porter & Kramer (2006); McWilliams & Siegel (2001); etc.	In addition to bringing social benefits, CSR can be strategically managed to create value to the business.

Table 1. Theoretical perspectives on CSR.
Adapted from Garriga & Melé (2004); McWilliams *et al.* (2006).

In conclusion, a vast amount of theories and perspectives have been developed over the years to outline and discern the complex nature of CSR and the different management approaches towards social and environmental issues (*see **Table 1** for summary of the key theories presented*). However, all of these theories view CSR as being fundamentally about the dynamic and multidimensional relationship between the company and its stakeholders. Moreover, much of the current literature has accepted that, in order to sustain and succeed in the markets, companies should consider the interests of a wider group of stakeholders in addition to those of shareholders (Crane *et al*. 2014: 21).

2.1.2 Defining CSR

However, due to the divergent views of numerous scholars on the nature, degree and scope of corporate social responsibility, there is no generally accepted academic definition of CSR (Lindgreen & Swaen 2010). In addition to the term "CSR", many other overlapping and sometimes synonymous terms (like sustainability, stakeholder management, corporate citizenship, corporate social performance) are also used to describe the conception of the business-society relation (Garriga & Melé 2004; Matten & Moon 2008; McWilliams, Siegel & Wright 2006). In spite of the different approaches and definitions, some authors have outlined mutual characteristics for CSR (Carroll 1999; Crane *et al*. 2014; Dahlsrud 2008). For instance, according to Crane, Matten, and Spence (2014), certain essential qualities of CSR tend to be repeated in most of the definitions
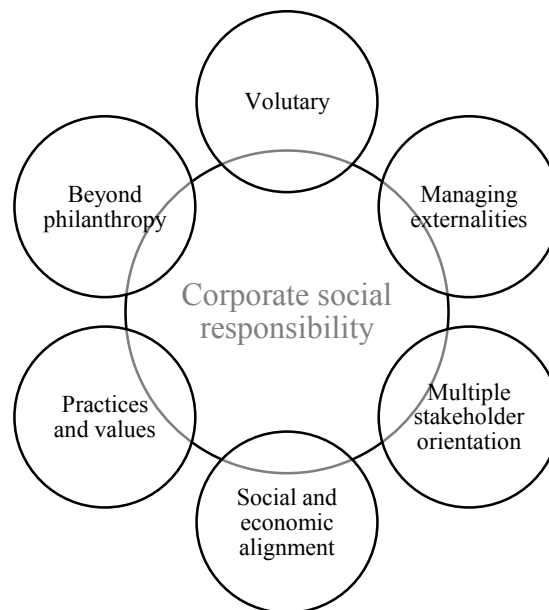
Figure 6. Core characteristics of CSR by Crane *et al*. (2014: 9).

(*see **Figure 6***). First of all, CSR is defined by many as a set of *voluntary activities* that go beyond the requirements of law and regulations. Secondly, it is mostly concerned by taking *a range of different stakeholder groups* into consideration, other than focusing on the interests of shareholders alone. CSR is often said to be about *dealing with externalities*, or in other words the side-effects of corporate behaviour that are not in the centre of the firm's decision-making process. It is also commonly associated with *aligning economic and social objectives* of a firm. In addition, CSR is defined by many as a philosophy that emphasizes *the value and goodness of the intentions* behind the responsible business practices, covering *all the core business functions* instead of only philanthropy and charitable activities. (Crane *et al*. 2014: 9.)

The definition used in this study

By utilizing these academic perspectives as the backbone for this research, corporate social responsibility, or CSR, is outlined in the thesis as "*a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources*" (Du, Bhattacharya & Sen 2010; Kotler & Lee 2005; Mackey, Mackey & Barney 2007; McWilliams & Siegel 2001). This definition underscores that CSR is about the different ways of going beyond what regulations and shareholders require, in order to improve the impact of corporate decisions and activities on a wider group of stakeholders. Thus, it also entails the notion that CSR covers all core functions and processes of the firm in addition to those paralleled to corporate community giving or philanthropy, including manufacturing, supply chain management, marketing, auditing and reporting, human resource management (HRM), logistics, etc. (Zollo *et al*. 2009). To be precise, the term "CSR" is also used in this thesis to equally emphasize both the environmental and social dimensions of corporate responsibility. Likewise, a more holistic view of CSR is utilized in terms of the motivations of engagement, as in practice companies can decide to act and invest in CSR on the basis of various ethical or strategic motives (McWilliams & Siegel 2011; N. C. Smith 2003).

Defining CSR in practice

The lack of consistency on the content of CSR is said to be even more prevalent among business practitioners (Wood 1991), as the vast array of different policies and programmes often categorized under CSR are difficult to conceptualise in practice. So what does corporate social responsibility actually mean for companies? What kind of *concrete activities* relate to CSR? In business practice, the most common concept

illustrating the wide range CSR policies and activities is said to be the *triple bottom line-model* of economic, social, and environmental sustainability by Elkington (1997) (Garriga & Melé 2004). Nonetheless, these elements can relate to a plethora of different activities and topical areas, ranging from good governance to environmental management to numerous HRM practices. A recent study by Rangan, Chase and Karim (2015), classified the typical CSR activities of companies into three different theatres of practice: initiatives focusing on *philanthropy* (e.g. donations or employee volunteering), programs designed to improve *operational effectiveness* (e.g. decreasing costs by limiting resource use or increasing productivity by advancing working conditions), and activities *transforming the business model* (creating new ways to address social or environmental challenges) (Rangan *et al*. 2015). In the context of Finland, a recent sustainability survey of 200 large companies found that the most common CSR themes and practices amongst Finnish firms are most often related to employee satisfaction and well-being (89%), waste disposal and recycling (74%), as well as energy efficiency (68%) (FIBS 2015).

However, it should be noted that the content of CSR is very context-specific and can be defined differently by different companies (Dahlsrud 2008). This is natural, as the demands and expectations of stakeholders vary in the case of each company, depending, for instance, on the firm's cultural context and country of origin, the size of the company, the line of business, the characteristics of the industry and regulatory environment, and the ownership structure (Argandoña & Hoivik 2009; Campbell 2007; Carroll 1979; McWilliams & Siegel 2001; Wood 1991). For example, the content and activities of CSR for an industrial firm might be more related to environmental aspects, as opposed to a service company that may focus more on the social dimension, due to the fact that their relevant stakeholders and business interests are not the same. Practices defined as CSR are also said to differ depending on which part of the overall value chain the company is operating– firms further up the value chain may define it differently to those closer to the customer (O'Connor & Shumate 2010).

It is therefore important to keep in mind that firms can have divergent focus areas and motives for CSR, which then drive them to understand and define the concept differently. For instance, consistent with a study of 12 Finnish companies, practitioner definitions for CSR can range from merely "*operating in compliance with strict Finnish laws and regulations*" to a more value-laden matter of "*doing what is right and good for the people*" (Panapanaan, Linnanen, Karvonen & Phan 2003). Global standards and reporting criteria, such as the *ISO 26000 standard* (ISO 2016), the *Global Reporting Initiative* (GRI) guidelines (GRI 2016), and the principles of the *UN Global Compact* (Global Compact

2016), can additionally influence the scope of different CSR elements and activities. Nevertheless, the diversity of historical, cultural, political, and socio-economic drivers makes it difficult to pinpoint the content of CSR relevant for all companies (Argandoña & Hoivik 2009). Therefore, consistent with the previous studies on the content of CSR, the first theoretical proposition for empirical examination is formed as follows:

> ***Proposition 1.*** *The content and focus of CSR differs between companies, depending on stakeholder expectations and business interests.*

2.2   Drivers and motives for organisational CSR

As noted in the beginning, more and more companies have started to place corporate responsibility and sustainability topics on their management agenda (FIBS 2014; Haanaes *et al*. 2011; Kiron, Kruschwitz & Haanaes 2012; KPMG International 2011). However, the question remains: *why* have they decided to do so? What are the drivers and motives behind these business decisions? This chapter discusses the various external drivers, internal motives, and other catalysts that affect how firms and managers make decisions on the degree and kind of CSR action. Due to the nature of this research, a particular focus is given on the business case for corporate social responsibility.

2.2.1   Balancing between external pressures and internal interests

As mentioned in the beginning, the forces driving companies to acknowledge their impact on society have initially arisen from the external market demands and expectations of different stakeholders (Bhattacharyya *et al*. 2008). This is still the case for the majority of businesses, as in most situations, the pressure and need to adopt CSR practices comes from outside the company (Kiron *et al*. 2012). These *external drivers* or market forces for CSR are often related to the different megatrends driving sustainability and socially responsible corporate conduct in general, such as globalization, scarcity of resources, or climate change, or to the more explicit pressures coming from specific stakeholder groups (Crawford & Scaletta 2005). The drivers related to stakeholder expectations can include, for instance, increased governmental regulation related to environmental or social requirements, international standards and metrics for CSR (such as different CSR indicators, rankings, and indexes), peer pressure coming from competitors active in CSR,

growing consumer demand for socially responsible products (LOHAS[1] consumers), or investor activism in the form of socially responsible investment (SRI) (Arvidsson 2010; McWilliams & Siegel 2001; Porter & Kramer 2006). Most of these factors have also been found to drive CSR engagement in the context of Finland. According to a study of top managers from 12 Finnish companies, the driving factors for applying CSR in their organisation were said to relate to: globalization (particularly in the case of international operations), pressures coming from the main stakeholder groups (such as regulators, industries' federation, employees, suppliers, and NGOs), long-term pursuit of sustainability, previous bad experiences, as well as increasing consumer demand (Panapanaan et al. 2003).

Companies may also have different internal reasons for engaging in CSR. According to previous academic literature, the *internal motives* and justifications for CSR at the firm-level can be divided into two general categories; moral (or noninstrumental) and business (instrumental) motives. Namely, there can be a *normative case* for companies to engage in CSR categorized by the desire to do good and what is perceived as ethically right and acceptable, or the motivations of the firm can relate to the *business case* for CSR indicating the enlightened self-interest. In other words, companies can adopt corporate social responsibility on the basis of the ethical values of managers, or because they see it makes good business sense. In practice, however, the actual CSR responses and actions of companies can reflect a mixture of ethical values and financial motives. (McWilliams & Siegel 2011; Smith 2003.)

In addition to the external drivers and internal motives of CSR engagement, different *catalysts* are studied to either encourage or discourage CSR actions in practice. Companies can respond to stakeholder demands differently, depending for instance, on their financial position, internal leadership and top management support, as well as corporate culture (Lynes & Andrachuk 2008). More specifically according to Lynes and Andrachuk (2008), in order to be able to apply CSR, companies need to be financially viable, show enough senior management support and commitment, and nurture a common organisational culture that supports the implementation of corporate responsibility or sustainability thinking (*see chapter 2.3.2*). All of these external, internal, and mediating forces finally form the corporate responses and actions in terms of CSR, as illustrated *in Figure 7*. However, as the objective of this study is to explore the dimensions of strategic CSR, the business motives for CSR engagement will be reviewed more in detail.

---

[1] The Lifestyles of Health and Sustainability
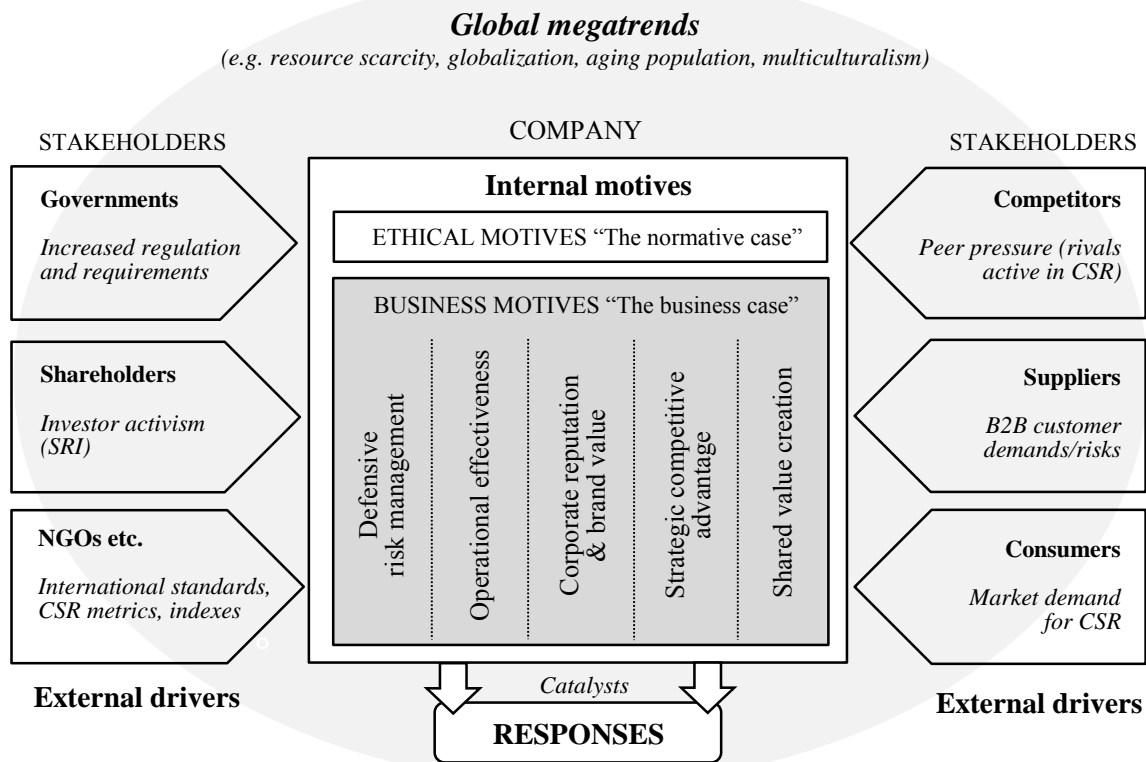
Figure 7. Motives and drivers for CSR engagement.

2.2.2 The business case for CSR

In this context, the business case for CSR is described as *"the arguments that provide rational justification for CSR initiatives from a primarily corporate economic or financial perspective"* (Carroll & Shabana 2010). This approach for CSR has been prevalent in the business community, as firms are naturally keen to understand the return on investment on their corporate responsibility or sustainability practices (KPMG International 2015). Moreover, this is argued to be increasingly the case for Finnish companies. For instance, according to a study of senior executives responsible for CSR in 7 leading Finnish corporations[2], the prominent driving force behind CSR endeavours was found to be long-term profitability, supported by competitiveness, company leadership and efficiency (Juholin 2004). A more recent case study of 20 Finnish medium-sized firms by Sitra (2013) also revealed that many well-known companies in Finland engage in CSR in order to manage risks (particularly in the supply chain), to enhance operational effectiveness, or to generate new markets and differentiate from competitors (Sitra 2013).

---

[2] Danisco, Fortum, Kesko, Metso, Nokia, Stora Enso, UPM-Kymmene.

Furthermore, the business impacts of CSR and the possibility of "*doing well by doing good*" have been widely studied, both theoretically (Carroll & Shabana 2010; Carroll 1979; Kurucz, Colbert & Wheeler 2008) and empirically (BITC 2011; FIBS 2015; Kiron *et al.* 2012; Margolis & Walsh 2003), in order to understand whether engaging in CSR actually makes good business sense as opposed to being merely an extra cost or constraint. The focus of this line of research has generally been on the effect of CSR on short-term financial benefits (Garriga & Melé 2004), as researchers over time have striven to better understand the relationship between corporate social performance (CSP) and corporate financial performance (CFP) (*see for instance* Margolis & Walsh 2003; Orlitzky, Schmidt & Rynes 2003). These studies emphasizing the direct links between CSR and firm financial performance are categorized by Carroll & Shabana (2010) as *the narrow view* of the business case, which entails that CSR is recognized only when there is a clear connection to financial performance. However, some previous studies have indicated that, in the practice of strategic management, a comprehensive business case cannot be built merely by examining the CSP-CFP connection (Kurucz *et al.* 2008), and that there is no single way of demonstrating the significance of CSR as a driver of business behaviour (Zadek 2001). Also in practice, there may be several different business reasons and motivations for companies to adopt CSR. A perspective considering more generally the different direct and indirect links between CSR and firm performance, also referred to as the *broad view* of the business case (Carroll & Shabana 2010), is therefore applied in this thesis.

A number of different business cases have been developed over the years, linking CSR to a variety of different measures of business performance (Garriga & Melé 2004; Kotler & Lee 2005; Kurucz *et al.* 2008; Zadek 2001). Also in practice, companies and managers have been studied to become increasingly aware of the diverse business benefits that CSR can bring, which has naturally motivated them to engage in new and sustainable ways of doing business (BITC 2011; Kiron et al. 2012). From a company perspective, these business cases relate to the concrete motivations and benefits that drive businesses to adopt corporate responsibility practices in the first place, and thus indulge in strategic CSR. The broader business case arguments, derived from both academic and practitioner studies (*mainly* BITC 2011; Garriga & Melé 2004; Kotler & Lee 2005; Kurucz et al. 2008; Zadek 2001), are categorized here into different groups related to the key value proposition of CSR (*as seen also in **Figure 7***). These different types of business cases include, but are not limited to: 1) defensive risk management, 2) operational costs and effectiveness, 3) corporate reputation and brand value, 4) strategic competitive advantage, and 5) shared value creation.

Defensive risk management

Essentially, adopting CSR can be seen to create business value by defending the company against negative pressures from various stakeholder groups (Zadek 2001: 66). According to this perspective, corporate social responsibility can reduce risks and costs to the firm by mitigating potential threats (such as negative publicity, consumer boycotts, or liability suits) presented by different stakeholders, including regulators, media and activists. The business case arguments in this domain imply that CSR can be used as a risk management tool to obtain and maintain a threshold level of corporate social performance (Kurucz *et al*. 2008), thus generating value for business in the form of costs saved by compliance and scandals avoided (McKinsey 2009). This risk management approach is usually the most prevalent case for companies to engage in CSR, also in Finland (Kurucz et al. 2008; Sitra 2013). It also represents a perspective that is particularly relevant for multinational enterprises, as several substantial corporate scandals affecting consumer behaviour have been related to problems in the supply chain (such as the global cases of abusive labour practices of Nike, or the poor working conditions of the Apple's Chinese supplier Foxconn). Nonetheless, a purely risk-centred perspective towards CSR has been criticized by many scholars, as it can be seen as using it merely as an insurance against unwanted publicity (Porter & Kramer 2006).

Operational costs and effectiveness

As opposed to saving costs in terms of external risks, the business case arguments for CSR practices can relate to the costs and effectiveness of internal processes. This perspective traditionally involves those activities where there are more tangible organisational gains to be achieved, for instance in the forms of reduced operational costs or greater employee productivity (Zadek 2001: 66). According to these business case arguments, CSR activities can bring benefits when utilized in managing resources, enhancing organisational processes, or implementing progressive HRM practices. For instance, CSR initiatives may create more effective operations and higher levels of efficiency by providing better innovation of processes and product offerings through stakeholder engagement (understanding of which practices in the value chain can be improved and how) (BITC 2011; Haanaes *et al*. 2011; Halme & Korpela 2014), or reducing costs due to energy, material or waste efficiencies (within the firm or those of customers) (Gadenne, Kennedy& McKeiver 2009; Haanaes *et al*. 2011; Kotler & Lee 2005). Also according to previous research, CSR can improve productivity through better motivation, engagement and retention of employees (Bhattacharyya *et al*. 2008). For

instance, it has studied to decrease the level of employee turnover (T. Smith 2005), and increase employee satisfaction, motivation and commitment (Dhanesh 2014; Turker 2009; Vlachos, Panagopoulos & Rapp 2013), also in the case of Scandinavian companies (Ditlev-Simonsen 2015).

These business case arguments related to cost savings and efficiency have additionally been prevalent in Finland. As found by a study of Finnish CSR network conducted in 2015, 30% of the participating executives feel that CSR helps their company to innovate new products and to enhance operations, for instance in terms of improved production methods (FIBS 2015). A good example of this type of business case are the cleantech companies in Finland, such as *Oilon,* that aims to reduce resource consumption (both own and clients') in order to save costs for its customers (Sitra 2013). Nevertheless, it should be kept in mind that the business decisions of improving operational performance are not necessarily associated with wanting to adopt CSR per se, as corporations can naturally be interested in saving costs and increasing productivity without acknowledging their impact on society.

Corporate reputation and brand value

Corporate social responsibility can additionally be seen to create business value in the form of aligning corporate actions with the interests of relevant stakeholders, namely customers, investors, future employees, or the general public. As the result of growing ethical consumerism, socially responsible investment (SRI), as well as the increasing importance of corporate responsibility to potential employees, companies are able to gain reputational benefits by adopting CSR practices (BITC 2011). In other words, as there is a growing demand for socially responsible and sustainable business conduct, meeting these perceived needs of stakeholders can have a positive impact on corporate image, legitimacy, and brand value (Kurucz *et al.* 2008). First of all, in terms of consumers, previous studies have emphasized the ability of CSR to strengthen brand positioning and enhance brand loyalty (Kotler & Lee 2005; Pivato et al. 2008). Companies may also generate reputational gains by showcasing their socially or environmentally responsible behaviour to consumers in the form of cause-related marketing (Varadarajan & Menon 1988). Secondly, from the viewpoint of stockholders, CSR is argued to bring business value by appealing to socially responsible investors (Arvidsson 2010; Mackey *et al.* 2007), and enhancing market credibility (Luo & Bhattacharya 2009). Lastly, in terms of employees, CSR is also seen to yield reputational benefits for companies through enhanced employee value proposition and increased ability to attract future talent

(Bhattacharya, Sen & Korschun 2008). Additionally from a more general point of view, having a socially responsible corporate image is also said to strengthen the firm's legitimacy and licence to operate in the eyes of the surrounding society (Davis 1973).

According to an MIT Sloan survey of more than 3000 executives, improved brand reputation was named as the most greatest organisational benefit of CSR (Haanaes *et al.* 2011). This perspective was also supported by a Finnish study of 200 CEOs and sustainability directors, from which more than 90% felt that CSR helps to build corporate reputation and image (FIBS 2015). A practical example of a reputational business case in the Finnish context would be *Nanso*, a company that aims to create a responsible brand by committing to different certificates and reporting guidelines, and using fair trade cotton in order to meet the demands of ecologically and ethically conscious consumers (Sitra 2013). Moreover, this reputation-oriented approach can be seen as one of the reasons why CSR reporting has become a mainstream business practice, also in Finland (KPMG International 2015). However, examples of firms engaging in CSR for "greenwashing" or as PR exercise have created scepticism about whether companies are in fact "good" and responsible towards society (Waddock & Googins 2011).

Strategic competitive advantage

In addition to minimizing risks, decreasing operational costs, and enhancing corporate image, companies can benefit from CSR initiatives by achieving strategic competitive advantage over industry rivals. In this business case, stakeholder demands are seen as business opportunities to be leveraged, and used to help the company to differentiate from its competitors. The arguments in this domain imply that firms can build competitive advantage by acquiring and responding to information about stakeholder interests that can later turn into market signals (Zadek 2001: 67), and by strategically directing and allocating resources towards these perceived demands (Kurucz *et al.* 2008). More specifically, the renowned strategists Porter and Kramer (2006), amongst other researchers, have argued that CSR initiatives can create long-term competitive edge to the firm by 1) improving its competitive context, 2) contributing to its value chain activities, or 3) providing new business opportunities (Porter & Kramer 2006).

As stated by van de Ven and Jeurissen (2005), the competitive context of a firm is determined by the intensity of competition, risks to reputation, and the regulatory environment, which then affects its social responsibility. Porter and Kramer (2002) have claimed that social investments (i.e. corporate philanthropy) can bring competitive

advantage to the firm, particularly when directed at causes where there is a '*convergence of interests*' between economic and social gains (Porter & Kramer 2002). In other words, the closer the charitable activities are to the company's mission, the more wealth they can create compared to other kinds of donations (Burke & Logsdon 1996). CSR is also said to build competitive advantage by generating valuable, rare, and inimitable resources and capabilities in the organisation. In line with the traditional *resource-based view* (RBV) of strategic management (Barney 1991), CSR can be seen to build social complexity and specific dynamic capabilities (like specific know-how and corporate culture), which then serve as intangible organisational assets, creating competitive advantage in the markets (Branco & Rodrigues 2006; Hart 1995; McWilliams & Siegel 2011). Finally, CSR is claimed to bring competitive edge when generating profits by serving the lowest economic segment. In other words, firms can benefit from CSR by adapting to global trends, such as population growth or poverty, and building specific strategies for the bottom of the economic pyramid (BOP) (Prahalad & Hammond 2002) – for example by providing low-cost phones to developing countries. These kind of new business opportunities can additionally be found from other megatrends related to CSR, such as climate change, aging population, resource scarcity, and multiculturalism (Sitra 2013).

According to the MIT Sloan survey of 2011, increased competitive advantage was stated as a benefit for business by 26 % of the participating executives, together with 22 % who mentioned that CSR helped to provide access to new markets (Haanaes *et al.* 2011). This differentiation strategy was also discussed by a study of 20 Finnish medium-sized companies, which also pinpointed the benefits of CSR in redefining products and preparing for the future. Moreover, *Biolan* was mentioned as a Finnish example of this business case – a firm that is searching for new markets on the basis of their corporate values by piloting ecological earth closets in India (Sitra 2013).

Shared value creation

The final and most progressive form of the business case for CSR is the perspective of achieving competitive advantage through the creation of synergistic value on multiple fronts (Kurucz *et al.* 2008). According to this approach, companies can create win-win outcomes for both company and society by fulfilling the needs of stakeholders, and at the same time, pursuing profit goals through CSR activities. Moreover, as opposed to the business case of strategic competitive advantage presented above, this perspective ultimately changes the way companies define value. The most renowned concept related to this business case is the *shared value* framework by Porter and Kramer (2011), where

CSR is seen to generate "*economic value in a way that also creates value for society by addressing its needs and challenges*" (Porter & Kramer 2011). This concept highlights the interdependence of the business interests and those of society, by stating that companies need successful community to create a supportive environment for business operations, to provide critical public assets (such as skilful labour force, well-functioning infrastructure etc.) and to create demand for their products. On the other hand, community is found to need successful companies to provide jobs and to generate opportunities for its citizens to create wealth. (Porter & Kramer 2011.)
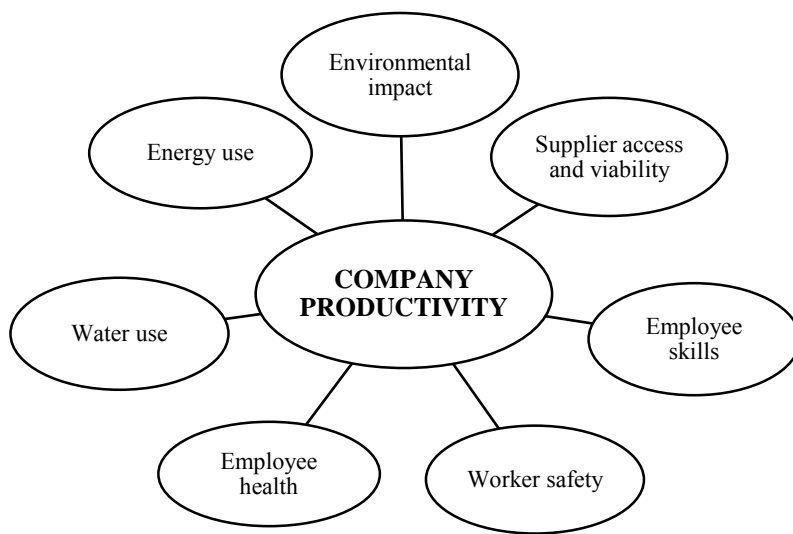
Figure 8. The connection between competitive advantage and social issues by Porter and Kramer (2011).

According to the authors, there are numerous ways in which firms can create shared value opportunities and therefore gain sustainable competitive advantage. Firstly, this can be done through *reconceiving products and markets*, for example by embedding essential societal needs in the firm's products. Secondly, companies can create value by *redefining productivity in the value chain* through better understanding of the connection between company productivity and societal concerns (*see **Figure 8** for areas where the connections are said to be the stronges*t). In practice, this can be, for instance, improving environmental performance by reducing packaging or distribution costs. Thirdly, companies can generate shared value by *enabling local cluster development*, or in other words, enhancing the productivity and innovation by forming and developing clusters and minimizing the deficiencies in the framework conditions surrounding the cluster. (Porter & Kramer 2011.) Furthermore, this business case approach integrates the perspectives of

corporate reputation, strategic competitive advantage as well as operational effectiveness into one framework, where firms can generate greater innovation and growth by looking at business decisions and opportunities through the lens of shared value, as in creating value both for business and society.

Business case	Objective of engagement	Value created from CSR
Defensive risk management	To mitigate potential threats presented by stakeholders	• Costs saved by compliance and scandals avoided
Operational effectiveness	To reduce operational costs and increase productivity	• Better innovation of processes and product offerings though stakeholder engagement • Reduced costs due to energy, material or waste efficiencies • Increased employee satisfaction, motivation and commitment • Decreased employee turnover
Corporate reputation and brand value	To enhance corporate image by aligning organisational actions and stakeholder demands	• Increased brand loyalty value for customers • Appeal to socially responsible investors (SRI) • Improved market credibility • Attraction of talented employees • Social licence to operate
Strategic competitive advantage	To leverage market opportunities created by stakeholder expectations	• New market opportunities • Improvement of the competitive context through strategic philanthropy • Creation of valuable, rare and inimitable resources and capabilities • Profits from BOP strategies
Shared value creation	To seek win-win outcomes by integrating stakeholder demands and business interests	• Reconceived products and markets • Increased productivity in the value chain • Local cluster development

Table 2. Different types of value creation for CSR.
Adapted from Garriga & Melé (2004); Kurucz *et al*. (2008); McKinsey (2009).

In conclusion, companies can engage in CSR for a variety of different business reasons, ranging from defensive risk management to shared value creation (*as summarized in Table 2*). However, it is important to remember that these business benefits cannot be

seen as homogeneous or generic. On the contrary, the business case for CSR must be assessed in relation to the specific vulnerabilities and opportunities of a particular organization (N. C. Smith 2003), as there are different mediating variables and situational contingencies that can shape the relationship between CSR and firm performance (Carroll & Shabana 2010). Several authors have also criticized the touting of the business case for CSR. For instance, CSR has been argued to make good business sense only in some sectors and under certain circumstances, and should thus be treated merely as a niche strategy suitable for some corporations (Vogel 2005). Also in the same vein, some critics have claimed that outperforming competitors in CSR is not necessarily rewarded by the markets, nor do the markets automatically punish those companies that are not applying CSR in their business (Devinney 2009; Mintzberg 1986). Thirdly, building on the business case arguments is said to steer companies towards certain issues that are more profitable and less expensive, and therefore possibly ignoring other concerns that could be more compelling for the society (Lee 2008). Also according to a global MIT sustainability survey in 2012, several organisations have failed to build a business case for CSR and sustainability due to the lack of organisational design and will. In line with the arguments of Cornell University professor Stuart Hart cited in the study, many of today's corporations are still not ready to make the radical changes and transformations required to integrate CSR or sustainability as a part of their business models and organisational DNA (Kiron *et al.* 2012).

Nonetheless, the underlying assumption for a majority of business cases for CSR presented above is that stakeholders are increasingly demanding and appreciating socially responsible business conduct. In other words, if stakeholders value CSR and there is in fact "a market for virtue", adopting this perspective can also bring benefits to business (McWilliams & Siegel 2001; Vogel 2005). Also consistent with the research of Bhattacharya, Sen, and Korschun (2009; 2011), understanding the perspectives and roles of stakeholder groups is the key in discovering how the company can apply CSR in a way that it also creates value for business. On the basis of these arguments, it can therefore be claimed that companies can benefit from CSR initiatives particularly when they are aligned with the expectations and interests of different stakeholder groups. Hence, the second proposition from the theoretical framework is formulated as follows:

> ***Proposition 2.*** *Companies can benefit from CSR initiatives when they are aligned with stakeholder values and expectations.*

2.3 Strategic management of CSR

As opposed to debating whether companies should engage in CSR in the first place (i.e. the business case), the focus of discussion has changed to *how* to actually manage and integrate effectively, and in a way that makes good business sense for each particular firm (Rangan *et al.* 2015; N. C. Smith 2003; Werre 2003). According to a MIT Sloan survey of more than 2800 executives and managers from 113 countries, this has lately been a compelling question also for practitioners (Kiron *et al.* 2012). Companies are spending large amounts of time and money to illustrate their corporate citizenship by engaging in various different activities, ranging from fair operating practices to recycling and employee well-being. Yet previous research has found that these CSR-related programs are often disparate, uncoordinated, and run by various functions and managers, without being linked to a coherent plan or strategy (Porter & Kramer 2006; Rangan et al. 2015).

But how can companies then consciously manage CSR to bring value to business? Is it enough that CSR initiatives are designed to respond merely to the pressures coming from outside the company? By focusing more closely on the practical management side of CSR, this chapter discusses the different strategies, methods, and challenges related to managing CSR in practice. However, the purpose here is not to cover all the aspects of CSR management, but to give a brief overview on the perspectives and methods of integrating CSR throughout the company while also serving the overall interests and capabilities of the business, or in other words, indulging in *strategic CSR*.

2.3.1 Stages of corporate social responsibility

In order to build an understanding of how companies develop and implement strategic CSR, it is important to acknowledge the different managerial approaches they can have towards social responsibility in general. These approaches or developmental stages of CSR are strongly linked to the various contextual and motivational factors discussed above. As mentioned in the beginning, the framework often used to illustrate the different managerial responses towards CSR and social issues is the *corporate social performance* (CSP) model (Carroll 1979; Wood 1991). According to this theory, social responsiveness of a company, or the degree and kind of managerial action in terms of CSR, can range from no response (do nothing) to proactive action (do much) (Carroll 1979). Namely, it is about the practical doings and activities of the company in the field of CSR: the money invested in it, the policies put in place, or the programmes implemented in the organisation (Wood 1991).

More recently, several scholars have complemented the CSP model by demonstrating additional organisational stages or levels of CSR development (Maon, Lindgreen & Swaen 2010; Mirvis & Googins 2006; van Marrewijk & Werre 2003; Zadek 2004). Largely in line with the business cases for CSR presented in the previous chapter, these levels of corporate responsibility reflect the maturity of companies in terms of their CSR engagement. On the basis of an integrative framework developed by Maon *et al*. (2010), CSR development is divided here into seven different organisational stages with a particular emphasis on strategic and operational dimensions (*as summarized in **Table 3***). These stages are perceived as a part of continuous process, not necessarily proceeded through in a fixed order (Maon *et al*. 2010). In addition, it should be noted that the level of CSR engagement is extremely company-specific and difficult to generalize, and the phases presented here can only be seen to represent a rough framework of different organisational approaches.

According to the model by Maon *et al.* (2010), the first stage of CSR development is the '*dismissing*' stage. At this stage, the company has no motivation or rationale for engaging in CSR. It denies all corporate responsibility and ignores the social and environmental impacts of its operations, despite of any stakeholder demands or criticism. Management sees CSR as a constraint, and there are no CSR-related objectives or initiatives in place. (Maon *et al*. 2010; Zadek 2004.) Also in the next stages referred to as '*self-protecting*' and '*compliance-seeking*' stages, the managerial involvement in CSR is still very limited and defensive. These stages are particularly marked with a lack of awareness and aspiration of CSR, apart from haphazard activities developed for occasional window-dressing, philanthropy, or for the minimization of harmful externalities and thus the risk of sanctions. Particularly in the compliance-seeking stage, the focus of CSR is on regulatory compliance and meeting the minimum industry standards. This is often done by developing basic environmental, social, and safety-related policies, coordinated by the functional heads of related departments (Maon *et al*. 2010; Mirvis & Googins 2006).

In the next two stages, the strategic posture of the company towards CSR is more accommodative. In these '*capability-seeking*' and '*caring*' stages, the firm is familiar with the fundamentals of CSR management, as well as some of the possible reputational risks and advantages that can be associated with the concept. In the 'capability-seeking' stage, the strategic intent for engagement is mainly to ensure a social licence to operate, and the CSR initiatives that have the ability to strengthen corporate reputation are especially promoted (van Marrewijk & Werre 2003). In the 'caring' stage, however, CSR is already seen as a long-term challenge that goes beyond compliance and separate PR-

or profit-driven opportunities. In this stage, companies aim to create competitive advantage by actively seeking stakeholder dialogue and business-wide opportunities with the growing support of top management. CSR programmes are coordinated cross-functionally and more efforts are made to monitor the social and environmental performance of the firm (Mirvis & Googins 2006).

Strategic posture	Stage of CSR development	Rationale behind CSR initiatives	Performance objectives	Structuring of CSR initiatives	Coordination of CSR issues
REACTION	1. Dismissing	None	None	None	None
DEFENCE	2. Self-protecting	Limitation of potentially harming and uncontrolled criticisms	Resolution of problems as they occur	Activities	Public relations concern
DEFENCE	3. Compliance-seeking	Compliance objectives	Minimization of harmful externalities/ respect of regulatory requirements	Policies	Functional
ACCOMMODATION	4. Capability-seeking	Licence to operate	Anticipating new requirements and expectations/ identification of profitable niches for CSR initiatives	Plans of action	Multi-functional
ACCOMMODATION	5. Caring	Competitive advantage	Active management of CSR-related issues/ definition of business-wide opportunities	Programmes	Cross-functional
PROACTIVE	6. Strategizing	Value proposition	Leading the pack/ development of sustainable business leverages through CSR initiatives	Systems	Organisational realignment
PROACTIVE	7. Transforming	Enlarged finality – Societal change	Diffusion of expertise/ maximization of positive externalities	Core-integration – CSR as business as usual	Institutionalization

DO NOTHING ↑ DO MUCH ↓

RESPONSIVE CSR

STRATEGIC CSR

Table 3. Stages of CSR development. Adapted from Maon *et al.* (2010); Porter & Kramer (2006).

According to the model, the last two stages of CSR development represent a more proactive stance towards social responsibility. In the '*strategizing*' stage, CSR becomes

an important part of corporate strategy as it is believed to create long-term business value. The objective of engagement is therefore to move beyond community expectations and leverage CSR by gaining reputation as an industry leader in sustainability. As opposed to an ad-hoc approach, CSR is proactively managed by maintaining an ongoing and transparent dialogue with stakeholders, and sustainability is seen as the prevailing target for all corporate operations and processes. (Maon *et al.* 2010.) In the final '*transforming*' stage, on the other hand, CSR is fully integrated into all aspects of the organisation, reconstructing the traditional business model of the company. It is seen as being based on the mutual interdependence of business and society, and promoted within and across industries. (Mirvis & Googins 2006; Zadek 2004).

In conclusion, CSR is ultimately used in the first four developmental stages as a tool to manage risks, ensure compliance, or to enhance corporate image and legitimacy. It is perceived as a constraint or duty, rather than an important concept as such (Maon *et al.* 2010). On the basis of the arguments of Porter and Kramer (2006), these levels of corporate engagement (*1-4*) can thus be categorized as *responsive CSR*, as they are mainly about mitigating the negative effects of business, or acting as a good corporate citizen in order to satisfy the social concerns of stakeholders. On the contrary, CSR is considered to create value in the last three developmental stages (caring, strategizing, and transforming), and more attention is given to synchronizing the principles and initiatives with overall firm-level objectives. (Maon *et al.* 2010.) In line with the perspectives of Porter and Kramer (2006), these managerial stages (*5-7*) can therefore be seen to represent *strategic CSR* (*see Table 3*). In other words, CSR is consciously managed in these stages to create both societal and business value on a long-term basis, not only to avoid harm, comply with industry regulations, or to react to various ad hoc needs of stakeholders.

Furthermore, if CSR is only treated as means of satisfying the needs of external stakeholders and exhibited through flattering CSR publications, it risks of becoming an uncoordinated series of short-term reactions, failing to align with the core strategy of the firm (Porter & Kramer 2006). This incoherence has been argued to be a common problem for companies engaging in CSR, as many firms struggle to comprehend how something ethical can be a part of strategic management (Luo & Bhattacharya 2009; McWilliams & Siegel 2011). Hence, much of the current literature has come to agree that companies need to go beyond responsive CSR of being a good corporate citizen in order to yield business-related benefits from social responsibility (Bhattacharyya et al. 2008; McWilliams & Siegel 2011; Porter & Kramer 2006; N. C. Smith 2003). Moreover, this means developing a unique approach towards CSR by choosing and prioritizing the social

issues that matter the most for the organisation, rather than trying to answer to all stakeholder demands without considering the strategic interests and capabilities of the business (Bhattacharyya et al. 2008; Porter & Kramer 2006).

It can thus be argued that, to be able to maximize the returns on corporate responsibility, companies should develop a strategic approach to CSR by prioritizing those activities most related to their core business objectives and strategy. On the basis of the arguments presented above, the third theoretical proposition is therefore formed as follows:

> ***Proposition 3.*** *CSR initiatives can create value when they are aligned with the overall objectives and capabilities of the business.*

2.3.2 Designing and implementing strategic CSR

The previous sections of the thesis have discussed the importance of aligning CSR initiatives with stakeholder demands and strategic targets of the business. But what does this actually mean in practice? What kind of methods can managers use when they wish to deploy their CSR efforts strategically? Like in any other change process, integrating the principles of CSR to current operations and practices demands conscious management and coordination (Rangan *et al.* 2015; Werre 2003). Various models have been presented by previous researchers to assist the development and integration of corporate social responsibility within an organisation (D. Bartlett 2009; Bhattacharya *et al.* 2009; Bhattacharyya *et al.* 2008; Husted & Allen 2014; Maon *et al.* 2009; N. C. Smith 2003; Werre 2003). In most of them, the process is divided according to the Deming's (1986) general change cycle (Plan – Do – Check – Adapt), or the force field model of change (Unfreeze – Move – Refreeze) by Lewin (1951), and extended to include also the primary stages of developing a CSR-friendly organisational environment.

In line with these studies, the incorporation of CSR is also categorized here in terms of five different phases of sensibilization, planning, implementation, evaluation, and institutionalization (*see **Figure 9***). In outline, the integration process is consisted of raising CSR awareness within the organisation, developing a vision and objectives for future engagement, creating a CSR strategy for reaching those targets, implementing the strategy and embedding it to daily operations and behaviour, evaluating the impact and changes in performance, communicating those to different stakeholder groups, and finally anchoring the change by institutionalizing CSR into systems and organisational culture.
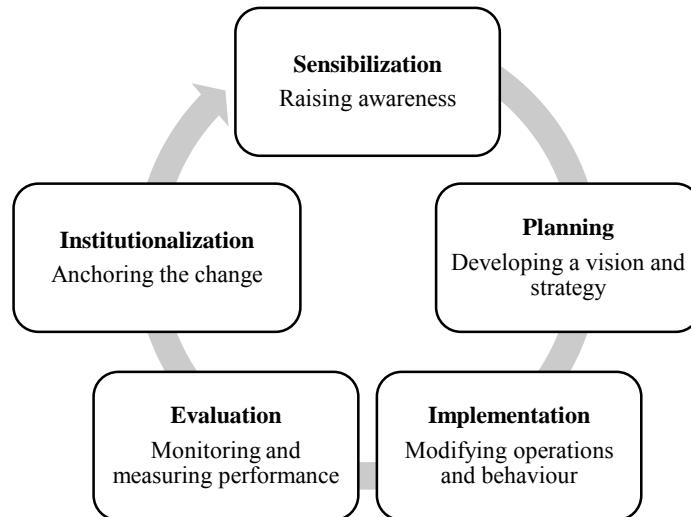
Figure 9. The phases of CSR development and implementation. Adapted from Maon *et al.* (2009)

Increasing organisational sensitivity to CSR

Several researchers have advocated that successful integration of corporate responsibility calls for a favourable corporate culture and personal commitment, both from top management and the general workforce. The significance of top management in the organisational assimilation of CSR has been particularly underlined by many academics, due to the role of senior managers as the ultimate decision-makers regarding investments and strategic directions of the business. Quite naturally, before the top management perceives CSR an important topic, it is not accepted as a strategic theme or priority for the firm (Duarte 2010; Lynes & Andrachuk 2008; Maon *et al.* 2009; Werre 2003). Also according to the annual sustainability survey conducted by FIBS, senior management was seen as the prime mover behind CSR engagement by 90 % of the participating companies in Finland (FIBS 2015).

Hence, as the first step of embedding corporate responsibility into every-day practices and operations, it is essential to raise top management awareness of the key sustainability issues and trends relevant for the organisation, as well the core values of its people (Maon *et al.* 2009; Werre 2003). As stated by Husted and Allen (2014), top management needs to have a good understanding of both business and social value creation in order to be able to fully leverage the possibilities of CSR – for which some good examples are the CEO of Body Shop and the previous chairman of Levi-Strauss (Husted & Allen 2014). Also according to an exploratory study by Duarte (2010), the personal values of managers have a particular influence on the creation and maintenance of a "CSR culture", or in

other words, and organisational culture that is focused on ensuring social and environmental responsibility. Consequently, the awareness and perceptions of top management can then affect the strategy and implementation of CSR in the organisation (i.e. *top-down process*). Likewise, raising employee awareness of the principles and trends of CSR can be fruitful in the sense that workers can additionally induce their employers to engage in CSR (i.e. *bottom-up process*). In this way, the initiative for responsible business behaviour comes from the employees who call for the company to include CSR practices. (Maon *et al.* 2009.)

Planning the approach towards CSR

The second step of integrating corporate responsibility into the organisation is developing a unique and organisation-specific CSR strategy by utilizing the factors that differentiate the company from the other players in the industry – its mission, values, and core business activities (N. C. Smith 2003). In this thesis, a *CSR strategy* refers to a road map that sets the long-term direction and scope for corporate responsibility engagement (Crane *et al.* 2014: 444; Hohnen 2007). In the case of Finnish companies, planning and designing a coherent approach or strategy for CSR is fairly common. According to FIBS (2015), 54 % of the interviewed firms in Finland have set quantitative or qualitative targets for CSR, but only 39 % of them have formulated a separate strategy for corporate responsibility.

However, before being able to generate strategic objectives and measures for CSR, a company should establish a common definition for the concept and prioritize the focus areas for future engagement. Most often, this phase includes uncovering the shared norms and values of the company, identifying the key stakeholder groups and social issues relevant for the business, analysing the firm's strategic interests and internal capabilities, and evaluating the current status of corporate social performance (CSP) (Husted & Allen 2014; Maon *et al.* 2009; Werre 2003.) Above all, the key in this phase is to design a coherent approach covering all corporate activities related to CSR in order to maximize the returns for business (Rangan *et al.* 2015).

To assist the development of strategic CSR, Mitchell, Agle, and Wood have argued that companies should distinguish salient stakeholders based on the extent they can damage firm performance or assets (*power*), how appropriate and reasonable their claims are for the management (*legitimacy*), and how quickly their demands need to be attended to (*urgency*) (Mitchell, Agle & Wood 1997). Defining the appropriate stakeholders has, nevertheless, become more challenging, as the range of stakeholders has broadened

during the last several decades (Kotler & Lee 2005). As stated by Bhattacharyya *et al.* (2008), the strategic interests of the firm should then be recognized by evaluating how CSR initiatives can contribute to the primary and/or support activities in the value chain, how they can improve the competitive context of the business, and how they could assist in developing new market based solutions to solve societal problems. (Bhattacharyya et al. 2008; Porter & Kramer 2006). Other scholars have additionally emphasized the need to understand the current status of the firm's CSR in successfully developing the goals and metrics for future social and environmental performance (Maon *et al.* 2009; N. C. Smith 2003). In practice, this can mean auditing existing CSR policies and practices of the firm, or benchmarking the CSR activities of its best performing competitors (Maon *et al.* 2009).

Implementing CSR commitments and plans

After developing a strategic plan for CSR engagement, the values, policy statements, and objectives should to be translated into concrete programs and activities (Werre 2003). Companies can have various CSR policies and principles in place, but these remain as empty declarations if they are not converted into tangible actions of managers and employees alike. This change of organisational behaviour towards the desired state or vision for CSR can well be seen as the core issue in embedding CSR into everyday practices of the firm. Many of the existing studies on corporate responsibility implementation underline the crucial role of employees in the successful integration of CSR policies and initiatives (Garavan, Heraty, Rock & Dalton 2010; Maon et al. 2009; Werre 2003; White 2009), connecting it also to the sphere of HR and internal communication. Although it is often the corporate leaders who determine the direction and strategy for CSR, employees and middle managers are largely the ones executing it in practice. Most typically, the middle management's role is to enforce the strategy implementation by communicating the vision and desired behaviour to employees, and making sure that the staff is acting accordingly (Johnson & Scholes 2002: 552).

In this study, *CSR implementation* refers to the day-to-day decisions and operational actions that are taken to ensure that the firm meets its CSR commitments and carries out the chosen strategy for corporate responsibility (Hohnen 2007). Depending on the specific organisational context, these concrete actions can include, for instance, developing a decision-making structure for CSR, designating a CSR-officer or committee, creating and enforcing a common code of conduct, training employees in the matters of CSR, as well

as ensuring compliance with CSR policies through different detection and reporting mechanisms (Hohnen 2007; Maon *et al*. 2009; Werre 2003).

Evaluating the outcomes and impact of CSR

After developing and implementing a strategy for corporate social responsibility, the next part of the process considers assessing the overall progress of the CSR approach and whether the company has in fact delivered on its CSR commitments. The known management aphorism of "what cannot be measured cannot be managed" hence applies also to CSR. Drawing on the set of objectives and indicators developed earlier, companies can, for instance, perform internal CSR audits, compliance surveys, or impact assessments to form a basis for adaptation and improvement. (Hohnen 2007; Maon *et al*. 2009; M. E. Porter, Hills, Pfitzer, Patscheke & Hawkins 2012; Werre 2003.)

However, measuring the performance and impact of CSR differs materially from the ways of evaluating the success of a traditional business strategy. Assessing the outcomes of CSR is often related to the so called secondary benefits of activities, such as reputation, commitment, or trust, which are then believed to lead to improved financial or market performance (Husted & Allen 2014). These indicators and measures are more intangible in nature, relating to, for instance, improved competitive advantage, enhanced corporate image, increased employee productivity, or to a better ability to attract talented workforce (Haanaes *et al*. 2011). Moreover, the basis of measuring the benefits of CSR is said to be about recognizing the views and regards of stakeholders. According to some studies, the key goal is to estimate the probable reactions of different stakeholders to CSR actions and initiatives designed by the company (Juutinen & Steiner 2010). On the other hand, some scholars have argued that, instead of measuring stakeholder satisfaction, managers should measure the true social impact of the corporate operations (Porter & Kramer 2006). Consistent with the FIBS survey of 2015, a majority of the participating firms in Finland monitor the fulfilment of their CSR goals, most of all, by measuring the job satisfaction and well-being of their employees (64 %), the environmental impacts of their operations (54 %), the level of customer satisfaction (49 %), as well as the perceptions towards their brand and company image (47 %) (FIBS 2015).

According to previous studies, most executives and CSR professionals struggle in qualifying the costs and benefits of their CSR efforts, as well as developing comprehensive metrics for evaluating the actual impact of their CSR-related strategies (FIBS 2015; Haanaes *et al*. 2011). This, on the other hand, can also be seen to affect the

ability of companies to form a solid business case for CSR. Different tools and methods have been developed to assist companies in evaluating their corporate responsibility or sustainability outcomes. For instance, in an article "*Measuring Shared Value: How to unlock value by linking social and business results*", Michael Porter, amongst other scholars, presented a framework for tracking corporate progress on social objectives as well as the degree to which CSP increases business value. According to the model, the process of shared value measurement includes: 1) identifying the social issues to target, 2) making the business case for addressing those targets, 3) tracking the progress of reaching them, and 4) measuring the link between social and business results to refine the share value strategy and execution (Porter et al. 2012). Likewise, in the business community, global consultancies have also formulated ways to measure both corporate and societal value creation of firms. An example of this can be the "True Value methodology" of KMPG, which is designed to qualify and monetize the positive and negative externalities of companies in order to understand and manage value for society, environment, and for the shareholders (KPMG International 2014).

The process of evaluating and measuring the performance of CSR often includes communicating the progress and accomplishments externally, for example, in the form of a separate corporate responsibility or sustainability report, or as a part of the company's annual report. This can already be seen as a mainstream business practice, as, according to a global survey of 4500 firms, more than 90 % of the world's 250 largest companies and over 70 % of the top 100 companies in Finland are publishing CSR reports. In many countries, the primary driver for CSR reporting has said to be the growing amount of regulation that requires firms to publish non-financial CSR-related information. (KPMG International 2015.) Nonetheless, the hardening of regulation and stakeholder attitudes can be argued to have caused a somewhat reversed process of companies focusing first on reporting CSR before fully applying it in their business, making the engagement less coherent or strategic in nature.

Institutionalizing CSR into the organisation

In order to succeed in anchoring the organisational change and ensure the continuation of the adoption of CSR, it is additionally important to consolidate and mainstream it into the strategy, structure, systems, and culture of the company. As argued by Werre (2003), this requires aligning all aspects of the organisation to the vision and values of CSR. In practice, this final phase of the process refers to maintaining the desired change apart from merely creating it, for instance, by incorporating CSR into strategic decision-making

criteria and as part of regular management systems, as well as emphasizing the connection of the desired organisational behaviour and the success of the firm (Werre 2003). Also according to other scholars, institutionalizing CSR as a part of the daily values and culture of the company is vital in creating a long-term change towards corporate social responsibility (Hohnen 2007; Maon et al. 2009; White 2009).

Sensibilization	Planning	Implementation	Evaluation	Institutionalization
▪ Increasing organisational sensitivity to CSR ▪ Raising top management and employee awareness of core values and issues linked to CSR ▪ Generating top management support for CSR engagement	▪ Identifying relevant stakeholders and social issues ▪ Recognizing the strategic interests of the firm ▪ Understanding the current CSP ▪ Formulating a definition and vision for CSR ▪ Deciding on common CSR objectives, measures and strategy	▪ Translating CSR commitments into operational actions and initiatives ▪ Changing organisational behaviour towards the desired vision for CSR ▪ Creating and maintaining employee support for successful execution of the CSR strategy	▪ Measuring the CSP and the fulfilment of CSR objectives ▪ Assessing the outcomes of CSR by estimating the reactions of different stakeholder groups ▪ Reporting about the performance externally	▪ Anchoring the organisational change by incorporating CSR into strategy, structure, decision-making, and management systems of the company ▪ Mainstreaming CSR into organisational values and culture

Table 4. The process of CSR design and implementation.
Adopted from (Maon *et al.* 2009; N. C. Smith 2003; Werre 2003)

The different phases discussed above (*summarized in **Table 4***) represent one approach for managing and integrating social responsibility into organisational practices and culture. Nevertheless, it should be noted that firms operate in distinct contexts, facing different challenges and needs. For this reason, there is no universal model for implementing CSR, but successful methods should be organisation-specific and tailored to the perspective of each company (Werre 2003). In addition, managing and implementing CSR initiatives within the organisation can prove to be a challenging task in practice, particularly for companies operating internationally. As well stated by Crane, Matten and Spence (2014), "*social responsibility is not something that can be easily disentangled from the rest of a company's operations, nor can it be neatly tucked away into a CSR department so that people in other parts of the organisation never need to go near it. [...] CSR issues pervade*

the organisation from top to bottom and right across the global span of operations" (Crane *et al.* 2014: 400). Moreover, even firms with a long history of supporting social responsibility have struggled to successfully manage their engagement (Porter & Kramer 2006; N. C. Smith 2003). In Finland, the biggest challenges of companies in managing CSR have been found to relate mostly to measuring and monitoring the impact of social responsibility (58 %), incorporating CSR into all aspects of the business (44 %), as well as communicating it to stakeholders (38 % of the respondents) (FIBS 2015).

To conclude, current literature on CSR seems to agree that, as opposed to haphazard and uncoordinated CSR activities that are added on top of the existing business, firms should incorporate the aspects of social responsibility into all levels and operations of the organisation (Lindgreen et al. 2009; Porter & Kramer 2006). Most often, this means the physical processes, technologies, and systems that should be modified to accommodate and help to fulfil the new strategic goals and aspirations. Nevertheless, as illustrated in the integration model presented above, a more comprehensive behavioural change in the actions of both corporate leaders and the general workforce is also needed to actually embed CSR thinking as a part of corporate culture. This has also been stated by Zollo *et al.* (2009), who have researched the role and impact of internal change management and CSR integration processes in the level of the company's corporate social performance (CSP). According to this study of 427 managers and stakeholders of 19 multinational companies, internal change management processes were found to explain the level and variety of social performance between companies as well as the cognitive alignment between managers and stakeholders on the content of CSR. In other words, aligning CSR with the core practices and culture of the firm is argued to increase corporate social performance. (Zollo *et al.* 2009.)

In line with this study and the research demonstrating the benefits of CSP discussed earlier, it can therefore be argued that practical actions for integrating social responsibility into the core operations of the company are needed to yield benefits from CSR. In other words, companies may have various principles in place related to CSR, but these remain as mere principles if not successfully implemented throughout the organisation, and thus failing to bring any concrete benefits to the business. The fourth proposition from the literature is therefore formulated as follows:

> ***Proposition 4.*** *CSR initiatives can create value when they are integrated into the core operations and culture of the firm.*

3. EMPLOYEE AWARENESS AND ENGAGEMENT IN CSR

Although the concept of corporate social responsibility – and its influence on business performance in particular – has been an immensely popular topic among academics in recent years, the role of employees and their engagement with CSR has not been as extensively researched (Rodrigo & Arenas 2008). Additionally, the majority of academic literature concerning CSR communication has focused on the influence of external CSR communication, such as reporting and public relations (Waddock & Googins 2011), and less attention has been paid to the strategic role that internal communication can play in maximizing the business returns from CSR. This section of the literature review goes deeper in understanding the practices and motives of raising awareness and involvement of employees in relation to CSR. The literature concerning the employee adoption of corporate responsibility, as well as the main benefits and barriers of engaging employees in CSR are first presented. The theory related to the practices and effectiveness of internal communication is then discussed, by focusing on the ways social responsibility principles and initiatives can be best communicated to engage employees in CSR.

3.1 The role of employees as enactors of CSR

As organisations are ultimately consisted of people, the support and skills of the employees are needed to successfully implement and embed CSR into the practices and operations of the firm (Garavan *et al.* 2010; Hohnen 2007; Werre 2003). According to existing research on CSR implementation, the adoption and integration of organisational CSR has found to be strongly contingent on employee behaviour (Garavan et al. 2010) and their willingness to collaborate (Collier & Esteban 2007). But what is essentially the role and meaning of employees in the realization of strategic corporate social responsibility? What kind of benefits, if any, does it bring if employees are aware and engaged in these matters?

As mentioned in the previous chapter, employees play a key role in delivering CSR activities and carrying out the strategies set out for social responsibility (Hohnen 2007; Maon et al. 2009; Werre 2003). Moreover, successful implementation of CSR naturally relies on the willingness of employees to execute the policies and strategies of social responsibility. In other words, if there is no buy-in from employees, the principles, programs cannot be executed. As well stated by Lacy, Arnott, and Lowitt (2009): "*Even the best ideas for supporting sustainability will fall flat unless a company's workforce*

can put them into action." To achieve this behavioural change, employees must first and foremost understand the underlying rationale of the company's engagement in CSR (WBCSD 2010).

However, successful implementation is only one part of the story, as employee awareness and engagement in these things can also have other implications in helping the company to achieve the potential benefits of CSR. According to previous research, employees can act as powerful advocates and ambassadors for CSR and the corporate brand, as they ultimately represent the company to external stakeholder groups. According to research on employee advocacy by Dawkins (2004), about a third of employees have recommended their company to someone they know because of its high level of social responsibility. Employees are also often considered as a more credible source of information as "*their word carries far more weight than a company spokesperson or a glossy brochure.*" (Dawkins 2004). In addition, if employees are not involved in the execution and implementation of social responsibility, CSR efforts might be seen only as greenwashing or a public relations exercise. Moreover, as well said by previous scholars: "CSR without HR is PR" (WBCSD 2010).

Therefore, consistent with the previous studies on the role of employees in CSR, the fifth theoretical proposition for empirical examination is formed as follows:

> **Proposition 5.** *Employees play a crucial role in the realization of CSR.*

3.2 Barriers and success factors for CSR adoption

But how can companies actually get the full support of their employees in implementing CSR activities and programmes? What kind of factors influence the degree of employee motivation and engagement in attaining the organisational objectives for CSR? Many scholars have studied the different **barriers and impediments to organisational adoption** of corporate social responsibility (Bhattacharya *et al.* 2008; Garavan *et al.* 2010; Slack, Corlett & Morris 2015). For instance, a conceptual study by Garavan, Heraty, Rock, and Dalton (2010), has classified the different behavioural barriers of effective employee adoption of CSR into individual, organisational, and institutional factors (*see* **Table 5**). According to the authors, individual barriers are mostly psychological and focus on the perceptions, thoughts, and attitudes of individuals toward CSR. For instance, employees might not deliver on CSR activities because of low

awareness and understanding of the topic, the lack of motivation and commitment to support the cause, or because they feel they are not getting enough organisational or supervisory support to do so. Also the general negative or positive attitudes towards CSR, the engagement in social actions outside the company, as well as the perceptions of organisational treatment and justice may impact the individual adoption of social responsibility principles and thus the execution of CSR strategy. (Garavan *et al*. 2010.)

Level of analysis	*Barriers for CSR adoption*
Individual	CSR knowledge and awareness CSR fit, motivation and commitment Perceived organisational supervisory and support Attitudes toward CSR Personal social actions Egocentrism and positive illusions Perceptions of organisational justice
Organisational	Ethical culture and climate Organisational structures Teamwork processes Organisational trust Senior management values and leadership Organisational reward systems Organisational inertia Corporate hypocrisy
Institutional	Regulatory forces Cognitive influences Normative forces

Table 5. Barriers to CSR adoption in organisations by (Garavan *et al*. 2010).

Organisational barriers, on the other hand, focus more on the structures, processes, and systems within the firm that can either assist or hinder the successful implementation of CSR. For example, the cultural context and existing organisational values, structural inefficiencies, or the lack of cross-functional teamwork can pose challenges for CSR integration. Also factors, such as the level of organisational trust, the attitudes and leadership of top management, as well as the different formal and informal reward systems can have an impact on employee adoption of social responsibility. Organisational resistance to change and positive illusions and hierocracy in respect of CSR have also been presented as potential organisational barriers to CSR adoption. (Garavan *et al*. 2010.)

According to the authors, some factors in the institutional level can also influence the way social responsibility initiatives are integrated and adopted within the organisation. These institutional barriers to refer to the rules, norms, and beliefs in the company's institutional environment, mostly in the forms of cultural or contextual constraints. These can include, for instance, contradictory regulatory forces in the global and local context, common institutional perceptions of behaviour and shared beliefs, as well as normative standards influencing organisational decision makers. (Garavan *et al.* 2010.)

In conclusion, there are several factors that can hinder the adoption of CSR. However, as the focus of this study is on internal CSR communication, the barriers related to the awareness and knowledge, as well as the motivation and commitment of employees to implement CSR activities are most relevant for this research. In line with the views of Garavan *et al.* (2010), Bhattacharya, Sen, and Korschun (Bhattacharya *et al.* 2008) have identified employees' lack of awareness and involvement as a key barrier for strategic management of CSR. More over the authors have studied it to be one of the biggest challenges for companies to gain strategic benefits from socially responsible business practices. Moreover, the authors have stated that "*if companies are to benefit from their corporate responsibility initiatives they must actively involve their stakeholders, notably their employees*" (Bhattacharya, Sen & Korschun 2011). Therefore, the sixth theoretical proposition is formulated as follows:

> ***Proposition 6:*** *Low employee awareness and understanding of CSR is a central barrier to successful CSR adoption.*

Previous research on CSR adoption has additionally recognised certain success factors and best practices to implement and embed social responsibility in the hearts and minds of employees. For instance, employee support for CSR implementation can be maintained by ensuring the commitment of senior leadership, focusing on different compliance and code of conduct measures, identifying and resourcing CSR champions, designing and conducting CSR training, integrating CSR-related elements in individual incentives and performance measurement, as well as communicating continuously on the progress and impacts of CSR (Collier & Esteban 2007; Garavan *et al.* 2010; Hohnen 2007; Maon et al. 2009; White 2009).

First of all, the most common and popular way to gain employee support in implementing CSR programmes and policies and to ensure that they are motivated and committed to attain related objectives is to invest in organisational compliance. However, it has been

questioned whether this method can actually generate the kind of employee engagement and enthusiasm that is required for a firm to carry out its CSR strategy and commitments (Collier & Esteban 2007), as "playing by the rules" does not always reflect a commitment to CSR.

In addition to specific CSR training or codes of conduct, previous research has discussed individual incentives and rewards as additional ways to ensure employee support for CSR implementation. Different elements and incentives as a part of job descriptions and individual performance evaluation can serve as strong motivators for desired CSR-related behaviour. (Hohnen 2007; Maon *et al.* 2009.) An example of this can be Unilever, where individual employees have their own sustainability goals, which are integrated into the performance measurement system (BITC 2011) Senior officials or other employees acting as CSR champions can also be a useful method to showcase the importance of the topic to the company and convey enthusiasm and credibility of the subject (Hohnen 2007). For example, in the case of a global consumer goods company Procter & Gamble, a "Sustainability Ambassadors" network has been created to connect employees working in different functions in more than 80 countries who are passionate about CSR and want to share news and ideas related to the topic (White 2009).

Effective and continuous employee communication and engagement has been recognized by several academics as a vital part of the integration process (Hohnen 2007; Lacy, Arnott & Lowitt 2009; Maon et al. 2009; Panapanaan et al. 2003; N. C. Smith 2003; Werre 2003). To create awareness and ensure a behavioural change in the organisation in line with the values and vision for corporate responsibility, effective communication about the CSR commitments and objectives is needed from both the top and middle management (Maon *et al.* 2009). More specifically, regular communication and CSR progress updates about improved performance and positive change in the area of CSR, for example in meetings or in a company newsletter, can help to generate enthusiasm within the organisation (Hohnen 2007; Maon *et al.* 2009). This leads to the seventh theoretical proposition of the paper:

> ***Proposition 7:*** *Effective internal communication can lead to higher employee awareness and engagement in CSR.*

3.3   Effective internal CSR communication

Internal communication can therefore act as one form of engaging employees in CSR and thus play a vital role in many of the management phases of CSR, particularly when it comes to implementing and embedding corporate social responsibility to all levels of the organisation. As stated by Welch and Jackson: "*Effective internal communication is crucial for successful organisations as it affects the ability of strategic managers to engage employees and achieve objectives.*"(Welch & Jackson 2007). Moreover, engaging employees in corporate responsibility is mostly about raising awareness (Hohnen 2007). However, CSR communication is often perceived as relating only to one phase of the integration process, but in fact it can be argued to be crucial in every step of the way. As stated earlier, employee communication, in particular, becomes important when implementing the chosen CSR strategy and institutionalizing it to the organisational behaviour. According to some researchers, employee communication should also be present in developing the approach towards CSR, as involving them to the process can facilitate the implementation phase and enable more buy-in from the staff (as opposed to creating and communicating a strategy entirely in a top-down way) (Bhattacharya *et al.* 2011; Hohnen 2007; Maon et al. 2009). Nevertheless, internal CSR communication is often underestimated by companies (Dawkins 2004).

However, as the topic of corporate social responsibility is a fairly complex and multidimensional – particularly due to its strong connection to the field of Ethics – the communication of CSR to people can be difficult in practice. Furthermore, as employees have different personal values and norms, the communication and message related to social responsibility may be interpreted in various ways. Therefore, the key challenge in terms of CSR communication has been said to relate to minimizing and overcoming stakeholder scepticism (Du *et al.* 2010), as many stakeholders (including employees) can easily become doubtful of the true motives of companies in relation to CSR. Another challenge can also be the generation of cross-functional involvement in managing CSR. More specifically, successful implementation and management of social responsibility has been said to require the engagement of people from different functions, such as corporate communications, HR, or from the owners of the business (Du *et al.* 2010; Maon e*t al*. 2009). On the other hand, according to Bhattacharya, Sen and Korschun (2008) the major challenges for managers to embed CSR into the organisation and get enough support from employees in terms of its implementation include: 1) the lack of awareness and involvement of employees in social responsibility, 2) the limited understanding of the fundamental needs of employees that can be fulfilled by CSR (self-enhancement,

work-personal life integration, emotional bridge to the firm, and a reputational shield against hostile stakeholders), 3) poor understanding of employee-specific outcomes of CSR, and 4) seeing CSR as a top-down process.

By reviewing the previous literature on CSR communication, Du, Bhattacharya, and Sen (2010) have developed a framework for explaining the key issues related to communicating CSR efficiently to stakeholders. Moreover, they approached the topic from a strategic point of view, by stating that "*Since creating stakeholder awareness of and managing stakeholder attributions towards a company's CSR activities are key prerequisites for reaping CSR's strategic benefits, it is imperative for managers to have a deeper understanding of key issues related to CSR communication*". According to the authors, the core questions include the actual content of the message (what is being communicated), the channels and methods of communication, as well as the individual and company-related factors that might have an impact on the effectiveness of CSR communication (*see **Figure 10**)* (Du *et al*. 2010). These different themes influencing the effectiveness of communication are discussed next more in detail, and in the context of internal CSR communication.
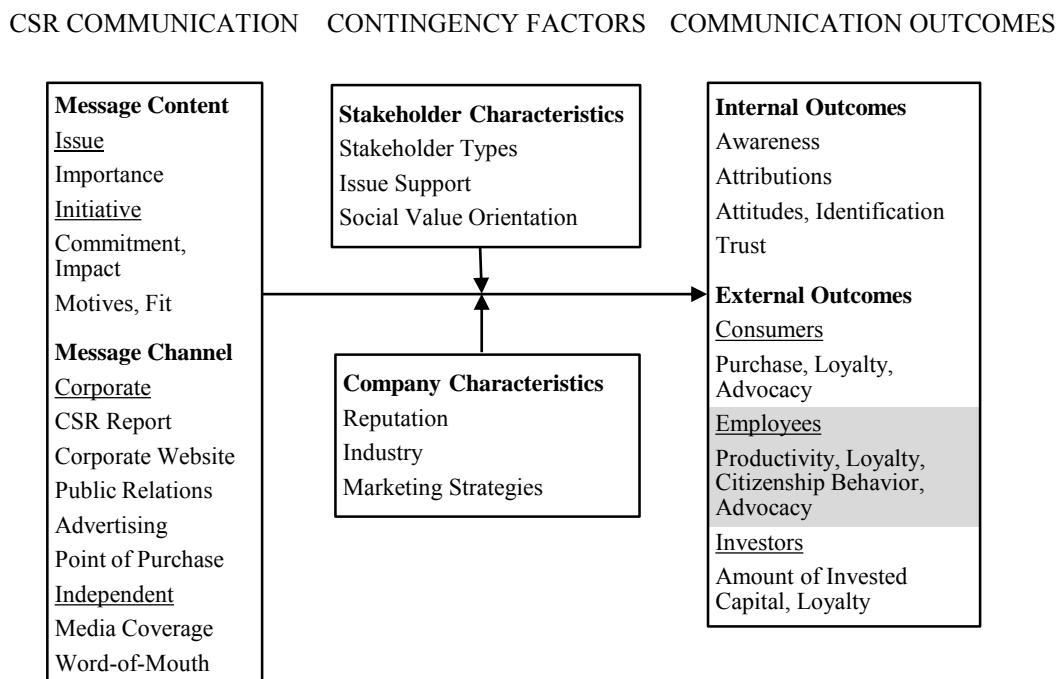
Figure 10. The framework of CSR communication by Du *et al*. (2010).

3.3.1   Message

According to Du, Bhattacharya, and Sen (2010), a company's CSR message can relate to different themes and have diverse purposes. For instance, a firm can emphasize its commitment to a specific social issue or CSR-related theme (*CSR cause*), the reasons of engaging in CSR (*CSR motives*), the association and connection of social responsibility with the more traditional corporate activities (*CSR fit*), or the actual societal impact or benefits of its engagement (*CSR impact*) (Du *et al*. 2010). In terms of the underlying motives of engagement, communicating the business benefits and instrumental drivers as opposed to altruistic or intrinsic reasons can be a two-sided sword. Some people might see it as belittling the ethical viewpoint related to CSR, but for some, linking social responsibility to the actual business might make more sense. For instance, according to a study of Slack, Corlett, and Morris (2015), it is important to communicate how CSR is connected to the overall objectives of the business, as some employees may feel that the concept is otherwise merely additional to the business, and therefore not relevant or strategic enough to invest in (Slack *et al.* 2015).

In addition, publicizing and demonstrating the success of a CSR program as well as its tangible benefits in terms of business, society, or environment can also be done through CSR communication (Maon et al. 2009). Furthermore, previous research has identified that, in order for CSR communication to be effective, employees should receive information on the context and background on the company's specific approach to CSR, including the motivation and reasons to engage in it, the relevance of the concept and the focus areas to the firm, how it fits with the current objectives and targets of the business, and what is needed to be done in practice in order to attain those goals (Hohnen 2007; Maon et al. 2009).

3.3.2   Methods and channels

In terms of where to communicate, Du, Bhattacharya, and Sen (2010) have identified different channels through which a company can share information about its commitment and activities related to CSR. However, as opposed to being directed to employees, most of the message channels discussed in the paper relate to external methods, like PR or point of purchase. However, previous scholars have argued that it is essential for a company to tailor its CSR communication to fit the specific interests and information needs of different stakeholder groups (Dawkins 2004; Du *et al.* 2010), meaning that employees ought to have specific channels through which they can learn more about the CSR

initiatives of their employer. In addition, versatility of channels has been recommended by other scholars like Bhattacharya, Sen and Korschun (2011), who have found that companies often limit their CSR communication to annual reports and few electronic repositories (Bhattacharya, Sen & Korschun 2011).

3.3.3 Other influencing factors

Previous research on CSR communication has additionally recognised other individual factors, apart from the message content or channel, that can affect the effectiveness of communicating CSR to stakeholders. First of all, as mentioned above, the stakeholder type can naturally influence on how CSR is understood. Neither can employees be seen as a homogeneous group, as they can have different attitudes and values related to CSR. As stated by Welch, "*there is a need to consider employees as multi-dimensional set of diverse internal stakeholders rather than a single entity*" (Welch 2012).

In addition, one of the factors can also be related to issue support – or in other words, the motivation of an individual to process CSR-related information reflecting his/her personal needs and values (Du *et al.* 2010). Furthermore, existing literature has identified different typologies in regards to employee attitudes towards corporate social responsibility. In terms of different levels of engagement, Slack, Corlett, and Morris (2015) found a diversity of employee attitudes, ranging from detachment from CSR initiatives to the full organisational and personal engagement in social responsibility. Also according to an analysis of Rodrigo and Arenas (2008), employees can be grouped into different attitudinal categories including, the *committed worker*, the *indifferent worker*, and the *dissident worker*, depending on how much they care about CSR.

Furthermore, employees can react differently to CSR – others may see it as a value-based matter, others may not be interested in it at all. This is why it has been argued to be important to underline he individual benefits of CSR to employees as mentioned earlier (Bhattacharya *et al.* 2008). Also in line with the views of Du, Bhattacharya, and Sen (2010), the social value-orientation can have an impact on how effective CSR communication is. According to the authors, the so called pro-socials or "CSR activists" often have a greater support of companies' CSR initiatives in general, and are naturally more respondent to CSR communication. Moreover, communication is more effective among employees who are advocates of the CSR concept and value it more, and less effective among people who can be categorized as the "disbelievers" (Du *et al.* 2010).

3.4   Summarizing the theoretical framework

Corporate social responsibility (CSR) has become an increasingly popular topic due to global megatrends and the growing concerns and expectations of stakeholders towards businesses. It is also a topic that has been heavily researched over the years, as researchers have strived to combine the two fairly different worlds of business and ethics. Numerous theories and frameworks have been developed to outline the different dimensions of corporate responsibility, resulting in a wide range of definitions. In this thesis, CSR is described as the way of going beyond what regulations and shareholders require, in order to improve the social impact of corporate decisions and activities.

Most of the current literature agrees that CSR is fundamentally about the relationship between the company and its stakeholders, such as customers, investors, employees, or local communities. Previous studies have also indicated that, quite naturally, the demands and expectations of stakeholders are different for each company depending, for instance, on the culture and industry. Consequently, this makes the content and nature of CSR different to every company, which can then be argued to lead to a specific range of activities or focus areas related to social responsibility (*1. theoretical proposition*).

CSR is said to become strategic when it brings benefits and sustainable competitive advantage to the company. The different avenues for CSR to generate value to the firm are heavily researched, both in academic and practitioner literature. According to previous research, the business case for CSR can relate to, for example, defensive risk management, decreased operational costs and improved effectiveness, increased corporate reputation and image, better competitive position, or shared value opportunities. Nevertheless, these business arguments are ultimately based on the growing demand and appreciation of responsible corporate behaviour, which therefore links the ability of CSR to create value to the needs and expectations of stakeholders (*2. theoretical proposition*).

As organisations evolve and operate in distinct contexts and are faced with different constraints, CSR should also be managed in a way that fits the needs and capabilities of a specific company. As opposed to building CSR activities merely on the basis of stakeholder demands, previous research has indicated that firms should develop CSR activities that fit their business rationale and overall strategic objectives (*3. proposition*). In addition, the need to implement and carry out the strategic plans and commitments for CSR has been underlined by various scholars as a necessity for actually benefitting from

the engagement. In other words, mere promises or policies related to social responsibility are not enough to maximize the returns from CSR, and that CSR needs to be integrated into daily operations and actions within the organisation (*4. proposition*). This CSR integration process may include different phases related to sensibilization, strategy planning, implementation, evaluation, and institutionalization.

CSR as a strategic activity		Employee awareness and engagement in CSR	
Content	**1:** *The content and focus of CSR differs between companies, depending on stakeholder expectations and business interests.*	The role of employees	**5:** *Employees play a crucial role in the realization of CSR.*
Business case	**2:** *Companies can benefit from CSR initiatives when they are aligned with stakeholder values and expectations.*	Barriers for CSR adoption	**6:** *Low employee awareness and understanding of CSR is a central barrier to successful CSR adoption.*
Strategic management	**3:** *CSR initiatives can create value when they are aligned with the overall objectives and strategy of the business.*	Internal communication	**7:** *Effective internal communication can lead to higher employee awareness and engagement in CSR.*
Integration	**4:** *CSR initiatives can create value when they are integrated into the core operations and culture of the firm.*		

Figure 11. Key propositions for empirical examination.

In conclusion, the literature review has indicated three different preconditions for social responsibility to create value to the company, as summarized in **Figure 11**: the alignment of CSR actions with the expectations of stakeholders (*2. proposition*), the alignment of CSR actions with the strategic objectives of the business (*3. proposition*), and the integration of CSR principles to the corporate operations and culture (*4. proposition*). Furthermore, these propositions aim to clarify the first sub question of the thesis – what it takes for CSR to become a truly strategic activity that generates value for the company. In terms of engaging employees in CSR, the second part of the literature review has indicated that employees have an important role as enactors of social responsibility (*5. proposition*), and that their low awareness and understanding of the concept often acts as a barrier for successful management and integration of CSR (*6. proposition*). Therefore,

effective internal communication is needed to raise awareness and engagement towards the topic (*7. proposition*), which essentially requires a conscious review and consideration of different themes related to the message content, channel, and target group.

4.   METHODOLOGY

The aim of this chapter is to explain the main methodological decisions of the thesis. Research design, including the selected methods for data collection and analysis, is first presented, followed by the examination of the reliability and validity of the study. The sample of research and some contextual limitations are then discussed.

4.1   Research Design

The aim of this research is to explore the role of employee awareness and engagement in CSR in achieving business benefits from corporate social responsibility. Research design is defined as the logical plan for getting from the initial research questions of the study to the conclusions that answer these questions (Yin 2009: 24). In order to collect the primary data for further research, either a quantitative or qualitative method can be utilized. The objective of a *quantitative* approach is to understand a certain phenomenon by generalization, which also requires a standardization of terminology. A *qualitative* research method, on the other hand, aims to bring more subjective and in-depth understanding of a certain topic, in which the boundaries between the context and the studied phenomena are less clear. (Patton 1990: 13).

As CSR is an organisational specific activity without a clear and generally agreed definition (Dahlsrud 2008; Lindgreen & Swaen 2010), a qualitative method can be argued to be the most suitable for deriving more in-depth understanding of the concept and how it is communicated internally. The research approach was mostly deductive, but also included some characteristics of an abductive method. This is because the findings of the study can partly be seen as a result of a dialogue between the existing theory (not a very clear theory base) and the empirical data collected from the interviews (a need to be discussed by using existing theory) (Dubois & Gadde 2002).

More specifically, a qualitative case study method can be used to empirically investigate a contemporary phenomenon (e.g. a "*case)*" in depth and within the context of real life. This method has said to be particularly pertinent when "*the boundaries between phenomenon and context are not clearly evident*" (Yin 2009: 18), and when the goal is to address an explanatory research question ("*how*") (the role of internal CSR communication). In addition, a case study approach appears more appropriate for increasing the understanding of a more complex and longitudinal phenomenon (Yin 2009:

43), such as successful CSR communication and its business benefits. Furthermore, a *multiple case study* design is applied in this thesis to analyse the theoretical framework through multiple separate case organisations (and their contexts), as this can be seen to provide more unbiased conclusions. In other words, the contextual factor is deliberately different. (Yin 2009: 27).

According to Yin (2009: 98), empirical evidence for a case study may be collected from different sources, including: interviews, direct observation, participant observation, physical artefacts, documents, and archival records. In this multiple-case research, the primary data was collected through *semi-structured interviews* (*see appendix 1 for interview guide*) (Saunders, Lewis & Thornhill 2009: 320). In addition, some publicly available information on CSR practices from the company webpages and published documents, such as sustainability reports, was simultaneously reviewed and integrated into the primary data (mostly regarding the content of CSR). The semi-structured interview method can be seen as having less rigorous set of questions as a fully structured interview, but still framing the discussion more than an in-depth interview (Saunders et *al*. 2009: 320). By exploiting different research themes, the researcher was able to elaborate questions and allow the participants to explain and express more during the interview. The questionnaire was formulated based on the research objectives and the current literature related to the role of CSR and its internal communication. More specifically, the theory-oriented themes (in line with the theoretical propositions *in Figure 11*) included the content of CSR, motives for engagement, CSR management and implementation, internal communication practices, motives for communication, as well as the impact and importance of employee CSR communication. In addition, a covering letter along with an outline introducing the topic, purpose of the research, and the interview themes was sent to the participants prior to the actual interview. This was seen to help to guide the discussion to the actual topic by staying in the limited timeframe.

All the interviews were recorded and the collected data was processed by fully transcribing the interviews from recorded data to text form, in order to increase the reliability of the research (*see appendix 2 for a sample of interview transcript*). The data was then analysed by utilizing the general analytical strategy of relying on the theoretical propositions presented in the literature review. More specifically, the analytical techniques of *explanation building*, *cross-case synthesis*, and *pattern matching* were applied to analyse the empirical data and to develop internal and external validity (Yin 2009: 136). Firstly, the transcribed interviews were read and examined several times (first case by case, then theme by theme), using the interview guide as a broad framework to

identify commonalities for pinpointing the factors affecting to the successful internal communication of CSR practices (*explanation building*). The findings from the separate cases were then combined for cross-case synthesis to simultaneously investigate the data. Finally, the theoretical propositions or themes (consisting the predicted pattern defined prior to the data collection) were compared with the empirically-based pattern developed from the collected data from the interviews (*pattern matching*). The relevant sections were then selected and translated into English by the researcher.

4.2   Validity and Reliability

In order to establish a high-quality empirical research, it is important to evaluate the *validity* of the selected research design and methods, as well as to investigate the *reliability* of the research outcomes (Hirsjärvi, Remes & Sajavaara 2009: 231). More specifically, validity refers to the applicability of the selected research method to measure the phenomenon that is being examined (Hirsjärvi *et al.* 2009: 233). The validity of this research was built, for instance, by using multiple separate cases as sources of evidence (Yin 2009: 41) and also exploiting secondary data from published company documents and webpages in analysing the interview findings. However, due to timeframe of this research, it was not possible to apply more methods to achieve triangulation. Also in terms of the literature review, the focus was to select studies published in top journals in the field of CSR and management, such as the Journal of Business Ethics, Business and Society, Academy of Management Review (Crane, McWilliams, Matten, Moon& Siegel 2008: 8) to increase the validity of the study.

Reliability, for one, is described as demonstrating that the operations of the study can be repeated with the same data collection procedures to achieve the same results (Hirsjärvi *et al.* 2009: 232). The reliability of a study can be verified, for instance, by having two or more researchers repeating the measurement of the phenomenon. Nevertheless, due to the nature of the research, this was not seen as a possibility. However, the reliability of this study was developed, first of all, by illustrating the research process in detail, by fully transcribing all of the interviews, as well as by introducing direct quotations from the interviewees.

4.3   Sample of the study

In this study, the units of analysis (or cases) were large Finnish companies with international operations and different levels of CSR agenda. In order to get relevant research information, the companies initially approached were selected based on their size and history of applying CSR, essentially presenting a *purposive sample* (Saunders *et al.* 2009: 237). This was because, according to previous research, large companies have been shown to better represent the current thinking and trends of CSR (Juholin 2004). Also to be able to provide data on the CSR management and internal communication methods, the case companies needed to have some kind of CSR practices in place. Moreover, the aim was not to choose companies with high corporate social performance alone, as this was seen as a risk of providing a too positive image of the topic.

Twenty (20) different Finnish companies were initially contacted, with the help of a small firm operating in the field of internal CSR communication (most of the companies being either its former or current customers). The contacted companies were also given an option to conduct an online employee survey for a specific focus group (as a part of the thesis project), but none of the case firms chose to utilize this possibility. Eight (8) different companies from various different industries (including consumer goods, basic materials, energy, industrials, and telecommunications) and one (1) CSR organisation were finally selected based on the individuals agreeing to participate to the research. Most of these case companies (7) were public limited companies (Plc.) listed in the Helsinki Stock Exchange and had corporate headquarters in Finland. The CSR organisation, on the other hand, represented a third-party entity that promotes and provides expertise on the topic of corporate responsibility in Finland. Apart from one firm, the sample companies represented large corporations with international operations and had more than 1000 employees.

The subjects of the study were top-level managers responsible for CSR-, sustainability, or corporate compliance related topics in their respective organisations. Participants in these roles were chosen as they are often involved in the strategic decision-making related to the design and implementation of social responsibility in the company, making them a relevant focus group to clarify the business interests and practices of CSR and its internal communication. One expert from a leading CSR organisation was also included to broaden the perspective and to give objective views on the management practices of CSR in Finland. To ensure confidentiality and anonymity, the names of the interviewees and the case companies have been replaced by pseudonyms.

The primary research data consisted of ten (10) semi-structured interviews that were conducted during October and November 2015, including eight face-to-face interviews and 2 phone interviews via Lync. However, one interview involved two persons from the same organisation (Persons B and I), resulting in the total of 11 participants (*see Figure 12*), of which six of them were males and five females, approximately between 40 to 60 years old. Persons F and H also represented the same case company. The duration of the interview varied between 30 to 90 minutes, and most of the interviews (9) were conducted in Finnish. This was seen to make the interview situation more comfortable and communicative, as ten of the eleven participants were Finns. All of the interviews were recorded with the participant's permission and fully transcribed to increase the reliability of the study.

Person A	Person B	Person C
Head of Company Development	*Director, Global Sourcing, Quality and Sustainability*	*Sustainability & Compliance Officer*
Power & Utilities	Consumer Goods	Telecommunications

Person D	Person E	Person F
Director, Corporate Responsibility	*Senior Vice President, Sustainability and Public Affairs*	*Vice President, Sustainability*
Industrials	Power & Utilities	Basic Materials

Person G	Person H	Person I
Director, Corporate Responsibility	*Vice President, Responsible Sourcing*	*Internal Audit Manager, Corporate Compliance Officer*
Basic Materials	Basic Materials	Consumer Goods

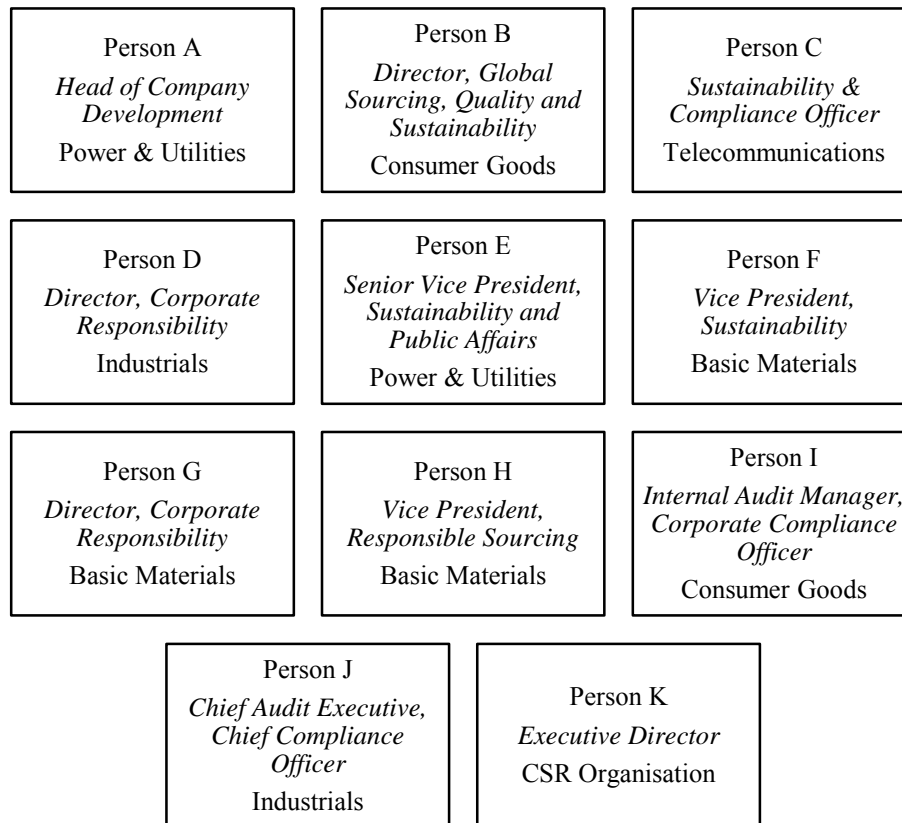| Person J	Person K
Chief Audit Executive, Chief Compliance Officer	*Executive Director*
Industrials	CSR Organisation

Figure 12. Interviewees.

5. EMPIRICAL FINDINGS

The focus of this chapter is to describe and analyse the results of the interviews. The content is divided based on the different interview themes (*see appendix 1. for the interview guide*), and summarized in the last section. As the interviews were rather dialogic in nature caused by the open-ended question setting, the comments of the interviewees tend to be quite broad and touch on various topics of corporate social responsibility, communication, and management in general. Some of these additional viewpoints are also included in the analysis to provide a more holistic picture of the subject. Due to a specific time limit, not all themes were covered in every interview.

The main two topics of the interviews considered 1) the strategic approach towards CSR in general, and 2) the role of internal CSR communication and training. The interviewees were first asked to describe their views on the content and relevance of CSR to their company, the motives and challenges of CSR engagement, and the management practices regarding CSR. A particular point of interest was to find out whether CSR was conceived as a strategic activity and if it was managed with target-orientation to create value for the business. The second focus of the data collection concerned the different practices, drivers, and effects of communicating CSR to employees, and how the interviewees saw its role and importance in CSR management. The themes here related mostly to the communicational aspects of CSR, but the additional methods of involving and engaging employees in CSR were also discussed.

5.1 The role of corporate social responsibility in Finnish companies

As stated in the literature review, the nature and level of CSR engagement of the firm has a natural impact on how these activities and practices are communicated to employees. Hence, to study the practices and importance of communication and employee engagement with CSR, it is essential to first understand the underlying attitudes and perceptions of managers towards the concept in general. The purpose here, however, is not to give an inclusive picture of all the management aspects related to CSR, but to discover the relevant viewpoints and practices that the interviewees base their further answers on internal communication. To examine the role of corporate social responsibility in Finnish companies, the perceptions of the interviewees on the relevance, content, and motives, as well as the general management practices and challenges of CSR are reviewed next.

5.1.1   The relevance and content of CSR

In order to understand the relevance of CSR-related topics to the case organisations, the interviewees were asked to express their views on the significance of CSR as a part of the current business and whether it actually is a board-level topic in their companies. Interviews revealed that most of the case companies recognize the importance of corporate responsibility, but the relevance of CSR to an individual firm was naturally found to depend on its overall impact on business. As noted by one of the interviewees, *"the question is when something is important for a company: it's when it has an impact on growth, profitability, shareholders' opinions, employees' opinions – and on top of these there's the customer – when it increases the sales that customers are calling for."* (Person K) Moreover, the overall importance of CSR and the investments made to coordinate and manage it in the organisation were naturally seen as being related to the strategic direction of the firm, as well as on the significance of the concept in its operational environment.

> *"In management, the time is limited and there are priorities –the things that should be focused on. And in terms of what's the priority and weight of CSR... it should be thought about in comparison with the overall strategy. So what is the meaning of these things, how much do they affect to the conditions of the business in the long term."* (Person A)

> *"It's useless to do this kind of CSR work if you don't see it as being strategically significant."* (Person D)

As a natural result of their organisational role and position, all of the interviewees found CSR to be an important topic personally. Nevertheless, according to the interviews, corporate responsibility or sustainability related topics were also said to be increasingly on the agenda of the senior management (Persons D, E, F, H, I), or even seen as a key part of the overall corporate strategy (Persons E, F, H).

> *"For us, it [CSR] is in the very core of the business model. […] It's without a doubt on the agenda of our management group. The board is also interested in it."* (Person E)

> *"It is on the agenda of our top management even more than before.* (Person D)

> *"It [CSR] is extremely important for us. For instance, the board meetings of my division always start with these global responsibility topics. So first the director tells the news from*

his management group and, from the management board of the group, and then we go through these global responsibility matters.” (Person F)

“It [CSR] is a key priority for us. The CEO talks about it, the Head of divisions talk about it, the Head of Sourcing talks about it, I talk about it – it’s in their targets.” (Person H)

“It’s been clearly discussed that sustainability is now a field where we’re going to invest in and it will be resourced better...” (Person I)

However, some of the interviewees felt that the topic was not appreciated or prioritized enough by the company board (Person C, J), or that the senior management did not clearly see the business case for engaging in CSR (Persons G). As one of the participants put it:

“I’m also a part of the board so I see what the board-level work is and how these sustainability topics are included – and it’s so undeveloped, this [CSR] is not seen even from a risk management point of view, in case you’re not a crisis company. Only in crisis companies this is differentiated to a separate committee of some kind [...] because the company board doesn’t have time to deal with these issues as a part of the normal agenda.” (Person C)

To further clarify the actual content and range of different activities related to social responsibility, the interviewees were asked to define the focus areas and typical practices of CSR in their organisations. According to the data collected from the interviews, company webpages and CSR reports, the focus areas of social responsibility varied among the case companies, and that different aspects of corporate responsibility were emphasized depending on the business and industry. Nevertheless, the core engagement areas of the case firms were found to be somewhat in line with the *triple-bottom line* model, representing the economic, social and environmental aspects of CSR.

The *social* dimension of CSR was most emphasised in the interviews, particularly from the viewpoint of occupational health and safety (OHS). The typical people-related CSR activities included, for instance, an organisational campaign for serious injuries and fatality prevention (Person D), policies related to good governance and HRM (Persons D, J), community donation projects (Person I), corporate and supplier codes of conduct (Persons B, J, I), and ensuring ethical labour practices and fulfilment of human rights in the supply chain (Persons E, F, H). As regards of *environmental* responsibility, the case companies were mostly said to focus on the areas such as minimizing the negative

environmental impact of the business (Person J), increasing the efficiency of operations (Persons F, H), or developing eco-friendly products and solutions (Persons E, I). The typical activities mentioned were, for instance, the implementation of an environmental management system (like as ISO14000) (Person B, C), measuring chemical rations in factories (Person D), or working with suppliers to stop deforestation (Person E).

However, when asked about the typical activities related to CSR, many of the interviewees found it difficult to pinpoint specific practices that could be labelled as "CSR activities". This can stem from the complex and wide-ranging nature of the CSR concept itself, as well as the company's primary standpoint of seeing corporate responsibility as something that is either additional or integral to the business. For instance, for one interviewee representing an organisation with a relatively short history of managing CSR, social responsibility activities were mainly related to organisational policies:

> *"We have various policies and procedures and guidelines. Code of conduct is clearly one. Our anti-corruption policy would be another one. […] There's virtually a policy to cover every type of area we're touching on with this so, in some way or another, it's covered by policy."* (Person J)

On the other hand, as opposed of seeing CSR as a set of separate activities, some interviewees described it as being an integrated part of *all* business operations (Persons F, G, H). As one of the participants explained: "*…we don't have so called CSR activities, no CSR processes – but we do things responsibly. That's the thing. So in HR, you have your own processes – so do they support the principles of responsible HR? […] In a way, CSR is only a viewpoint, the lens through which our stakeholders assess if things are okay.*" (Person G)

5.1.2 Motives and benefits of corporate engagement

The underlying motives and drivers behind the corporate commitment to CSR were found to be both external and internal. The external drivers for CSR engagement were more specifically related to the needs of responding to various external stakeholder demands (Persons B, C, D, F, G, H, I, J, K), fulfilling regulative requirements (Person E), or attaining a social licence to operate (Persons A, E, H). Different external stakeholder groups, such as customers (Persons C, D, F, I, J), investors (Persons D, G, K), competitors (Person J), NGOs, and media (Persons B, K), were especially mentioned to drive CSR engagement.

> *"Of course the risk related to corporate image is huge – we have a lot of big brand owners as customers. And for them it's extremely important that the whole supply chain is transparent and responsible. So it [CSR] has a significant impact also to our business"* (Person F)

> *"30% of our institutional investors or shareholders are these kind of sustainability investors [...] It [CSR] is of course important for us [...] as such a great deal of our investors also find it important."* (Person G)

> *"Some of the pressure comes externally, because you see your peer group, your competitors, your clients, are paying more attention to it. So that factor highlights your awareness of it, and also the fact that you then as a company should be doing as much as your peer group are."* (Person J)

Previous bad experience or corporate crisis was also discussed as one of the factors driving the pursuit of CSR. Moreover, some of the interviewees highlighted that many companies in Finland have started to implement CSR practices after going through a considerable crisis or scandal (Persons C, D, K), often *"very strongly in the spirit of compliance and risk management"* (Person C).

> *"In a very few companies it starts through joy – it always comes after a massive outcry in some area. So if you look at the history of companies that have been applying CSR for relatively long, there's always a crisis of some kind in the past."* (Person C)

> *"Luckily we started this in the past when there was no acute need for it… So we haven't scorched in any big corporate scandal – we have actually managed to do this systematically and quietly. Because, quite often, there are many firms that get a boost from a public scandal."* (Person D)

Nevertheless, a lot of different business benefits of CSR reflecting the internal motives and interests of the company itself were also revealed in the interviews. The strategic approach towards CSR was thus touched upon by many of the participants who underlined that *"not everything is done from mere good will"* (Person F), or that *"the company should engage in those kind of CSR practices that bring us business value"* (Person C). The different business motives to engage in CSR discussed by the participants were mainly related to themes, such as: risk management (Persons B, C, G, F, K), cost savings and operational efficiency (D, K), employee attraction and motivation (D), long-

term profitability (H, I), more attractive product offerings (D, E, F, G, I), improved sales performance (B, D, G), and increased competitive advantage in relation to other companies in the industry (C, G).

Interviews showed that **risk management and compliance** viewpoint towards CSR was the most evident motive in case of the majority of companies. This was mainly discussed in terms of mitigating or minimizing risks in the supply chain (Persons B, C, F, K) and protecting corporate reputation (Person F, I). The top management's approach of "*taking care of business so we don't get into trouble*" (Person G) was particularly emphasized, as these kinds of risks were said to be the easiest factors to show and justify to the senior management. Topics such as safety and compliance were also mentioned as being the most essential elements of CSR from a top management point of view (Persons A, D):

> "*It was maybe about 10 years ago when it was noted here in Finland that foreign companies have invested more in these safety-related matters, and they then started to rise even to the agenda of top management. To the point where, for instance in the construction business, before going through the profit figures, there are two things the CEO wants to go through: compliance and safety – those are the most important things. Only then it's time to look at the numbers.*" (Person A)

Cost savings and operational efficiency was additionally mentioned in some of the interviews as a corporate motive or benefit for CSR engagement. More specifically, themes related to safety, environment, and employee productivity were highlighted:

> " *...Everyone knows that active safety management saves money. Active environmental management also saves money. [...] we've had an active programme directed to employee well-being. From that we can actually show how much the amount of sick-leaves has decreased, and therefore directly show how much money we've saved. Truly a win-win situation, people feel better.*" (Person D)

> "*Related to environmental responsibility, efficient energy use and those other things are of course evident examples of costs savings. [...] Another case is extending careers with the help of different initiatives and by improving work processes and approaches.*" (Person K)

Some of the interviews also touched on the **long-term profitability** and shareholder value that CSR can bring. This was more specifically discussed, for instance, in terms of "*a strong brand that can take more blows*" (Person I) or "*bringing in long-standing*

[sustainability-driven] shareholders, which, in that sense, also does good for the share value" (Person G). One of the interviewees also stressed the importance of investing in CSR in order to sustain in the markets in the first place, as "*it's not anymore a question of what kind of benefits do firms get from this, because, from my point of view, there is no other option.*" (Person H)

In relation to this, CSR was additionally said to help firms in developing more sustainable and **attractive products and services**, both socially and environmentally (Persons C, D, E, F, G, I). For instance, the benefit of CSR was linked to product safety, particularly in the case of products that can be dangerous to use (Person I) or in contact with food (Person F). In some case companies, CSR was also seen to add value in terms of innovation and product development. This was mainly related to the various forms of environmentally-friendly solutions especially developed, for instance, to reduce ecological impact (Person E), or to improve client's energy efficiency (Person G).

CSR was also mentioned by some to bring benefits in terms of **improved sales performance**. These arguments were mostly related to business-to-business (B2B) markets, where clients, both private and public organisations, were increasingly said to expect more from companies. As one of the interviewees put it: "*if it's [CSR] important to customers, it's important to the business.* (Person C). Moreover, this viewpoint was emphasized as B2B clients were said to have "*their own criteria for CSR*" (Person G), and "*their own crisis and sustainability measures*" (Person C). Accordingly, one business motive was said to be the use of CSR as a sales argument to win tenders (Persons B, D, G, K), for example, by means of supporting salespersons with environmental trade descriptions:

> "*We have made these environmental trade descriptions for a few [business units], and some said it was actually the thing that enabled them to go and discuss with the customer in a totally different way, particularly by using that angle. So I would thus consider it [CSR] as a significant commercial support.*" (Person D)

> "*For example in paper- or ICT industry, there are certain principles for responsible procurement, emphasizing the corporate image and practices [...] So when there's an invitation for tenders, it usually requires to describe the CSR track record including, for example, human right violations during the past five years, the amount of environmental accidents, or the type of energy used.*" (Person K)

Also strongly related to sustainable products and improved sales performance, CSR engagement was additionally seen by some to **create competitive advantage** compared to industry rivals. For instance, this was mentioned to be the case especially when it comes to public procurements. According to one of the interviewees, *"being able to tick the boxes of having an environmental management system and a system for energy efficiency in place better than your competitors brings you competitive advantage."* (Person C). Applying CSR practices was also mentioned to improve the competitive position of the company as *"small players cannot offer these kind of [CSR] processes or commitments, which can possibly disqualify or compromise them…"* (Person G).

5.1.3 Design, implementation, and measurement

To grasp how corporate social responsibility is integrated and coordinated in the case firms, the interviewees were asked to describe the management practices related to CSR, corporate processes and functions most often connected to CSR, as well as specific objectives and indicators for CSR engagement. Interviews showed that most of the case companies had a formal way of managing and coordinating corporate responsibility (Persons C, D, E, F, G, H), with an exception of three firms that were in a stage of developing a more sophisticated organisational approach towards the concept (Persons A, B, I, J). Furthermore, all of the companies had CSR on their agenda, but the level of engagement ranged from merely defining the concept and the main focus areas, to a more strategic implementation of specific CSR-related objectives.

Defining CSR – Materiality assessments

According to the interviews, businesses do not have the need nor resources to contribute to each and every element of CSR. This was emphasised by many participants, who stressed the importance of analysing stakeholder demands and other material topics in order to understand the sphere and focus of their organisation's responsibility towards society and environment (Persons A, D, E, G, J). For developing a company-specific approach towards CSR and outlining what it means for their organisation, many of the case companies had either conducted (Persons D, E, G) or were conducting (Persons A, J) a so called materiality assessment or stakeholder analysis. This was mostly done by identifying and assessing the social and environmental topics that matter the most to the business and its different stakeholder groups, such as employees, investors, suppliers, and government officials. In other words, the practice was described as *"defining what are the most relevant [CSR] topics for the company in the eyes of the outsiders."* (Person E)

For instance, as some interviewees representing the case companies in the early developmental phase of CSR explained:

> *"We are now in a stage of thinking about what kind of perspective should we have in terms of CSR. [...] And for that we have performed this materiality assessment to find out the expectations of stakeholders and which topics are significant to our firm. And the idea is to then choose the focus areas and thus the scale of our CSR engagement."* (Person A)

> *"...I think for most, well I guess for any company the first thing is to define what the company means by CSR. What do you want to include in it and what do you want to exclude from it. And that's what we're currently working on."* (Person J)

According to the interviews, the risk management perspective was also apparent in choosing and prioritizing the different focus areas, as some companies were found to first identify and mitigate potential risks related to CSR, and only then move on to recognizing the business opportunities and opportunities for value creation that CSR can bring:

> *"First you need to understand if the company has any CSR-related risks and deal with them before you can build something good. Because then you know that those risks won't materialize – that you are mastering them."* (Person C)

Organizing CSR – persons and functions responsible for CSR

Interviews revealed that the structuring and coordination of CSR, or in other words the people and functions responsible for these topics, varied between case companies. Two of the companies did not have an appointed person directly responsible for CSR as such (Persons A, J), as one interviewee put it: *"different people in different areas have a slice of the cake. But nobody has the whole cake"* (Person J). On the contrary, other case companies had a specific person in charge of all the aspects of the company's CSR (Persons B, C, D, E, F, G, H, I). This person was said to report, for instance, to the Head of Corporate Communications (Person G) or HR (Person D), the CEO (Person E), or directly to the company board (Person F), depending naturally on the emphasis and importance given to CSR or sustainability in general.

Some of these CSR directors additionally mentioned that they managed a small CSR team, a network of professionals (Person G, E), or a steering group (Person D) to successfully coordinate and implement social responsibility in their organisation. This

was also confirmed by an expert interviewee, who stated that there are usually two types of arrangements: *"The first is that there is a small team of two or three experts who imagine of being responsible of these topics. And the other one is a CEO saying that everyone is in charge, for example, of environmental matters."* (Person K)

Developing objectives and indicators for CSR

The case firms were also in different stages in terms of identifying common objectives for CSR engagement. According to the interviews, three of the firms were in the status of developing more general goals for CSR to start with (Persons A, B, I, J), or as one participant expressed: *"...we haven't had that kind of systematically managed program, that kind of policy which would've been very well implemented and communicated internally. [...] In some areas we've made it pretty far but in some, that certain kind of coordination is missing."* (Person I). However, these interviewees highlighted that their companies did have other CSR-related targets in place (Persons A, B, I).

> *"...there haven't been so clear targets coming from the higher level of the group yet. But then in some separate areas, like in supply chain or in our own manufacturing, we have very detailed objectives and indicators and all these in place."* (Person B)

On the other hand, interviews showed that most of the case companies already had some qualitative or quantitative targets in relation to CSR (Persons C, D, E, F, G, H). The set of objectives and related indicators were mostly related to themes like occupational health and safety (e.g. accident rates, number of sick leaves) (Persons A, F), environmental management (e.g. eco certificates, carbon index, CO_2 emissions) (D, E, F, G, H), human rights (e.g. fair labour audits) (D, F), diversity (e.g. gender distribution of personnel and board) (D), code of conduct (e.g. coverage in terms of personnel or suppliers) (D, F, H), or the development of external social responsibility image of the firm (E). A majority of these indicators discussed were related to the GRI G3 or G4 framework. In addition, monitoring current operations and processes in order to set suitable targets was brought up as an important topic:

> *"It's impossible to set a target if the baseline reporting is something very vague. So we have worked many years at getting it to that level – it's been a couple of years, but now it seems that we've found where we actually are, and now we can set a target."* (Person D)

Some of the interviewees mentioned that they had a specific strategy for achieving the CSR-related targets in their organisation (Persons D, E, F, H). *"At the corporate level, we decide the positions we take in relation to CSR and how we define the suitable content for our sustainability work… so that's the highest level…"* (Person E). Few comments were also made about the link between social responsibility plans and the general strategic objectives of the business. For instance:

> *"Personally, I see directly that our corporate strategy is very sustainability-driven. Many people don't… But, for example, we have identified megatrends such as urbanisation and new generations – which are the community expectations towards us – and resource scarcity. So if can close your eyes and say that we [CSR team] don't have anything to do with these topics… then I'm not really sure."* (Person D)

As opposed to having general and ambiguous corporate-level statements about CSR, many of the interviewees also underlined the importance of setting concrete targets for business units, factories, or even individual employees (Persons C, D, E, F, H).

> *"CSR is actually very concrete work. Of course there needs to be a strong attitudinal or philosophical link related to the corporate values, but that should quite soon turn into practical doing – for example what these different principles of the Global Compact mean to our company. These declarations should be translated into smaller tasks that you can then implement and measure…"* (Person E).

Implementing CSR – integrating corporate responsibility as part of daily business

Generally speaking, the implementation of CSR commitments and initiatives was clearly on the agenda for most case firms (apart from the ones in the early phases of development), and many of the interviewees found it to be a topical issue in their company. Moreover, having certain CSR-related processes and objectives in place was argued to be inadequate in the future, as the general focus will increasingly be about implementing those processes and actually seeing how well they have been materialized and developed. As one of the interviewees put it:

> *"We're going to be more and more evaluated, not anymore on the basis of having certain processes in place, but on the basis of how we've been able to improve. Because you can create a policy or a process but the question is how well do you then implement it. […] Processes don't function without people."* (Person G)

In addition to the broader strategic directions or objectives created for social responsibility, some of the participants mentioned that they have formulated concrete roadmaps or work plans for CSR, which are then executed – and often modified – by the different business units (Person B, D, E). Moreover, according to the interviews and company websites, business units were typically said to be in charge of the local implementation of social responsibility initiatives (Persons C, E, F).

> *"We make sustainability work plans for every two years which we then check and specify yearly. The frames for the practical work come, of course, from the different business areas."* (Person E)

> *"It's also been requested that our BAs [business areas] would look at this [CSR] and make their own action plans and targets that they will focus on and how."* (Person B)

As opposed to being an additional activity or function separated from the business units, many of interviewees stressed the need of integrating CSR into existing operations and making it a concrete part of daily work. Namely, social responsibility or sustainability was seen as something that should be owned by the business rather than coordinated solely by a corporate CSR team.

> *"These kind of group-led processes have been seen as something distant – they haven't been internalized or owned in a way [...] These processes should be brought as close to the actual business as possible – whether it's risk management or these environment, health and safety matters – so that it's under operative management. Not that there's a separate unit or function to which the responsibility has been outsourced."* (Person A)

> *"In the first place, it's kind of artificial to highlight CSR as a separate topic because it should be within the business model itself."* (Person E)

This topic was also approached from the perspective of whether a CSR director or team is necessary in the first place, or whether it actually hampers the truly strategic nature of CSR and its integration into every level of the organisation.

> *"Personally I think that CSR managers should disappear from the face of earth – because we make no sense. I know people don't like that I say this, but I think it's the only way CSR will truly integrate into companies. Because it's so easy to say that 'XXX's team will do it,*

they do CSR'. People don't understand what the risks are and how those are connected to
our financial performance – because they never need to even think about it." (Person C)

Moreover, a sign of successful implementation and strategic significance of social responsibility was said to be the situation where CSR is coordinated and managed by several people across the company. On the word of an expert interview: "*the true integration of CSR is shown when it is present in processes, there is enough people to coordinate it, they are in different units and have enough resources.*" (Person K) Some of the interviewees also emphasised that, in order for social responsibility to be truly incorporated into the business, everyone in the organisation needs to be responsible for the realization of CSR in their daily work (Persons C, F, G, H). A practical example of this was given by one interviewee working in a company where CSR was seen as a high priority for the business:

> "*I think it [CSR] needs to come from the actions of managers and from the strategy. It*
> *needs to be within the operations itself. For instance, our buyers, none of them would be*
> *interested in sustainability if they didn't know it's a key priority for us. The CEO talks*
> *about it, the Head of divisions talk about it, the Head of Sourcing talks about it, I talk about*
> *it – it's in their targets. So sustainability is interwoven into all operations, as a part of all*
> *the things we do.*" (Person H)

Furthermore, few respondents paralleled CSR particularly to quality and quality management – something that has already become an essential part of all business operations (Persons C, G). These interviewees saw that social responsibility should be considered as a product or process feature similar to any other quality factor, and managed accordingly and independently in every business unit (e.g. procurement or HR).

> "*I often compare this to quality. I remember when companies had quality managers sitting*
> *on the company board – which now feels like a silly thought, but it was partly a new thing.*
> *Then it was noted that it should be incorporated into all of our activities. […] and now we*
> *have come to a point where people have internalized that quality is important in everything*
> *we do […] I feel it's kind of the same thing now with CSR.*" (Person G)

> "*No longer than five years ago, it was extremely common that a 'quality director' sat on*
> *the company board. So in a way, quality was the current CSR – before people realized that*
> *quality thinking should be taken where quality is made, and the group-level quality*
> *directors disappeared. […] From the very beginning, CSR should've been considered as a*

quality factor of a product – just like colour, smell, or taste – and taken to where it belongs; part of operative management. And the senior management would then decide which of the product factors are most important, the ethical risks or the other features." (Person C)

To incorporate social responsibility into all levels of the organisation, the role of line managers and immediate superiors was particularly remarked. According to the interviews, engaging middle management in the process of both designing and implementing CSR was seen as essential to successful integration (Persons A, H).

"Senior management may have some sort of a vision but if it's not properly implemented, middle management won't adopt it as their own. And without their engagement, you can't get anything done. So before we implement these sort of large initiatives that also take time and resources from the middle management, we have to get them committed to that change. If there's only a message coming from the headquarters saying 'now start doing this', they won't do anything." (Person H)

The meaning of embedding social responsibility into individual targets and performance assessments was also discussed by some of the interviewees (Persons A, C, D, F). Apart from one case company where senior and line managers had performance-related goals for different sustainability areas (Person F, H), the individual-level targets were said to relate mostly to occupational health and safety (such as number of sick leaves or industrial accidents) (Person A, F). However, the significance of individual objectives in making CSR a part of all operations was noted:*" I think it would be every CSR-person's dream to have sustainability-related targets in every layer of the organisation."* (Person C)

5.1.4   Current challenges in managing and integrating CSR

To understand the typical issues and stumbling blocks of CSR management – and to shed some light on the general business case for social responsibility implementation and communication – the respondents were asked to discuss the main challenges of applying CSR in practice. According to the interviews, the themes most often referred to as the barriers or challenges for CSR management included: designing CSR and prioritizing the focus areas of engagement (Persons E, J), staying on top of changing stakeholder expectations and demands (Person F), communicating about CSR in a proper manner – both externally (Persons F) and internally (Person G, D), and measuring the outcome and impact of socially responsible activities (Person E, G, J). Efficient integration of CSR

together with the low awareness and understanding of employees on the subject was also brought up in many interviews (Person A, C, D, G).

Due to the multifaceted nature of the concept, some of the interviewees saw defining the aspects and choosing the suitable engagement areas of CSR as particularly challenging. Finding the relevant topics and most influential megatrends, prioritizing them, and communicating those choices to stakeholders was, for instance, said to be a current issue for few participants:

> *"One thing that is on the agenda in many companies is the question of what is material for CSR – and how could that be well understood, crystallized, and ensured. […] cause now in this reporting and so called CSR work, there's a tendency of over reporting things. […] It's better for outsiders too if firms make bold choices and say 'we have thought about this and discussed with stakeholders that these two areas are now the priorities'…"* (Person E)

> *"…and then the point of how to communicate these things so that they come out the right way – so that no one, such as the media or anyone else, make wrong conclusions. That has happened quite a lot."* (Person F)

Justifying the business case for CSR and quantifying it, both to employees and to the top management, was additionally seen as a challenge regarding the management (and communication) of CSR. This also related to measuring the outcomes of social responsibility activities:

> *"We need to be able to show that <u>this</u> is why we do it […] to somehow quantify it better – so they feel that it's worth it. And also <u>how much</u> – because it's not whether to do CSR or not, it's about the scale – what's the point when the marginal benefit ends or become so small that we shouldn't invest more in it and just stay put."* (Person G).

> *"…how do people then accept it [CSR] if it cannot really be measured… And that's why the meaning of it is also not so easily perceived. So that it's seen as only being about reporting, soft values, and all that sort of nonsense."* (Person A)

Nevertheless, possibly due to the theme and focus of the interview, most of the challenges and barriers of CSR management discussed by the interviewees were related to embedding it to the minds and actions of people working in the organisation. Like one of the interviewees put it: *"Pretty often the situation is that companies develop different*

kinds of CSR principles and guidelines, but they are not necessarily applied in practice." (Person K). The barriers for this included, for instance, the lack of employee awareness, understanding or interests towards the topic, as well as the point that CSR is usually seen as something distant and foreign to everyday business.

> "*We CSR people often think that employees know about these things in-house. But at the end of the day, no one knows. So every time I have to remind people – including the senior management – of what this CSR is about. Like: 'remember these are the core themes and this is why we do this', and so on. Every time. [...] And you could also see it from... we have this yearly survey – and in the whole group, people score really low points in terms of how aware they are of these things.*" (Person C)

> "*...one of our biggest challenges is to make people aware of CSR – <u>what</u> it's really about. Like when people heard I transferred to do CSR, the first or second question was usually: 'so what is it that you're actually going to do? What is that CSR?'*" (Person G)

> "*Internal communication is one of the most challenging tasks... when we did a massive e-learning campaign about our Code of Conduct – where one part was about our whistle-blowing channel. And then half a year later we did fair labour audits, and their main finding was that the company has no whistleblowing channel. [...] So we're definitely not at the point where people could link this at individual level... Maybe some professionals, for example, in the field of safety, environment, HR or law might see the connection of their work to this. But that everyone would see it – I don't think so.*" (Person D)

> "*The communication has remained quite remote – this is a totally different world; people don't know these parameters. If you'd go and ask, very few would be able to say what are the three elements of our CSR. [...] And especially when it's managed by experts from the headquarters– it easily remains as a matter of experts. So we come down to the fact that it [CSR] needs to be kept on display all the time, and made sure that other people – apart from those experts – are talking about it. And that the experts should also make other people talk about it. I think that's the catch.*" (Person A)

> "*We have a lot of questions coming in from customers related to CSR... and people often feel quite insecure or they don't know what to say – or what is the official position of the company. So there surely is a gap in terms of this kind of knowledge.*" (Person B)

5.2   Employee communication on CSR

To examine more closely how CSR is communicated to employees and how they are engaged in social responsibility initiatives, the participants were then asked to describe the employee CSR communication and training practices of their company, including the content and target group of the message, as well as the channels used. The main focus here was on the internal communication practices, but CSR training directed to employees was also touched upon in some of the interviews. To further understand the business case for employee communication and engagement in integrating CSR to daily business, the underlying drivers and motives of communication were then discussed, together with the benefits and challenges of communicating CSR to employees. Finally, the effectiveness of internal communication and how this can be measured was covered.

5.2.1   Practices related to internal CSR communication and training

When asked about the management and organisation of internal CSR communication, many of the interviewees said that the content or substance (i.e. what is being communicated) usually comes from the CSR director (Person C, D), the CSR team (Person E), or in some cases from the owner of another specific function, such as the Head of compliance, health and safety, or environment (Person B, I, J). It was then seen as the responsibility of the Communications function to assist in delivering the message by using suitable methods and channels. In few cases, the need and initiative for communicating and telling stories about CSR was also said to come from the Marketing and Communications function itself.

> *"We have divided this so that the responsibility of carrying out communication is on the Communications function, and the responsibility of the substance is on us. The vocational area of the communications people is clear – they know which media is used, how stories are written, and how they are timed. And then they may also suggest topics."* (Person E)

> *"Like in most companies and also for us, I'm responsible for the internal CSR communication, and then there's of course our CSR team. So my task is to think about what we need to communicate internally. And then I discuss with Communications."* (Person C)

> *"Usually, it's that the Communications has a yearly plan of the things will be internally communicated in our Intranet. And when there's been a story related to sustainability, they have been in contact and asked for some material from us."* (Person B)

> *"…the owners of those particular areas are responsible for communicating them – be it data protection, health and safety, environment…. And in terms of how it's communicated, everything gets channelled through the Communications function."* (Person J)

Nevertheless, this arrangement was questioned by one interviewee, who underlined the difference between the two functions of CSR and Communications and the people working there: *"The second most difficult thing in my career is thinking what this CSR communication should be in the first place. Often the Communications people are like from another planet, whereas us CSR people – in particular Finnish ones – want to be really pedant and cautious. So in a way, CSR communication takes a certain know-how. One should understand the substance, for example, in environmental or human rights-related matters. You can't just write about it without knowing."* (Person C)

In terms of CSR training, however, the responsibility was most often said to be in the hands of line managers, especially at the factory-level. At the corporate or division-level, on the other hand, social responsibility or sustainability directors were doing most of the training (Person C, D, F). In particular, trainings directed to people working in the customer interface, namely in Sales, were brought up in few of the interviews.

> *"At the factory-level, there is of course an environmental manager who takes care that people are trained. […] And at the division-level, I'm in charge of training people. I'm now preparing for a presentation for sales people about the concrete sustainability matters that affect us…."* (Person F)

> *"It would be great if I could train Sales about these topics. […] because it takes a bit of courage and quite a lot of information to go and sell a product with an environmental punchline. But then… the world has changed; if you have a customer with a strong CSR agenda, you should definitely sell it with these arguments."* (Person D)

In general, external CSR communication (such as reporting or related marketing) was seen as being higher on corporate agenda and the priority list of CSR professionals compared to the efforts or time directed to employee communication. The differences between these two functions and themes were also discussed, for instance, in terms of processes, organisation and the overall significance to the business.

"From my perspective, external communication is currently more on the agenda compared to internal communication. Which is… well it's important too but we should invest even more on communicating internally." (Person F)

"But then the CSR reporting…the final outcome of it is practically a report – which takes all the time and energy, and you can't really do anything else" (Person G)

Nevertheless, one of the interviewees with a long history of working with CSR felt that this should actually be the other way around, and that a lot more should be invested in employee communication.

"This is actually an incredibly good topic – a lot more important than what is being communicated externally, which I don't think matters that much. That sort of general communication – if you go to our website where all our B2C customers or our normal customers go – they are not looking at those [CSR] pages… And what would they understand about that CSR jargon – hello! 'Shared value and win-to-win partnerships'… But then those kind of concrete topics are good. But that jargon – who would be interested in that, internal communication is much more important." (Person C)

Interestingly, the concept – and even the word – of CSR communication was found to have a bad ring to it, especially amongst CSR professionals with longer careers in the field and with a more strategic outlook on the subject. This may be because the concept of CSR communication has sometimes been associated with flattering CSR reports, window dressing or PR, without any connection to the actual business or strategy.

"In regrettably many firms, CSR is situated under the Communications function. And that – my god – is the worst place it could be, because it means it's seen from a communicative perspective; that it's only about reporting or communications. […] And I'm so happy that I took on the big task of moving it under the new strategy and business development unit. So to where CSR should be – as a part of business development and strategy." (Person C)

"I don't want to use the word communicate, because I think there is way too much talk about CSR in terms of communication. And I think it's everything else than communication. Communication is something you do in addition to everything else, or that it's done because you need to take care that everyone in the organisation knows where the company is going. But personally I think that needs to originate from the actions of managers and from the strategy itself." (Person H)

Message – what is communicated to employees

In terms of the focus of internal CSR communication, interviews indicated that the actual message was often on related to a specific educational theme, such as safety, code of conduct, or anti-corruption. On the other hand, the more general communication, for instance, about the CSR objectives or focus areas, was less emphasized. Quite naturally, case companies were found to communicate more about specific social responsibility issues to employees in the case of a crisis or otherwise heightened media attention (Person C, E). In addition to educational, general, or crisis communication, one of the interviewees mentioned that they communicate sustainability-related cases and stories to all staff – also from a "feel good" perspective:

> *"We do tell employees about some things related, for example, to our supply chain management, carbon footprint, company improvement processes… And we also communicate about different customer cases that are somehow related to our products, or, for example, how our clients have been able to operate more sustainably and with less emissions with the help of our products."* (Person E)

The relationship between the content of internal and external communication was additionally covered in some of the interviews, emphasizing that the message should, in both cases, be similar to each other:

> *"External and internal communication needs to be aligned… because in the current world, you can't even imagine misleading or cheating in neither of them. So in that sense the same message and mentality should be applied in both of those cases."* (Person D)

> *"I feel that what we communicate internally is the same as we communicate externally. But of course when I train sales personnel, we go quite deep into basics so they understand what are the relevant concepts, what does each KPI mean, and so on…"* (Person F)

> *"On the other hand, I'm also thinking whether the communication to inside and outside the organisation should be symmetrical. That there would be one package of matters topics, and the communication would be both internal and external at the same time."* (Person K)

Methods and channels – how CSR is communicated to employees

The tools or methods that were most often mentioned in terms of internal CSR communication included emails and newsletters (Persons C, D, J) company intranets (Persons C, D, E, F, H, J), interactive social media networks like Yammer (Persons D, J), Facebook (Person C) and Twitter (Person E), sustainability-themed blogs (Person F), engagement events and conference calls related to CSR topics (Persons C, E, H), as well as online and face-to-face training (Person I, J). One of the interviewees also underlined the role and responsibility of each and every employee to talk about their work, what they do and see, and how CSR might relate to this (Person H).

Nevertheless, a channel that was challenged and criticized by several interviewees was the internal company portal, or intranet, due to its limited accessibility and excessive amount of information.

> *"We have this internal company channel, intranet, which contains some occasional CSR info. It doesn't, however, reach everyone."* (Person F)

> *"Well this intranet is famous – everyone thinks it's a communicational tool. But in our case, we have one intranet for the group, one for each country, and one for each function. And it may be that a person doesn't even visit the country intranet for weeks. And still I imagine that if I put an article on the intranet, everyone would know about it [laughs]."* (Person C)

> *"…intranet is quite a nice channel, but its effectiveness is not necessarily that massive. […] Sometimes I even feel that our public website reaches our employees better than the internal one."* (Person D)

In addition to different electronic channels, the face-to-face communication was underlined by one of the interviewee: *"I see that, even if there'll be all kinds of new media coming in like Twitter, it won't erase the fact that people need to be able to personally hear and discuss about things. Otherwise it's just data."* (Person E). Especially in relation to employee engagement and involvement, few of the case companies indicated that they have organized different online or face-to-face engagement events on the subject of corporate social responsibility (Person C, E, H). These were either directed to the whole staff or in some cases to a special group of experts.

> *"We have a lot of events where, let's say, everyone from a certain business area is invited, for instance once a month. And it's the videoed so that everyone from that function can participate. So through those occasions, we can actually communicate verbally to people."* (Person C)

> *"We do also organise internal engagement events. For example, just yesterday we were talking about labour rights… so those are like face-to-face meetings where you can also join via Lync. And they are, in fact, quite significant, as they always relate to a daily or otherwise current topic."* (Person E)

> *"…but then in terms of the storytelling itself; where we are, what we do… my organisation arranges this monthly responsible sourcing update call, where we have approximately 80 to 110 participants. […] we have managed to generate a lot of good discussion and people ask questions – which is not all that common in these mass calls."* (Person H)

Also according to an expert interview, CSR champions were additionally used to communicate and involve employees in these topics: "*Some firms have these CSR ambassadors, from different business units or countries, who are a part of a virtual team and are spreading the word about these topics in their own unit, country, or culture.*" (Person K) Yet the interview data indicated that, in general, the internal message related to CSR was not targeted to any specific employee segment. In some cases, however, companies were mentioned to have a separate bulletin for managers (Person C).

Few of the interviewees also touched on the topic of having a two-way approach to communicating CSR and thus involving employees in the process, as "*it has always felt a bit forced and more like a top-down message. And it makes people to think 'Again this CSR nonsense, what is this supposed to mean for me'*". (Person C). Different methods of participation were said to increase the potential buy-in of employees, so that they would ultimately be more committed and engaged in the common goals set out for CSR within the firm (Persons C, E, H).

> *"You need to ensure that buy-in and do the persuasion already in the planning phase – so you need to participate those people to the process as early on as possible, and tell them that 'this is what we're planning and this is coming, and now you need to give feedback."* (Person H)

> *"We've done a couple of years this kind of planning phase for the staff where we have asked for everyone's input in certain topics of what direction should the company go and so on. And those have been massively popular – and it's also material for next year's strategy work. And it has also included topics related to CSR"* (Person E)

5.2.2 Motives behind internal communication

Altogether, internal CSR communication was acknowledged to be an important topic by all of the interviewees, regardless of how they felt about the concept of corporate social responsibility in general. This can be seen to reflect the overall need and importance of implementing and executing the strategic decisions and plans made by the senior management. However, the interviews did not necessarily show signs of conscious and target-oriented planning or execution of internal CSR communication practices. Furthermore, participants did see the link of communicating CSR to employees in order to get them aware and committed to the common social responsibility goals, but the concrete actions supporting these views were missing.

When asked about the motives of why the case companies communicate about social responsibility principles or practices to employees, the focus of most discussions were on the external requirements and expectations towards CSR (Persons B, C, E, F, H, J). Moreover, the pressures for internal CSR communication were found to come mainly from outside the company, as firms were increasingly concerned about matters related to compliance or corporate image.

Firstly, for some of the case companies, internal CSR communication was seen as a method for ensuring that the employees behave according to formal guidelines and policies related to corporate social responsibility (Persons C, I, J). As some CSR activities are necessitated by industry regulations, stakeholder requirements, or reporting criteria, employee communication was, in some cases, argued to be fairly **compliance-centred**, namely focusing on the accomplishment of certain compliance-related objectives. Moreover, internal communication was utilized, to some extent, to assist in controlling individual actions and thus to avoid risks of misuse or unwanted behaviour.

> *"From my point of view, we should communicate this in order to get people involved and working together for a common goal. But unfortunately that's not why we're doing it at the moment. We're doing it because we have to. Because these different control systems oblige us to communicate internally – we need to show our auditors that, for example, I have*

communicated and trained these matters to our whole staff. [...] So we have forced all of our 3 600 employees to take part in this training – where I'm telling them what they can and cannot do." (Person C)

"You're making people aware of how they are expected to behave. You're creating <u>consistency</u> across the company, regardless of the geographic location or the area of the business they operate in. [...] You're also protecting the individuals and the company against... the flip side of what I've explained really. Because by creating that consistency and awareness, you're avoiding the potential of people doing the wrong thing. Either knowingly or unknowingly. All of which can have a value – all of which can destroy value, in terms of the company and them as individuals...." (Person J)

"...when people understand how important the company and the senior management see these things, they will also start internalizing those and behaving accordingly. [...] And for us I see it also as risk management. So when people realize that behaving in a certain way is right, the risks will decrease." (Person I)

Secondly, several interviewees emphasized **corporate image** as a reason and rationale for communicating CSR-related topics within the organisation. The role of employees as brand ambassadors and representatives of the company towards external stakeholders was particularly underlined in many of the interviews (Persons E, F, H, I, J).

"…you need to make aware what the values of the company are, how people should behave when they're representing the company; what's acceptable, what's not acceptable. Cause at the end of the day, all of that gives an impression to our potential customers, clients, society generally – people that we interact with. And it's important that we give the right image." (Person J)

"It's obviously important, because the staff needs to know how the company is thinking. And in some ways these are fairly topical matters at the moment. [...] And of course we would want our employees to be company messengers, and to share these things within the company so that every employee may tell, perhaps at home or to the neighbours, about these sort of things." (Person E)

"I personally think that staff needs to know the basics… for goodness' sake, if a neighbour or a family member asks, you can respond in a right manner to these things. [...] so that

you give the right message about your company. So for that reason I think it's extremely important to communicate." (Person F)

In addition, this topic was also approached from a sales perspective, where the internal CSR communication was seen to provide better tools for explaining to customers about the aspects of the firm's social responsibility.

"*In terms of retail, obviously we need to communicate to the shop staff what CSR concretely means for us. Because they can then tell to the customer how, for example, the product is made and what kind of features does it have…. And equally in B2B sales, there's definitely a demand for more training on how to answer to these kind of questions.*" (Person I)

Interview data showed that, apart from pressures and communicational drivers coming from outside the company (i.e. complying with regulations or expectations of external stakeholders), communicating about CSR internally can have an important role in **embedding and cementing corporate values** and principles into all levels of the organisation (Persons E, K). According to an expert interview, companies have two principle ways of applying and enforcing the CSR-related principles and norms within the organisation. This could be done either through a process hierarchy with a lot of manuals and rules (comparable to the compliance viewpoint presented above), or through **value based management** that encourages people to behave and make decisions on the basis of shared values (Person K). More in detail:

"*First is that you have a very hierarchical organisation with specific rules and guidelines on how to act and not to act. Then there's this value-based management where employees have internalized the operations model of the firm – the values and ways of behaving […] In some businesses this is a good and efficient approach – people are more motivated, productive, and more excited. But it's not an easy approach to execute. It requires consistent communication and constant support from the management.*" (Person K)

Overall, the topic of value-based management was not brought up as strong driver in the interviews, apart from one participant, who mentioned the role and importance of internal CSR communication in instilling and aligning corporate values within the organisation. Moreover, the motivation for communicating CSR in this case comes from the need to make people aware of the shared values of the firm and the top management.

"Internal CSR communication of course instils those principles that the senior management has agreed on and sees fit for the whole staff, and creates a strong base. And it does also influence the values of the company – it is a pretty powerful factor streamlining the corporate values. So it's does actually have quite a significance." (Person E)

5.2.3   Benefits and challenges of communicating CSR to employees

To understand the business case for communicating and involving employees in social responsibility, the interviewees were asked about the potential company-related *benefits* that employee CSR awareness and engagement may bring. In addition to the viewpoints presented earlier about employee compliance, favourable corporate image and shared understanding of company values, the benefits regarding successful strategy implementation, employee commitment, motivation and attraction, as well as better opportunities for innovation were also discussed in the interviews.

To begin with, internal communication was seen to play an important role in making employees aware of the social responsibility principles of the organisation and getting them to commit to the common goals set out for CSR. In other words, effective internal communication was associated with **successful implementation** of the CSR strategy and the fulfilment of corporate commitments. Moreover, many of the interviewees emphasized the significance of internal communication in clarifying the link between individual actions and the CSR commitments of the firm (Persons A, D, E, F, H).

"If the management only talks about it and nothing happens, then it's pointless to think that the people at the lower levels of the organisation would do anything. If it's not taken to the strategy-level, if it's not in people's targets, and if the management doesn't bring it forward, the individual employees won't take ownership for it." (Person H)

"For a company this size, it's important that everyone is clear about the common principles and objectives, and how those can be reached. So in that sense it has a direct influence. Everyone should be heading to the same direction, or at least understand why the company is going to a certain direction." (Person E)

"It may be only a personal thing, but I am a lot more motivated when I see the link of my work to the bigger picture. Or if I see it has an impact on something. […] And I think it would be nice if everyone would see it – and for that internal communication is the key. Without it those linkages to corporate strategy won't materialize." (Person D)

"When people understand what this is about, they can commit to it better and not to think: 'this is something that they do at the upper level, I don't need to care about it, I just work here'... so small streams become a river, and when you understand, you can act accordingly." (Person F)

In some cases, internal communication was also seen as a method to get employees to understand how social responsibility relates to the overall business and its strategic objectives.

"It gives a better impression of the fundamentals of the company [...] I have seen that, in some cases, people see this CSR only reporting – not business. And precisely that business link should be enforced with internal communication – so that one would understand this as a part of totality... and also the direction we are, and should, be going..." (Person A)

Some of the interviewees also brought up **employee commitment and motivation** as a potential benefit of internal CSR communication.

"One thing is of course this kind of feel-good factor – so that if our own employee feel that we are a responsible company, then perhaps their motivation increases." (Person B)

"When we did a stakeholder dialogue – also internally – I got an email saying that 'Gee, I enjoy working here a lot more now when I see that we care.' So it's that simple really." (Person D)

This was also seen from a recruiting point of view, where the emphasis was mainly on CSR as a part of the **employer value proposition** for younger generations.

"...and also it's easier for us to recruit talented workers, because nowadays young people are fairly informed, and if they can choose where to work, they will preferably go to work for a company that is socially responsible." (Person B)

"The question of how you engage people is a tough one but it has a great significance. And I think that significance will grow even more in the future, because younger generations consider this a much more important matter than our generation." (Person C)

Internal CSR communication was also said to create opportunities for **increased innovation** amongst employees, after they become aware and committed to the

company's CSR. Moreover, heightened CSR awareness and engagement was seen to enable employees to think of new ways for the firm to improve its social responsibility, for instance, in the form of more socially responsible features, products, or processes.

> *"I think we should communicate in order to get people to commit to this work and also to get their ideas and thoughts… Because I believe that by engaging people in CSR, we'll find new ways of carrying out social responsibility. […] So I would like to get our employees to innovate how, for instance, we could reduce our carbon footprint […] Because the management can't really do it, it needs to be those people at the ground-level, already developing our products."* (Person C)

When asked about the *challenges* of internal CSR communication, the topics of discussion related mostly to the different communicational requirements and characteristics, the scale and diversity of the workforce, as well as to the management efforts and resources regarding CSR. First of all, keeping the message clear, understandable, and consistent was said to pose challenges in communicating CSR to employees. Particularly problems related to continuous **information overload** and the **low awareness and interest** towards the topic were brought up in the interviews.

> *"I've noticed that we currently live in this 160-digit world. Not many of us feel up to reading very long texts, and that, of course, is a challenge for communicators. You need to know how to write even better, clearer, more concisely. And then avoid that information overload, because there's so many messages coming from all around."* (Person E)

> *"Well, I suppose the flip side is making sure that that messaging is consistent and that it's clear. So that people can't interpret it in a different way. […] And perhaps more difficult is making people realize that it is extremely important. I work in a company of highly educated engineers. And, generally speaking, what they want to do is engineering. So other things are perhaps… they don't feel quite so important to them."* (Person J)

Interview data indicated that CSR managers struggle with **linking the concept to everyday business** practices and actions of the organisation. As mentioned in the previous section concerning the current challenges in managing and integrating CSR (*see chapter 5.1.4*), getting people to understand what CSR means in their daily work and how it may be connected to the overall business (Persons A, D, G, J, K) was also seen as a communicational challenge.

> *"…if we could make people to link this in their heads so that they would understand that 'this is how CSR affects me and this is the benefit I could get from it'… Because often it these are, in fact, about personal benefits – that people stay healthier, no accidents happen to them, and so on. But then if we could also connect these to the business unit operations, like 'these are the most relevant environmental viewpoints or safety hazards for us'. But there's a lot to be done before that."* (Person D)

> *"Sometimes and in some cases, it's about how you communicate the importance of the subject matter. And the <u>relevance</u> of it to our company, to them. And that's important."* (Person J)

The **scale and diversity of the workforce** was also seen as a challenge when communicating internally about social responsibility. In particular, the physical posts of employees as well as the international aspect of operations were considered as obstacles for efficient CSR communication. As stated by some:

> *"We have 12 000 employees […] Naturally everyone at the staff level has laptops, but the technicians or the production workers – they are much harder to reach. […] So in many countries and mills, it's really a case of whether someone has printed the message from the intranet to the factory noticeboard. Which is still a quite challenge…"* (Person D)

> *"You need to think those cultures and languages in which you also want to communicate some of these messages. So the cultural side of it, it's always important, and we have to address that whenever we're rolling out anything globally. How many languages do we provide it in. And of course you don't just want a literal translation of what you're looking to achieve, you need to make sure it works in that culture and in that country."* (Person J)

In addition, the challenges related to the organisation and management of internal CSR communication were also apparent according to some of respondents. **The lack of time, planning, and resources** were often mentioned to hinder the communication of CSR to employees. For instance, in some cases CSR communication was seen as being too scattered and unsystematically planned.

> *"We're kind of missing the common thread here, the bigger story of why we're doing this – so that in every activity CSR would be linked to something. Plus, the idea of what we want to say and to whom. Now it's really ad hoc… […] in comparison to making a yearly plan of what we want to talk about every moth."* (Person G)

Also, like any other function or activity, social responsibility and its communication is still in the end only one of the numerous aspects that needs to be considered and coordinated by the management.

> *"This takes a lot of resources… And also how you manage it in order to get the message to the whole staff."* (Person F)

> *"…there are so many other things that needs to be communicated. So communicating CSR means less time and resources to communicate something else."* (Person H)

5.2.4 Effectiveness of internal CSR communication

Moreover, in order to get a broader picture of the effectiveness and impact of internal CSR communication, the interviewees were asked to name factors that they felt could assist or hinder the communication of CSR. The main themes that emerged from the interviews were mostly related to the message content (what is being communicated) as well as to the different methods and practices of internal communication.

One of the factors discussed was top management commitment and support, namely the "tone from the top". Especially the role and signal of the management in demonstrating the importance of CSR to the company was highlighted (Person I, J, K).

> *"The primary thing is the commitment, example, speech, and actions of the top management in this field. If they're downplaying it, it's useless to even start communicating anything."* (Person I)

> *"There's something in compliance called "tone from the top". And clearly by that we mean the messaging from the top of the organisation. […] So making sure the messaging and positioning of that messaging is clear and not regarded as cynical, but you know, as a serious commitment on behalf of the company is extremely important."* (Person J)

Also, the consistency between the words and actions of senior management was mentioned, as one of the interviewees put it: *"People will see quite quickly if what is being said differs from what is being done in practice."* (Person G)

In addition to being consistent with corporate actions, it was stressed that effective CSR messaging should be **continuous, coherent, and concrete**. In other words, it needs to be

a treated as a constant process (Persons B, H), include a clear and consistent message for everyone (Persons C, J), and have relevance for also the individual in his/her daily work (Persons A, B, G). Furthermore, the continuity of communication was seen as an important aspect according to some of the interviewees:

> "*It's not something that ends today or tomorrow. Is very much a thing for what we need to work hard at every day. [...] It's really not enough that you say once a year that sustainability is important.*" (Person H)

> "*Communication is something where you need to say things again, and again, and again, until it's in everyone's mind and everyone knows. So we need to invest more if we want that our employees genuinely know what we're doing for these matters. And also what they should be doing.*" (Person B)

Another factor related to the message content was also the coherent use of terms in internal CSR communication. As illustrated by an example from one of the case companies, using established terms is particularly important when communicating about a topic – like CSR – that is not yet internalized or fully understood by the employees:

> "*One problem is when people are using wrong terms [...] like one day when I almost got a nervous breakdown after finding out that an external translation agency had put the term 'sustainable development' instead of 'sustainability' in our employee survey. [...] which causes that people don't even know what it means. And it's been my job to get that score up which is now, in a way, been a waste of time.*" (Person C)

Nevertheless, there was contradictory data on whether the business terms or jargon related to CSR should be used in employee communication. In some cases, this was mentioned to be appreciated by employees (Person D), as in some, it was said to alienate people from the topic by making it too distant from the traditional business practices (Person C, G, K).

> "*When we first did our CSR strategy, we decided not to talk about it so much internally by using the same terms as in external communication – so that we would talk about environmental management, safety management, HR processes… But now from the stakeholder dialogue we've found out that – 'good heavens! You need to tell this to employees, they really care about it and would want that you throw in those CSR terms – so that people would become more enthusiastic'…*" (Person D)

"I don't, however, want that this becomes a separate topic – you shouldn't put that 'CSR stigma' on top of things, like; 'this is a CSR objective' – <u>no</u>, it's a business objective amongst everything else. And it's hard to find a balance of how to communicate about these things… On one hand, we want to increase awareness on CSR and that the employees understand it's importance, but on the other hand, I don't want that all of those kind of activities – like when we've installed a new energy-saving boiler in some factory somewhere – that's not a 'CSR action'. So the balance of getting it high enough on the corporate agenda – because if we diminish it, we won't get anything through." (Person G)

When talked about whether companies should be communicating the business motives and benefits of CSR to employees, most of the respondents felt that it would, in fact, make the corporate engagement in CSR more acceptable and concrete.

"It's extremely important to communicate what the benefits of this are to the firm – people will otherwise think that this is completely nonsense and something that has been glued on top of the business. So if you can't communicate what you're benefitting from CSR, don't do CSR at all." (Person C)

"It doesn't come up enough in the communication that we're not doing this because we have to or that we show good citizenship. We should also communicate the fact that these things do affect our business as well as our customer relationships." (Person F)

"We should be able to talk about it properly to people. About why we do this and why this has come up as an important theme […] Because I suppose people can then perceive it better as normal element of the business…" (Person A)

Nonetheless, some of the interviewees felt that the internal communication should additionally be based on the common values of the company and "*doing the right thing*" (Person D). Moreover, that it's not understood as a PR exercise but as the right way to operate from an ethical point of view (Person D, K).

What was also said to make CSR more concrete and interesting to employees was the communication of its actual impact on the company, to specific customers, or to the society as a whole. Moreover, some of the interviewees brought up that more success stories including practical initiatives and improvements should be communicated internally in order to generate enthusiasm amongst employees (Person D, G). As mentioned earlier, this was already done in one of the case companies (Person E), but in

general quantifying impact was seen as a challenging topic. In other words, the focus of communication should increasingly be on the actual outcomes of CSR, not so much on the values or practices that should be delivered to achieve them.

> "*In a way we should be able to report within the organisation about the continuous improvement, to say 'Hey, this is what we've accomplished and in this we left behind' – the same way we're communicating to external stakeholder through the annual report. But we haven't internally tried about saying 'hey in these we have improved' or 'have you noticed the great development in this' – because now we start realizing those improvements... And also, this is usually quite difficult for a Finnish firm – to tell that we're good at something [...] You always need to have results ready.*" (Person D)

> "*There's a need for lot more communication – that kind of one that resonates with people: simplified and not too all-inclusive. [...] We would need more concrete examples of, for instance, what our products do in terms of CSR…all those small details which make it more sensible and interesting. Because without interest we go nowhere.*" (Person G)

As highlighted by one of the participants, "*firms shouldn't communicate just for the sake of communicating or spreading information – it should always have some sort of influence too.*" (Person H) Nevertheless, interviews indicated that very few of the companies have specific targets for, or that they would somehow measure or monitor the effectiveness of their internal CSR communication, for instance, in terms of employee awareness and engagement in the topic.

> "*We don't have specific objectives but of course, in the end, it will show in the results itself if you don't communicate. Because in such a big company like ours, it is imperative to communicate and also be extremely efficient in that.*" (Person H)

In the cases where companies were monitoring the impact, the measurement was integrated into a separate employee engagement or commitment survey, where there were also questions related to CSR (Person C, E). Otherwise, measuring the impact of CSR communication was seen as long-term goal for some firms, but not yet a reality (Person D). In terms of CSR training, however, the coverage was said to be monitored and even linked to the individual performance evaluation according to one of the respondents: "*I have in my personal bonus objectives this year, amongst other things, that all our sales staff is trained about these topics.*" (Person F).

5.3   Summary of the main findings

Interviews revealed that most of the case companies recognize the importance of corporate responsibility, but relevance of CSR to an individual firm was found to depend on its perceived impact on business. The focus areas of CSR varied among the case companies, and different aspects of social responsibility were emphasized depending, for instance, on the industry and product offering. The social and environmental aspects of CSR were given the most emphasis, particularly in terms of themes relating to safety, compliance, and supply chain management. Furthermore, many of the explicit motivators for companies to adopt CSR were external, relating especially to regulative requirements, increasing demands of stakeholders, corporate reputation, or previous bad experiences.

Nevertheless, several company-related benefits were also identified and discussed, thus revealing a more strategic role and meaning of CSR. In most firms, the most evident advantage seemed to be related to risk management and compliance, which was also considered as being in interest of the company management. The other business-related benefits included cost savings and operational efficiency, improved sales performance and support, innovative product offerings, employee attraction and motivation, long-term profitability, as well as better competitive position against industry rivals.

In general, most of the companies seemed to have a formal way of managing and coordinating social responsibility, apart from few companies that were in the early stages of developing a more organised approach to CSR. The nature and level of CSR management ranged from merely defining the concept and the main focus areas, to a more calculated implementation of specific CSR-related objectives. Moreover, it became clear that businesses do not have the need nor resources to contribute to each and every element of CSR. For understanding the social demands and outlining the suitable areas for CSR engagement, many of the companies were said to conduct stakeholder dialogues and materiality assessments.

Interviews also showed that some companies seemed to manage CSR more strategically and with more target-orientation than others. Few of the firms were in the phase of developing objectives for CSR engagement to begin with, while others had already outlined the positions they want to take in terms of social responsibility. In some cases, these were also strongly related to the general strategic objectives of the business. Many of the interviewees also underlined the importance of setting concrete targets for business units, factories, or even individual employees. Some of the companies had additionally

outlined more detailed indicators and goals for their CSR including, for instance, number of accidents or sick leaves, amount of CO_2 emissions, or gender distribution of personnel.

Implementing CSR commitments and strategies was clearly a topical subject for many companies, and several respondents stressed the need of integrating CSR into existing operations and making it a concrete part of daily work. In most cases, this appeared to be in the hands of local business units, and middle managers were seen as having a vital role in carrying out the work plans and processes related to social responsibility. One of the key dilemmas in terms of CSR implementation seemed to be the organisation and the people responsible for it. For one thing, the need for someone to coordinate the different aspects of the company's social responsibility was emphasized as being necessary for efficient management of CSR. On the other hand, some of the interviewees highlighted that CSR should be diluted into different aspects of the organisation, and that it should be owned by the business rather than managed solely by a corporate CSR team. It was also argued that a separate CSR unit could actually hamper the strategic nature and successful integration of CSR, as a result of the topic being outsourced to experts.

The most common challenges of CSR management seemed to derive from the scope and diversity of the concept, the changing stakeholder demands, justification of the business case, measuring and quantifying the impact of CSR, as well as communicating it – both externally and internally. Moreover, most of the stumbling blocks appeared to be related to embedding CSR to the minds and actions of the people working in the organisation. In particular, low awareness, understanding, or interest of employees towards the topic, as well as the distance of the CSR concept to everyday business were seen as major barriers for integrating social responsibility into the organisation.

Altogether, internal CSR communication was acknowledged to be an important topic by all of the interviewees, regardless of how they felt about the concept of corporate social responsibility in general. This can be seen to reflect the overall need and importance of implementing and executing the strategic decisions and plans made by the senior management. However, the interviews did not necessarily show signs of conscious and target-oriented planning or execution of internal CSR communication. In other words, participants did see the link of communicating CSR to employees in order to get them aware and committed to the common social responsibility goals, but the concrete actions supporting these views were missing. The interview data also indicated that the topic of CSR communication was often seen from the viewpoint of external reporting and marketing, and not so much as a tool that could be utilized to create employee awareness,

engagement, and enthusiasm for CSR. Especially CSR reporting was considered to be higher on the priority list of CSR professionals compared to the efforts or time directed to employee communication. Nonetheless, companies seemed to consider internal CSR communication as something that they would need to improve and develop more in the future, in order to commit their employees in social responsibility.

In terms of the functions and persons responsible of communicating CSR within the company, the interviews indicated that the practices were often divided between the CSR unit or team and the Communications function of the firm. Moreover, many of the participants explained that the substance and content of what is being communicated was mostly developed by the CSR experts, and after that it was usually the Communications people who were in charge of delivering the message by using suitable methods and channels. In terms of the focus of internal CSR communication, interviews indicated that the message content was often related to specific educational themes rather than on the general communication, for instance on the objectives or focus areas. In one case, however, sustainability-related cases and stories were also published internally.

The channels used to communicate CSR to employees included emails and newsletters, company intranets, interactive social media networks (Yammer Facebook and Twitter), sustainability-themed blogs, engagement events and conference calls related to CSR, as well as online and face-to-face training on the topics. Especially intranet was seen as an inefficient and problematic way to communicate, due to its limited accessibility and reach, as well as the excessive amount of information that it can contain. Some of the case companies also relied on traditional face-to-face communication, and different engagement events were brought up as ways to involve employees in CSR. Few participants also highlighted the importance of a two-way communication and the need to participate employees already during the planning of the company's CSR strategy.

The motives and drivers behind internal communication of the companies seemed to be especially related to the external requirements and expectations towards CSR. Moreover, the importance of ensuring employee compliance with the policies and regulations of the firm, as well as their role in representing the company externally (either to friends and family or in the customer-interface) were particularly emphasized in the interviews. Therefore, internal communication on CSR was often linked to the desired behavioural change of employees. In addition to seeing the significance of internal communication in getting individuals to behaving according to the industry or corporate rules (and thus avoiding the risks of unwanted behaviour), the more value-driven approach was also

distinguished by few interviewees. According to this point of view, CSR was seen as a useful method to streamline corporate values and culture in line with the views of the management.

To understand the business case for communicating and involving employees in social responsibility, the interviewees were asked about the potential company-related benefits that employee CSR awareness and engagement may bring. In addition to the viewpoints concerning employee compliance, favourable corporate image and shared understanding of company values, the benefits regarding successful CSR strategy implementation, employee commitment, motivation and attraction, as well as better opportunities for innovation were also discussed. Internal CSR communication appeared most of all to be an important tool to clarify the link between individual actions and the corporate CSR policies and commitments, as well as motivating employees to take ownership for the realization of social responsibility in their company.

Nevertheless, the complex nature of CSR communication and the scale and diversity of the workforce, amongst other things, seemed to pose challenges for the case companies. Especially themes relating to the low awareness and interest of employees towards the concept, the difficulty in linking CSR to everyday business, the sheer amount and scattering of employees, as well as the lack of time, planning and resources seemed to be the biggest challenges in regards of internal communication of social responsibility.

The factors influencing the effectiveness of internal CSR communication mostly appeared to be about the message content as well as the different methods and practices of employee communication. The "tone from the top" and the consistency between the words and actions of senior managers were particularly highlighted. It was additionally stressed that effective CSR messaging should be continuous, coherent, and concrete, relating mainly to treating it as a constant process, ensuring a clear and consistent message, and showing relevance and connection of CSR to daily work. In terms of using the specific terminology related to corporate responsibility, the interviewees had differing opinions. In some cases, the use of specific terms and CSR jargon was found to be appreciated by employees, as in some, it was said to alienate people from the topic. Communicating the actual impact of CSR on the company, to specific customers, or to the society as a whole was also said to make it more concrete and interesting to employees. Nevertheless, interviews indicated that very few of the companies monitored the effectiveness of their internal CSR communication, apart from couple of firms that had integrated CSR-related questions into employee engagement or commitment surveys.

6. DISCUSSION AND CONCLUSIONS

This paper investigated the role of employee CSR awareness and engagement in generating value from social responsibility. To approach this topic, the paper examined three main streams of literature – the avenues and limitations of CSR to create strategic value (*e.g.* Carroll & Shabana 2010; Kurucz *et al.* 2008; Maon *et al.* 2009, 2010; McWilliams & Siegel 2011; Porter & Kramer 2006; Zollo *et al.* 2009), the role of employee behaviour in CSR (*e.g.* Bhattacharya *et al.* 2009; Garavan *et al.* 2010; Slack *et al.* 2015; Werre 2003), as well as the practices and effectiveness of internal CSR communication (*e.g.* Dawkins 2004; Du *et al.* 2010; Welch & Jackson 2007). The primary idea and target was furthermore to identify and describe the links between these three approaches, and to find out whether and how employee CSR communication can influence the ability of a company to create and capture value from social responsibility.

The first research objective of the paper was to clarify the content and focus of social responsibility. According to the literature review, the concept of CSR is fundamentally about the relationship between the company and its stakeholders (Carroll & Shabana 2010), such as customers, employees, investors, or local communities. In line with the strategic approach of CSR, the focus areas of companies are also dependent on the specific interests of the business. Furthermore, the first theoretical proposition indicated that: "*The content and focus of CSR differs between companies, depending on stakeholder expectations and business interests*". To some extent, this was also supported by the empirical data, as many of the interviewees pinpointed the importance of defining CSR from the viewpoint of their own organisation. Nonetheless, consistent with the conceptual study of Maon *et al.* (2010), the way interviewees described CSR and the its typical activities was somewhat linked to the organisational stage of CSR development. For instance, for companies that were in a more initial phase of developing CSR, the concept was seen as mostly a set of functional policies or guidelines. On the other hand, some participants from firms with a longer history of managing CSR, described it as being a part of all organisational processes and practices.

The second objective of this study was to understand how CSR can create and capture strategic value for the firm. In general, in line with the previous studies on the motives and drivers of CSR engagement (BITC 2011; Kiron *et al.* 2012), many of the case companies were found to engage in CSR for different business reasons as opposed to normative ones. Similarly, the different avenues for value creation discussed by the

interviewees were mostly aligned with the existing literature. In particular, the business cases of mitigating risks and ensuring compliance, as well as enhancing the image and reputation of the company (Kurucz *et al.* 2008) were emphasised in most interviews. In addition to the theory, the opportunities of CSR to boost organisational innovation and to improve sales performance were also brought up in the interviews. However, the motives of the case companies for applying CSR were often linked to the external requirements and pressures, which indicates a more responsive approach to CSR in comparison to a truly strategic outlook (Porter & Kramer 2006). Moreover, in most cases, CSR was seen as protecting value through regulatory compliance and enhanced reputation, rather than providing possibilities to generate it, for instance, via innovation, employee motivation, or new business opportunities. These findings were in line with the previous studies conducted in Finland which argued that the motives of firms to engage in CSR were primarily related to corporate reputation (FIBS 2015) and risk management (Sitra 2013). It can thus be argued that many of the case firms were still in the phase of "mastering the risks" as opposed to "creating something new and positive". Some of these factors were, nonetheless, mentioned in few of the interviews, but they mostly represented the personal opinions of CSR directors of how things *should* be – not how they necessarily are.

In addition, it is good to keep in mind that, as many of the interviewees work as CSR directors in their companies, they are usually more confident of the business case for CSR (Haanaes *et al*. 2011). Justifying the need to invest in corporate responsibility or sustainability has also been in their personal interest to gain necessary attention and organisational resources. This does not necessary imply that the executive group or other top-level managers share the same range of business motives in practice, making it impossible to generalise the motivators mentioned above to cover the views of the whole organisation. However, it can be argued that the sustainability directors or senior managers responsible for CSR are often the ones who form and decide the scope and strategy for corporate responsibility engagement, making them a relevant focus group to clarify the internal business interests for CSR.

Furthermore, three different preconditions for social responsibility to create added value were identified from previous literature: 1) aligning CSR actions with the expectations of stakeholders, 2) connecting CSR with the strategic objectives of the business, and 3) integrating CSR principles into corporate operations and culture. First of all, a lot of the previous theory underlined the need to adjust CSR activities to the specific demands of stakeholders (e.g. Bhattacharya *et al*. 2011; McWilliams & Siegel 2001). More specifically, as stated in the second theoretical proposition: "*Companies can benefit from*

CSR initiatives when they are aligned with stakeholder values and expectations". This viewpoint was also evident in terms of the perspectives and practical activities described in the interviews. Many of the interviewees highlighted the "views of stakeholders" and mentioned that they conduct specific stakeholder dialogues and assessments in order to identify the interests of their most relevant stakeholder groups, and to choose suitable engagement areas for their CSR. The empirical findings also suggested that, particularly in the B2B market, the most relevant CSR themes for companies are, in fact, the themes and areas that are important for their customers. On the basis of theory and the interviews, it can therefore be argued that companies are more probable to gain benefits from CSR initiatives when they are targeted to respond to the needs and expectations of relevant and salient stakeholders.

Of course, all this relates to how we define value. On the empirical side, it is difficult to evaluate the benefits of CSR because such actions typically constitute an intangible resource or capability. Even though there have been studies linking CSR to financial performance of the firm (like share value etc.), the more long-term business-related benefits remain very intangible and indirect in nature. However, this is rather natural when talking about strategy, as wealth creation or profit are not directly seen as the most immediate focus of strategy work, but as the end result of having competitive advantage (Porter 1980, 1996).

As opposed to building CSR engagement merely on the basis of stakeholder demands, previous research has also indicated that firms should develop CSR activities that fit their business rationale and overall strategic objectives (Bhattacharyya et al. 2008; Porter & Kramer 2006). Moreover, according to the third proposition emerged from the theoretical framework: "*CSR initiatives can create value when they are aligned with the overall objectives and capabilities of the business*". The empirical data was somewhat supportive of this claim, as the connection of CSR to the corporate strategy and the capabilities of the business were brought up in few of the interviews. More specifically, in the most advanced companies where CSR was given a relatively high priority, the CSR initiatives were said to be strongly related to the overall strategy of the firm. In these cases, CSR was also seen as relevant factor for the future performance and success of the business – a sort of a building block for corporate strategy. In addition, some of these interviewees underlined the importance of prioritizing the social issues and choosing the ones that can have the biggest strategic impact – a point also attested by Porter and Kramer (2006). As said, this type of thinking was nevertheless fairly marginal in terms of all the interviews, and appeared to need a fair deal of support and enthusiasm from the top management.

As the fourth theoretical proposition, the exiting literature on corporate social responsibility pointed out that *"CSR initiatives can create value when they are integrated into the core operations and culture of the firm"*. This statement was most of all based on the viewpoint of successful implementation of social responsibility activities and strategies as one of the criteria to enable CSR to generate value for the company (Zollo et al. 2009). In addition to modifying the physical processes and systems to accommodate the commitments of CSR, the main emphasis of this area of the literature review was on the behavioural change that is needed from both managers and employees in order to successfully integrate CSR within an organisation (Maon et al. 2009; Werre 2003). This argument was extremely central for the whole research, as it is based on the imperative that firms cannot deliver their CSR strategy and achieve the gains from social responsibility if employees do not change the way they work and behave according to the objectives and norms set out for CSR (Hohnen 2007; WBCSD 2010).

Without necessarily taking a stand on the potential value creation of CSR, embedding corporate responsibility into existing operations and as a part of daily work was strongly emphasized in many interviews. It was also seen as a topical issue for most participants – many were said to struggle with embedding CSR to the minds and actions of employees, and ensuring the application of the social responsibility principles and guidelines in practice. This finding was also consistent with the literature (FIBS 2015; Werre 2003). Nevertheless, the actual level and degree of CSR implementation in the case firms was not possible to understand with this scope and type of methodology. Moreover, on the basis of corporate reports and one in-depth interview with one or two representatives of the company, these arguments are merely related to the structural and organisational aspects of CSR (e.g. individuals officially responsible, formal objectives, action plans and processes developed for CSR), rather than on the integration of CSR thinking and values within the whole organisation.

The complexity and the tangled nature of CSR and CSR management (Crane *et al.* 2014: 400) also became clear during the study – it is a concept that cannot be easily separated from other business functions or operations. This can also be the reason why some of the participants had difficulties to define "CSR activities". Social responsibility was also often paralleled to quality and quality management, which reflects the comprehensive nature of the concept. What was especially emphasized in this study was that CSR cannot most certainly be in the hands of only one person (such as the CSR manager). In terms of the success factors for CSR integration, the role of top management and the individual

targets related to CSR seemed to be acknowledged by some of the companies. This can be seen to be in line with the theory concerning the role of the top management (Duarte 2010; Werre 2003), as the aspect of "walking the talk" was additionally underlined by many participants. Also, the purely strategic approach was not the best for this study, as it seems that the negotiating approach or the "stakeholder perspective of CSR" could have been utilized more to explain the findings of the study better.

The third objective of this study was to recognise the factors affecting the level of employee awareness and engagement in CSR. In terms of individual barriers to CSR adoption (Garavan *et al.* 2010), the low awareness and understanding of the topic, as well as the lack of motivation and commitment to support the cause were highlighted in the theory. This was also evident in terms of the interviews, as a majority of case companies identified low awareness and interest of employees as a specific barrier for applying CSR.

6.1   Answering the research question

The main purpose of this study was to understand the role of internal CSR communication in achieving strategic benefits from corporate social responsibility. The primary research question of this study was thus to investigate:

> **RQ:** ***Whether and how employee communication on CSR can influence the ability of a company to generate value from corporate social responsibility?***

First of all, the ability of a company to create value from CSR was mostly based on a conceptual framework which was then reviewed through the perspectives and viewpoints of the CSR managers. However, it is important to remember that the purpose was not to measure the actual realization of the different business benefits of CSR or to quantify them, but to compare the conceptual criteria and type of CSR value creation with the perceptions of the interviewees.

Based on the literature and the empirical findings presented above, it can, first of all, be concluded that there is an indirect connection between the employee communication on CSR and the nature and level of strategic value creation from social responsibility. Moreover, these two topics are linked to each other with a common denominator – employee behaviour (*see **Figure 13***). On the basis of this research, it can be contended that the ability of a company to create value is contingent with employee behaviour. Similarly, the main objective of internal CSR communication is to influence employee behaviour in terms of his/her actions related to social responsibility.

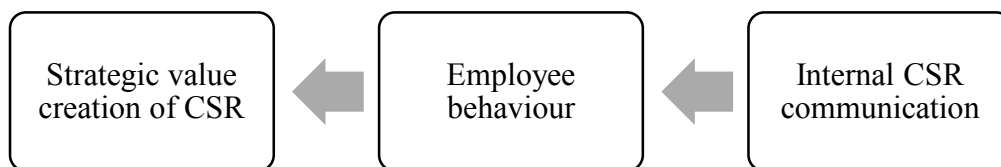| Strategic value creation of CSR	←	Employee behaviour	←	Internal CSR communication

Figure 13. The connection between strategic value creation and employee communication on CSR.

In order to clarify the relationships between these concepts, a more comprehensive framework based on both theory and practice was developed. Furthermore, the model

illustrates the role and function of internal CSR communication as a moderator between the different types of value created through CSR (i.e. the business benefits) and the nature of employee behaviour (*see **Table 6***). In other words, the framework specifies the avenues of CSR value creation and demonstrates how can they be affected and enhanced by a certain kind of employee behaviour. The role and function of employee CSR communication in most of these cases is: to either increase the awareness and understanding related to social responsibility policies, initiatives, and objectives, or to get employees more engaged and involved in these topics. Furthermore, to answer the research question of *how* employee communication on CSR can influence the ability of a company to generate value from social responsibility, the remainder of this paper is organised according to the different types of value creation through CSR emerged from both theory and empirical investigation:

1. *Risk management*: Reduced risk of liability suits or negative publicity
2. *Operational effectiveness*: Cost savings from more effective processes and systems
3. *Corporate reputation and brand*: Favourable image in the eyes of stakeholders
4. *Competitive advantage*: Better competitive position compared to industry rivals
5. *New business opportunities*: New types markets or product offerings
6. *Employee well-being*: Motivation and commitment of the workforce
7. *Organisational alignment of objectives and values*: Uniformity of actions

Risk management

As one avenue or type of value creation, CSR engagement of a company is studied to reduce the risk of liability suits or negative publicity by helping firms to conform the external requirement and regulations of the business environment. Thus, firms can use it as a tool to mitigate potential risks and threats related to stakeholder demands, and ultimately to save costs by avoiding corporate scandals or possible sanctions. This, however, can be seen as a practice to protect value as opposed to directly creating it. In order for companies to attain the benefit of CSR to reduce or mitigate risks, employees need to act in compliance with the rules and policies of the organisation. In other words, if an employee decides to act against certain environmental or social policies of the company, it can lead to the deterioration of corporate value. The function and role of internal CSR communication in this context is thus to ensure compliance and generate a behavioural change by increasing employee awareness of the desired behaviour as well as of the possible consequences of unwanted action.

THE TYPE OF VALUE CREATED THROUGH CSR	The role and function of internal CSR communication	HOW IT CAN BE AFFECTED BY EMPLOYEE BEHAVIOUR
Risk management *Reduced risk of liability suits or negative publicity*	**INCREASING AWARENESS** of the desired behaviour and consequences	Being compliant with the rules and regulations/ policies of the company.
Operational effectiveness *Cost savings from more effective processes and systems*	**INCREASING AWARENESS** of the CSR related trends/opportunities	Innovating new ways to reduce environmental or social impact of the business.
Corporate reputation and brand *Favourable image in the eyes of stakeholders*	**INCREASING AWARENESS** of the CSR actions of the company	Representing the company, communicating its CSR engagement to external stakeholders. Acting as a brand ambassador.
Competitive advantage *Better competitive position compared to industry rivals*	**INCREASING AWARENESS** of the CSR related product features or origins / current CSR activities	Being able to sell more efficiently by communicating the aspects of CSR related to the product and firm (B2B & B2C).
New business opportunities *New types markets or product offerings*	**INCREASING AWARENESS** of the CSR related trends/opportunities	Innovating new products/ features to better serve customer needs. Identifying new markets and opportunities for business.
Employee well-being *Motivation and commitment of the workforce*	**ENGAGING TO ACT** Creating enthusiasm and sense of belonging	Giving full support and contribution to the firm. Committing to continue employment.
Organisational alignment of objectives and values *Uniformity of actions*	**ENGAGING TO ACT** Transferring corporate values	Supporting and implementing the organisational goals developed for CSR. Seeing the "bigger picture" and connection of corporate actions to individual work.

Table 6. The role and function of internal CSR communication.

Operational effectiveness

Another business benefit of corporate social responsibility has studied to be its ability to reduce operational costs and to increase effectiveness of different corporate processes. More specifically, companies can achieve cost savings from more effective and efficient processes or systems related, for example, to their use of energy or waste management. For instance, a company can decide to change all the light bulbs in a factory to a more energy efficient solution – a decision that has an effect on both corporate costs of energy as well as the overall environmental impact of operations. Moreover, employees can influence the realisation of this value creation opportunity by figuring out new ways to reduce the environmental and social impact of the business – which can also reduce the operational costs for the firm. As emphasized by this study, employees are often closer to the specific practices and processes of the business than corporate leaders, and can thus come up with more innovative and concrete proposals for improvement. Therefore, the role of internal CSR communication in this case is to increase employee awareness of the CSR-related trends and initiatives in order to promote and unlock organisational innovation regarding social responsibility.

Corporate reputation and brand

As stated in this study, engaging in social responsibility is studied to have a positive effect on corporate image and brand. More specifically, CSR initiatives can enhance the reputation of the company, making it more favourable in the eyes of different stakeholder groups. Employees have direct influence on this type of value creation, as they are ultimately the faces of the organisation and represent the company to various external stakeholder groups, be it friends, family, or extended social network. Employees can also be considered as influential brand ambassadors who can spread the word of the company's good deeds and CSR-related initiatives, often being, in fact, even more convincing than the CEO's CSR statement in the beginning of the annual report. On the other hand, the negative comments and opinions of the workforce can have a great impact on how external stakeholders see the company. All this has also been increasingly emphasized in today's business environment, where extensive reach of social media has made it relatively easy for people to express their opinions and spread them quickly. In this case, the role and meaning of internal CSR communication is thus to raise employee awareness and understanding of the CSR actions of the company so they can better answer to possible questions and concerns related to the firm's social responsibility, and hopefully enforce the positive corporate image outside the company.

Competitive advantage

One avenue for CSR to generate business value is also related to the aspect of increased competitive advantage. In some cases, acting socially or environmentally responsibly has said to result in a better competitive position in the markets compared to industry rivals. For instance, as illustrated in this study, firms that are applying CSR may have a better chance at winning tenders because of their ability to "tick the boxes" required, for example, by public procurement criteria. In addition, some customers may have CSR-related questions regarding the operations of the firm, certain product characteristics or manufacturing processes. In this sense, especially the behaviour of employees working at the customer interface, like in sales or marketing, has a crucial impact on how these things are communicated to potential clients. By being able to sell more efficiently by communicating the different aspects of CSR that are related, for instance, to the product and firm, employees can influence the level of value created from CSR. To some extent, this may be the case in consumer markets where customers can ask questions related to the origin of the product, but it is especially relevant in B2B context, as other companies often have their own criteria for responsible sourcing or environmental management. In terms of this value creation type, the role of internal communication is therefore to increase CSR awareness and knowhow of employees, and to equip particularly the sales force with information regarding the firm's social performance.

New business opportunities

Another type of value created through CSR engagement can relate to the new business opportunities that the different dimensions of social responsibility can generate. More specifically, applying CSR and exploring the diverse needs of stakeholders can lead to new markets, product development, new customers, or new types of partnerships. Furthermore, if responsible business conduct or product features are valued by stakeholders – namely customers, engaging in CSR can help to develop more attractive product offering as well as serving new market segments or needs. In the most progressive form, this can also mean opportunities for shared value creation, where the new products or services can be seen as win-win opportunities for both business and society. Like in terms of the value created from operational efficiency, employees can also act as source of innovation and new ideas when it comes to new products or market opportunities. As illustrated in this study, it is the employees who are designing the products and features, and also getting direct feedback from interacting with customers. If they have the understanding of what CSR means for their company and how it relates to the business

and their daily work, employees can help in developing more sustainable and socially responsible products that fit the demands of stakeholders. Therefore, employee communication has a crucial role in making them aware of the relevant focus areas and trends of CSR and how they are connected to the overall business and customers.

Employee well-being

CSR has also studied to bring value to the company by increasing the well-being and satisfaction of employees. More specifically, this can relate to the increased levels of motivation and commitment of the workforce as a result of the feeling of a more meaningful work or a sense of purpose or mission. This can then lead to employees "going the extra mile", being more productive, taking less sick leave, and committing to continue their employment. The realisation of this business benefit is naturally contingent with employee behaviour. By giving their full support and contribution to the firm and its pursue of certain CSR-related objectives, employees have a direct impact on whether the firm can create this type of value from corporate responsibility. Furthermore, the role of internal CSR communication in this case is to engage employees to act in a certain way by creating enthusiasm and sense of belonging to the organisation.

Organisational alignment of objectives and value

Finally, this study identified an additional value type of CSR, which was not so much emphasised in the literature. Engaging in CSR can benefit the firm by enforcing and nurturing a uniformity of actions in line with the shared values and common corporate culture. Employees can affect this type of value creation, for instance, by actively supporting and implementing the organisational goals for CSR that has been developed by the top management. As stated in this study, seeing the "bigger picture" and connection of corporate actions to individual work – also in terms of corporate responsibility – assist in streamlining the values between managers and employees. The role of internal communication on CSR is therefore to engage people to act according to the values of the organisation and aligning the behaviour of people working in different levels of the company.

In conclusion, if CSR is valued and expected by the relevant stakeholder groups of the firm, tuned with the overall capabilities and objectives of the business, and implemented and communicated efficiently to trigger desired employee behaviour, it can be argued to have a higher potential to create value for the firm. On the other hand, if the top

management of the firm is not seeing CSR as a core theme or target for the business, it will not be made a priority for anyone else. Managers and companies valuing the practices and principles of CSR (for one reason or another) are naturally investing more on implementing them all over the organisation. Even though the communication of CSR can be often associated with PR or greenwashing, it has an important role in the strategic implementation of social responsibility to the hearts and minds of the employees.

It should nonetheless be kept in mind that communicating CSR creates awareness of the concept and the commitments of the company towards it, not necessarily understanding, engagement, or true commitment or desire to act differently. Moreover, in most cases, mere awareness of CSR is not enough to lead to a certain type of employee action – the real value driver comes from understanding and believing in the concept. This essentially highlights the difference between a compliance-centred approach (making people to follow the rules in order to avoid risks) and the engagement of employees (getting them to commit to corporate values and culture related to CSR). Furthermore, it can be questioned whether the implementation and internal communication of CSR should be done based merely on strategic or business benefits in mind, without any kind of moral or value-based approach. Moreover, could the catch be in efficiently embedding CSR by emphasizing the values and norms of individuals? Should ethics and business be kept a part for the sake of business, or will, in fact, combining them yield the biggest benefits? As well stated by Wayne Visser: "*We need to go beyond the business case for CSR to embrace the moral case for action – and appealing to the deep satisfaction that working on social and environmental issues can inspire. This is a powerful source of motivation that companies can tap into – the sense of mission or purpose that people feel when they align their values and their work.*" (Visser 2011).

Nevertheless, even if the focus of CSR and its internal communication is on the ethical or normative aspect or dimension, the business link should not be forgotten. Companies cannot pursue their social or environmental goals if they are not financially viable. And this cannot be done without the support and demand from their customers and stakeholders. If the public and stakeholder demand for corporate social responsibility continues to grow in the future, companies will increasingly need to view CSR as one of the attributes concerning all products, processes, and operations – such as the concept of quality. In order to successfully embed these principles and way of thinking to all levels of the organisation, companies will need to efficiently communicate and cooperate with employees. Also a broader outlook on CSR that emphasises both business and social benefits, as well as the tangible impact social responsibility initiatives might have, will

be beneficial to achieve employee buy-in and the advantages their engagement can bring to the firm.

6.2   Managerial implications

In addition to the fairly limited theoretical contributions, the findings presented in this study have several managerial implications. In general, the author believes that the linkages between the different themes of strategic CSR, employee behaviour, and CSR communication can bring light on the topic that is most often seen from an external communication point of view. At the very least, it has brought up key themes and areas related to internal CSR communication that can be beneficial for CSR managers and executives to consider. Furthermore, as the theory and findings implicated, low awareness and engagement of employees in terms of social responsibility is a real and current problem in managing CSR successfully – also in Finland. The main implication of this study therefore lies in identifying the best practices for efficient employee communication on CSR, for instance, in terms of the message, channel, or employee characteristics (*see Appendix 3. Managerial guide to effective internal communication of CSR*).

6.3   Limitations and topics for future research

As in the case for most research, this study has limitations that have an impact on the application of the main findings as well as the interpretation of the researcher. First of all, the qualitative analysis presented here cannot be considered as being conclusive or covering all members of the firm. The interviews only tell the story of CSR directors and other top-level managers in charge of corporate responsibility, and the comments cannot be generalized to represent the position of the case company as a whole.

Another limitation of the study can be seen to relate to the concept of value. Even though the study focused on examining the conditions for value creation from CSR, the tangible monetary or competitive value was not measured in any way due to the scope of the research. Furthermore, the arguments relating to the business benefits of corporate responsibility rely mostly based on the personal opinions of organisational members. The study also focused more on the business-related benefits of CSR as opposed to the specific disadvantages of engaging in corporate responsibility. In addition, unlike initially planned, the employee attitudes and awareness of CSR was not included in the study. As

a result, the discussion on employee attitudes and engagement remained in a very theoretical level.

In addition, the study was only covering the managerial processes and operations of CSR, without taking into the consideration the organisational culture and values (due to the initial focus point of strategic CSR). This additional aspect could have brought valuable information about the ethical dimension of CSR, which has found to be an important aspect in understanding the context and impacts of stakeholder communication.

One future study direction could be the true voice of employees in Finland regarding CSR. Is corporate responsibility an important topic for employees working in Finnish companies? What kind of attitudes do they have towards CSR? Is CSR helping them to commit to the company more or innovate better in their work? Is there a difference between generations (X/Y) in terms of attitudes towards CSR in Finland? Furthermore, based on the discussion in this paper, one interesting research topic can be to study the effectiveness of certain communicational methods, channels, or tools to be used especially in terms of internal CSR communication, for example, which of them is most effective and in what situation. Moreover, an interesting topic related to the effectiveness of internal CSR communication can relate to the tools that could be used in order to get best results.

7. LIST OF REFERENCES

Argandoña, A., & Hoivik, H. V. W. (2009). Corporate social responsibility: One size does not fit all. Collecting evidence from Europe. *Journal of Business Ethics*, 89:3, 221–234.

Arvidsson, S. (2010). Communication of Corporate Social Responsibility: A Study of the Views of Management Teams in Large Companies. *Journal of Business Ethics*, 96:3, 339–354.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17:1, 99–120.

Bartlett, D. (2009). Embedding corporate responsibility: the development of a transformational model of organizational innovation. *Corporate Governance: The International Journal of Business in Society*, 9:4, 409–420. doi:10.1108/14720700910984963

Bhattacharya, C. B., Korschun, D., & Sen, S. (2009). Strengthening stakeholder-company relationships through mutually beneficial corporate social responsibility initiatives. *Journal of Business Ethics*, 85:Suppl. 2, 257–272.

Bhattacharya, C. B., Sen, S., & Korschun, D. (2008). Using Corporate Social Responsibility to Win the War for Talent. *MIT Sloan Management Review*, 49:2, 37–44.

Bhattacharya, C. B., Sen, S., & Korschun, D. (2011). The next challenge for corporate responsibility. *Global Focus*, 5, 44–47.

Bhattacharyya, S. S., Sahay, A., Arora, A. P., & Chaturvedi, A. (2008). A Toolkit for Designing Firm Level Strategic Corporate Social Responsibility (CSR) Initiatives. *Social Responsibility Journal*, 4:3, 265–282.

BITC. (2011). *The Business Case for Being a Responsible Business*. Retrieved from http://www.bitc.org.uk/our-resources/report/business-case-being-responsible-business

Bowen, H. R. (1953). *Social Responsibilities of the Businessman*. New York: Harper & Row.

Branco, M. C., & Rodrigues, L. L. (2006). Corporate Social Responsibility and Resource-based Perspectives. *Journal of Business Ethics*, 69:2, 111–132.

Brundtland, G. H. (1987). *Our Common Future*. New York.

Burke, L., & Logsdon, J. M. (1996). How Corporate Social Responsibility Pays Off. *Long Range Planning*, 29:4, 495–502. *Elsevier Science Ltd*.

Campbell, J. L. (2007). Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility. *Academy of Management Review*, 32:3, 946–967.

Carroll, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 4:4, 497–505.

Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibiiity: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34:4, 39–48.

Carroll, A. B. (1999). Corporate Social Responsibility: Evolution of a Definitional Construct. *Business & Society*, 38:3, 268–295.

Carroll, A. B. (2008). A History of Corporate Social Responsibility: Concepts and Practices. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility* (pp. 19–46). New York: Oxford University Press.

Carroll, A. B., & Shabana, K. M. (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*, 12:1, 85–105.

Clarkson, M. B. E. (1988). Corporate Social Performance in Canada, 1976–86. In L. E. Preston (Ed.), *Research in Corporate Social Performance and Policy* (pp. 241–265). Greenwich, CT: JAI Press.

Clarkson, M. B. E. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *Academy of Management Review*, 20:1, 92–117.

Collier, J., & Esteban, R. (2007). Corporate Social Responsibility and Employee Commitment. *Business Ethics: A European Review*, 16:1, 19–34.

Crane, A., Matten, D., & Spence, L. J. (Eds.). (2014). *Corporate Social Responsibility: Readings and Cases in a Global Context* (2. edition.). Abingdon: Routledge.

Crane, A., McWilliams, A., Matten, D., Moon, J., & Siegel, D. S. (Eds.). (2008). *The Oxford Handbook of Corporate Social Responsibility*. New York: Oxford University Press.

Crawford, D., & Scaletta, T. (2005). The Balanced Scorecard and Corporate Social Responsibility: Aligning values for Profit. *CMA Management*, 79:6, 20–27.

CSR Europe. (2010). *Internal CSR communication and employee engagement*.

Dahlsrud, A. (2008). How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions. *Corporate Responsibility and Environmental Management*, 15:1, 1–13.

Davis, K. (1973). The Case For and Against Business Assumption of Social Responsibilities. *Academy of Management Journal*, 16:2, 312–322.

Dawkins, J. (2004). Corporate responsibility: The communication challenge. *Journal of Communication Management*, 9:2, 108–119.

Deming, W. E. (1986). *Out of the Crisis*. Cambridge, MA.: MIT Press.

Devinney, T. M. (2009). Is the Socially Responsible Corporation a Myth? The Good, the Bad, and the Ugly of Corporate Social Responsibility. *The Academy of Management Perspectives*, 23:2, 44–56.

Dhanesh, G. S. (2014). CSR as Organization-Employee Relationship Management Strategy: A Case Study of Socially Responsible Information Technology Companies in India. *Management Communication Quarterly*, 28:1, 130–149.

Ditlev-Simonsen, C. D. (2015). The Relationship Between Norwegian and Swedish Employees' Perception of Corporate Social Responsibility and Affective Commitment. *Business & Society*, 54:2, 229–253.

Donaldson, T., & Preston, L. E. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review*, 20:1, 65–91.

Du, S., Bhattacharya, C. B., & Sen, S. (2010). Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication. *International Journal of Management Reviews*, 12:1, 8–19.

Duarte, F. (2010). Working with Corporate Social Responsibility in Brazilian Companies: The Role of Managers' Values in the Maintenance of CSR Cultures. *Journal of Business Ethics*, 96:3, 355–368.

Dubois, A., & Gadde, L. (2002). Systematic Combining: an Abductive Pproach To Case Reseaarch. *Journal of Business Research*, 55, 553–560.

Egri, C. P., & Ralston, D. A. (2008). Corporate Responsibility: A Review of International Management Research from 1998 to 2007. *Journal of International Management*, 14:4, 319–339. *Elsevier B.V.*

Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. New York: Wiley.

FIBS. (2014). *Sustainability in Finland 2014*. Retrieved from http://www.fibsry.fi/images/Sustainability_in_Finland_2014.pdf

FIBS. (2015). *Yritysvastuututkimus 2015*. Retrieved from http://www.fibsry.fi/images/TIEDOSTOT/FIBS_yritysvastuuverkosto_Yritysvastu ututkimus2015.pdf

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston, Mass: Pitman.

Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine*. New York. Retrieved from http://www.umich.edu/~thecore/doc/Friedman.pdf

Gadenne, D. L., Kennedy, J., & McKeiver, C. (2009). An Empirical Study of Environmental Awareness and Practices in SMEs. *Journal of Business Ethics*, 84:1, 45–63.

Garavan, T. N., Heraty, N., Rock, A., & Dalton, E. (2010). Conceptualizing the Behavioral Barriers to CSR and CS in Organizations: A Typology of HRD Interventions. *Advances in Developing Human Resources*, 12:5, 587–613.

Garriga, E., & Melé, D. (2004). Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*, 53:1/2, 51–71.

Global Compact. (2016). United Nations Global Compact. Retrieved January 13, 2016, from https://www.unglobalcompact.org/

GRI. (2016). Global Reporting Initiative. Retrieved January 13, 2016, from https://www.globalreporting.org/Pages/default.aspx

Haanaes, B. K., Balagopal, B., Arthur, D., Kong, M. T., Velken, I., Kruschwitz, N., … Sustainability, A. (2011). First Look : The Second Annual Sustainability & Innovation Survey. *MIT Sloan Management Review*, 52:2, 77–83.

Halme, M., & Korpela, M. (2014). Responsible Innovation Toward Sustainable Development in Small and Medium-Sized Enterprises: a Resource Perspective. *Business Strategy and the Environment*, 23:8, 547–566.

Hart, S. (1995). A natural-resource-based view of the firm. *Academy of Management Review*, 20:4, 986–1014.

Hayek, F. A. (1969). The corporation in a democratic society: in whose interest ought it and will it be run? In H. Ansoff (Ed.), *Business Strategy* (p. 225). Harmondsworth: Penguin Books.

Hirsjärvi, S., Remes, P., & Sajavaara, P. (2009). *Tutki ja kirjoita* (15.edition ed.). Hämeenlinna: Kariston Kirjapaino Oy.

Hohnen, P. (2007). *Corporate Social Responsibility - An Implementation Guide For Business*. *International Institute for Sustainable Development*. Winnipeg, Canada. Retrieved from http://www.iisd.org/pdf/2007/csr_guide.pdf

Husted, B., & Allen, D. B. (2014). How do we build corporate social strategy? In A. Crane, D. Matten, & L. J. Spence (Eds.), *Corporate Social Responsibility: Readings and cases in a global context* (2. edition., pp. 451–472). Abingdon: Routledge.

ISO. (2016). ISO 26000 - Social responsibility. Retrieved April 22, 2016, from http://www.iso.org/iso/home/standards/iso26000.htm

Johnson, G., & Scholes, K. (2002). *Exploring Corporate Strategy* (6. edition.). Essex: Pearson Education.

Jones, M. T. (2005). The Transnational Corporation, Corporate Social Responsibility and

the "Outsourcing" Debate. *Journal of American Academy of Business, Cambridge*, 6:2, 91–97.

Juholin, E. (2004). For business or the Good of All? A Finnish Approach to Corporate Social Responsibility. *Corporate Governance*, 4:3, 20–31.

Juutinen, S., & Steiner, M. (2010). *Strateginen yritysvastuu*. Helsinki, Finland: Talentum.

Keim, G. D. (1978). Assessment of Corporate Social Responsibility: The Enlightened Self-interest Model. *Academy of Management Review*, 3:1, 32–39.

Kiron, D., Kruschwitz, N., & Haanaes, K. (2012). Sustainability Nears a Tipping Point. *MIT Sloan Management Review*, 53:2, 69–74.

Kotler, P., & Lee, N. (2005). *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*. Hoboken, NJ: Wiley.

KPMG International. (2011). *KPMG International Survey of Corporate Responsibility Reporting 2011*. Retrieved from http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/corporate -responsibility/Documents/2011-survey.pdf

KPMG International. (2014). A New Vision of Value: Connecting corporate and societal value creation, 116. Retrieved from http://www.kpmg.com/Global/en/topics/climate-change-sustainability-services/Documents/a-new-vision-of-value.pdf?utm_source=embedding+sustainability+in+HR&utm_campaign=Oct+8, +2014&utm_medium=email\nC:\Users\Martin\SkyDrive_DELFT\Literature review\00_Cita

KPMG International. (2015). *Currents of change: The KPMG Survey of Corporate Responsibility Reporting 2015*.

Kurucz, E. C., Colbert, B. A., & Wheeler, D. (2008). The Business Case for Corporate Social Responsibility. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility* (pp. 83–112). New York: Oxford University Press.

Lacy, P., Arnott, J., & Lowitt, E. (2009). The challenge of integrating sustainability into talent and organization strategies: investing in the knowledge, skills and attitudes to achieve high performance. *Corporate Governance: The International Journal of Business in Society*, 9:4, 484–494.

Lee, M. D. P. (2008). A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of Management Reviews*, 10:1, 53–73.

Lewin, K. (1951). *Field Theory in Social Science*. New York: Harper & Row.

Levitt, T. (1958). The Dangers of Social Responsibility. *Harvard Business Review*, 36:5, 41–50.

Lindgreen, A., & Swaen, V. (2010). Corporate Social Responsibility. *International Journal of Management Reviews*, 12:1, 1–7.

Lindgreen, A., Swaen, V., & Maon, F. (2009). Introduction: Corporate social responsibility implementation. *Journal of Business Ethics*, 85:Suppl. 2, 251–256.

Lopez, M. V., Garcia, A., & Rodriguez, L. (2007). Sustainable Development and Corporate Performance: A Study Based on the Dow Jones Sustainability Index. *Journal of Business Ethics*, 75:3, 285–300.

Luo, X., & Bhattacharya, C. B. (2009). The Debate over Doing Good: Corporate Social Performance, Strategic Marketing Levers, and Firm-Idiosyncratic Risk. *Journal of Marketing*, 73:November, 198–213.

Lynes, J. K., & Andrachuk, M. (2008). Motivations for corporate social and environmental responsibility: A case study of Scandinavian Airlines. *Journal of International Management*, 14:4, 377–390. *Elsevier Inc.*

Mackey, A., Mackey, T. B., & Barney, J. B. (2007). Corporate Social Responsibility and Firm Performance: Investor Preferences and Corporate Strategies. *Academy of Management Review*, 32:3, 817–835.

Maon, F., Lindgreen, A., & Swaen, V. (2009). Designing and implementing corporate social responsibility: An integrative framework grounded in theory and practice. *Journal of Business Ethics*, 87:SUPPL. 1, 71–89.

Maon, F., Lindgreen, A., & Swaen, V. (2010). Organizational Stages and Cultural Phases: A Critical Review and a Consolidative Model of Corporate Social Responsibility Development. *International Journal of Management Reviews*, 12:1, 20–38.

Margolis, J. D., & Walsh, J. P. (2003). Misery Loves Companies: Rethinking Social Initiatives by Business. *Administrative Science Quarterly*, 48:2, 268.

Matten, D., & Moon, J. (2008). "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *Academy of Management Review*, 33:2, 404–424.

McKinsey. (2009). *How virtue creates value for business and society: Investigating the value of environmental, social and governance activities*. Retrieved from www.BCCorporateCitizenship.org.

McWilliams, A., & Siegel, D. S. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *The Academy of Management Review*, 26:1, 117–127.

McWilliams, A., & Siegel, D. S. (2011). Creating and Capturing Value: Strategic Corporate Social Responsibility, Resource-Based Theory, and Sustainable Competitive Advantage. *Journal of Management*, 37:5, 1480–1495.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate Social Responsibility: Strategic Implications. *Journal of Management Studies*, 43:January, 1–18.

Melé, D. (2008). Corporate social responsibility theories. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility* (pp. 47–82). New York: Oxford University Press.

Mintzberg, H. (1986). The Case for Corporate Social Responsibility. *Journal of Business Strategy*, 4:2, 3–15.

Mirvis, P., & Googins, B. (2006). Stages of Corporate Citizenship. *California Management Review*, 48:2, 104–126+4.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *The Academy of Management Review*, 22:4, 853–886.

O'Connor, A., & Shumate, M. (2010). An Economic Industry and Institutional Level of Analysis of Corporate Social Responsibility Communication. *Management Communication Quarterly*, 24:4, 529–551.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, 24:3, 403–441.

Panapanaan, V. M., Linnanen, L., Karvonen, M.-M., & Phan, V. T. (2003). Roadmapping Corporate Social Responsibility in Finnish Companies. *Journal of Business Ethics*, 44:2/3, 133–148.

Patton, M. (1990). *Qualitative evaluation and research methods* (2. edition.). Newbury Park: CA Sage publications.

Peng, M. W. (2009). *Global Strategy* (2nd ed.). Cincinnati: South-Western Cengage

Learning.

Perrini, F. (2005). Building a European Portrait of Corporate Social Responsibility Reporting. *European Management Journal*, 23:6, 611–627.

Pivato, S., Misani, N., & Tencati, A. (2008). The Impact of Corporate Social Responsibility on Consumer Trust: The Case of Organic Food. *Business Ethics: A European Review*, 17:1, 3–12.

Porter, M. E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors. Competitive Strategy* (Vol. 1). New York: Free Press.

Porter, M. E. (1996). What Is Strategy? *Harvard Business Review*, 74:6, 61–78. *Harvard Business School Publication Corp.*

Porter, M. E., Hills, G., Pfitzer, M., Patscheke, S., & Hawkins, E. (2012). *Measuring shared value: How to unlock value by linking social and business results.* Retrieved from https://sharedvalue.org/sites/default/files/resource-files/Measuring_Shared_Value.pdf

Porter, M. E., & Kramer, M. R. (2002). The Competitive Advantage of Corporate Philanthropy. *Harvard Business Review*, December, 56–68.

Porter, M. E., & Kramer, M. R. (2006). Strategy and Society: The link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, 84:2, 78–92.

Porter, M. E., & Kramer, M. R. (2011). Creating Shared Value. *Harvard Business Review*, 89:1/2, 62–77.

Post, J. E., Frederick, W. C., Lawrence, A. T., & Weber, J. (1996). *Business and Society. Corporate Strategy, Public Policy and Ethics*. New York: McGraw-Hill Book Company.

Prahalad, C. K., & Hammond, A. (2002). Serving the World's Poor, Profitably. *Harvard Business Review*, 80:9, 48–58.

Rangan, K., Chase, L., & Karim, S. (2015). The Truth about CSR. *Harvard Business Review*, 93:1/2, 40–49.

Rodrigo, P., & Arenas, D. (2008). Do Employees Care about CSR Programs? A Typology of Employees According to Their Attitudes. *Journal of Business Ethics*, 83:2, 265–283.

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students* (5. edition.). Harlow, England: Prentice Hall.

Sitra. (2013). *Strateginen vastuullisuus: 20 esimerkkiä keskisuurista yrityksistä*. Helsinki. Retrieved from http://www.sitra.fi/julkaisu/2013/strateginen-vastuullisuus-0

Slack, R. E., Corlett, S., & Morris, R. (2015). Exploring Employee Engagement with (Corporate) Social Responsibility: A Social Exchange Perspective on Organisational Participation. *Journal of Business Ethics*, 127:3, 537–548.

Smith, N. C. (2003). Corporate Social Responsibility: Whether or How? *California Management Review*, 45:4, 52–77.

Smith, T. (2005). Institutional and Social Investors Find Common Ground. *Journal of Investing*, 14, 57–65.

Turker, D. (2009). How Corporate Social Responsibility Influences Organizational Commitment. *Journal of Business Ethics*, 89:2, 189–204.

Waddock, S., & Googins, B. K. (2011). The Paradoxes of Communicating Corporate Social Responsibility. In I. Øyvind, J. L. Bartlett, & S. May (Eds.), *The Handbook of Communication and Corporate Social Responsibility* (pp. 23–42). West Sussex, UK: John Wiley & Sons.

van de Ven, B., & Jeurissen, R. (2005). Competing Responsibly. *Business Ethics Quarterly*, 15:2, 299–317.

van Marrewijk, M., & Werre, M. (2003). Multiple levels of corporate sustainability. *Journal of Business Ethics*, 44:2/3, 107–19.

Varadarajan, P. R., & Menon, A. (1988). Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. *Journal of Marketing*, 52:3, 58–58.

WBCSD. (2010). *People Matter*. Retrieved from http://wbcsdservers.org/wbcsdpublications/cd_files/datas/capacity_building/people_matter/pdf/PeopleMatterEngage.pdf

Welch, M. (2012). Appropriateness and acceptability: Employee perspectives of internal communication. *Public Relations Review*, 38:2, 246–254. *Elsevier Inc.*

Welch, M., & Jackson, P. R. (2007). Rethinking internal communication: a stakeholder approach. *Corporate Communications: An International Journal*, 12:2, 177–198.

Werre, M. (2003). Implementing Corporate Responsibility – The Chiquita Case. *Journal of Business Ethics*, 44:2/3, 247–260.

White, P. (2009). Building a sustainability strategy into the business. *Corporate Governance*, 9:4, 386–394.

Visser, W. (2008). CSR in Developing Countries. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility* (pp. 473–499). New York: Oxford University Press.

Visser, W. (2011). *Age of Responsibility: CSR 2.0 and the New DNA of Business*. Hoboken, NJ: John Wiley & Sons.

Vlachos, P. a., Panagopoulos, N. G., & Rapp, A. a. (2013). Feeling Good by Doing Good: Employee CSR-Induced Attributions, Job Satisfaction, and the Role of Charismatic Leadership. *Journal of Business Ethics*, 118:3, 577–588. doi:10.1007/s10551-012-1590-1

Vogel, D. J. (2005). Is There a Market for Virtue? The Business Case for Corporate Social Responsibility. *California Management Review*, 47:4, 19–45.

Wood, D. J. (1991). Corporate social performance revisited. *The Academy of Management Review*, 16:4, 691–718.

Yin, R. K. (2009). *Case study research – Design and methods* (4. edition.). London, GBR: Sage.

Zadek, S. (2001). *Civil Corporation: The New Economy of Corporate Citizenship*. (S. Zadek, Ed.)*Civil Corporation: The New Economy of Corporate Citizenship*. London, GBR: Earthscan.

Zadek, S. (2004). The path to corporate social responsibility. *Harvard Business Review*, 82:12, 125–133.

Zollo, M., Minoja, M., Casanova, L., Hockerts, K., Neergaard, P., Schneider, S., & Tencati, A. (2009). Towards an internal change management perspective of CSR: Evidence from project RESPONSE on the sources of cognitive alignment between managers and their stakeholders, and their implications for social performance. *Corporate Governance*, 9:4, 355–372.

8. APPENDICES

Appendix 1. Interview guide

---

20 questions regarding the role of corporate social responsibility in the organisation and the internal communication and training relate to this topic

---

In this interview, "CSR / corporate responsibility" refers to the voluntary actions of a company to mitigate or improve the impact of its decisions and activities on society and the environment.

I would like to assure you that all responses are anonymous and
all information that you give will be treated in confidence.
Your identity/ your company's identity will not be connected to your answers in any way.

<table>
<tr><td rowspan="2">Questions 1-10</td><td>CORPORATE RESPONSIBILITY IN THE ORGANISATION</td></tr>
<tr><td>*Your views on the typical CSR activities as well as their usefulness and management in practice*</td></tr>
</table>

<table>
<tr><td rowspan="2">Questions 11–20</td><td>INTERNAL CSR COMMUNICATION</td></tr>
<tr><td>*Your views on the methods, meaning and impact of internal CSR communication and training*</td></tr>
</table>

Date	
Place	
Interviewee	
Company	
Job title	

Can you tell me a bit more about what you do (briefly)?
- What is your role and how long have you been doing it? (Job title/function)

Around how much of your job is concerned with the company's CSR/corporate responsibility?
- How much of your time do you spend on these topics?
- How is CSR visible in your work? Reporting line?

1. THE ROLE OF CSR IN THE ORGANISATION

A. Typical CSR activities and programmes

1. What are the main focus areas of your organisation's CSR activities?
   - Related to the industry, company history, competitive environment etc.
   - How have they changed/evolved?

2. What are the typical activities related to corporate responsibility in your organisation?
   - What are the practices to advance, for instance, the relevant themes mentioned above?
   - Could you give examples?

B. Motives and outcomes of engagement

3. How important / relevant part of business is CSR for your company at the moment?
   - Is it a board-level matter?
   - Is CSR connected to corporate values?

4. What/who drives your company to engage with CSR/responsibility issues?
   - What do you intend to gain from it?

5. Do you see that your company has benefitted from CSR?
   - Any direct or indirect business benefits? Other benefits?

C. Management of CSR

6. How is CSR managed in your company in practice?
   - Who/which unit is responsible (director of CSR / team / division)?

7. Has your organisation identified qualitative/quantitative objectives for CSR engagement and activities?
   - Can they be linked to individual/unit-level performance targets?

8. Does your company measure the achievement of these objectives / the impacts of CSR in any way?
   - Which factors do you monitor?

9. Is there a separate CSR strategy in place?
   - How is it related to the core business strategy of your company?
   - How is the strategy implemented in practice? Who is responsible for the implementation?

10. Which topics or practices are currently the most challenging for your company in terms of managing CSR?

2. INTERNAL CSR COMMUNICATION

D. Internal CSR communication practices

11. How is internal CSR communication and training managed in practice?
- Who is responsible for CSR communication to employees (HR/Communications/Sustainability/several units)?
- In comparison with the external CSR communication to other stakeholder groups (CSR reporting, public image / brand) – same people responsible?

12. What is communicated internally in terms of CSR?
- What are the core messages / stories?
- To what extent your organisation shares information on CSR to employees? Are all practices communicated or only the ones with an impact on daily work?

13. How CSR is communicated to employees?
- What kind of tools and channels does your organisation use to communicate and train employees in terms of CSR?
- In what ways do you make employees aware and involved in these issues? Why have these channels been chosen?

14. To whom is the internal CSR communication and training directed? (All staff / managers / specific unit / team)?

15. Are there specific objectives or strategy for either CSR communication in general or internal CSR communication?

E. Drivers and importance of internal communication

16. How important do you see the internal communication and training of CSR for your organisation?
- Do you think companies should generate and maintain employee awareness and involvement in CSR? How could this be done in practice?

17. Why does your organisation communicate and train CSR activities to employees?

18. What are the benefits / challenges of internal CSR communication?
- What kind of business impacts can internal CSR communication and training have (if any)?

F. The effectiveness and measurement

19. In your opinion, what factors can impact the effectiveness of internal CSR communication?
- What can assist or hinder effective CSR communication within the organisation?

20. How does your company follow / measure the effects of internal CSR communication and training?

Appendix 2. Sample of interview transcript

…No mitkä on ne kanavat ne kanavat mitä käytetään näihin viesteihin? 21:20

No se on toi sisäinen webbi, intranetti tai joku vastaava, portaaliksi me sitä kutsutaan täällä. Ja sitten kyllä tota tämmönen julkinen Twitteri on nousemassa selvästi kyllä.

Myös sisäisen viestinnän osalta?

No se on vähän, joo sitähän ei voi oikeen jakaa niinku sisäinen tai ulkonen mutta me käytetään enemmän ja enemmän twitteriä.

Ja kenelle se yleensä - jos lähtee viesti niin lähteekö se kaikille?

Kaikille joo.

Ettei oo periaatteessa kohdennettu.

Ei oo, sisäinen viesti menee meillä aina kaikille.

Entä sitten ne syyt et minkä takia, tai koetko sä henkilökohtasesti et se on tärkeetä viestiä näistä asioista henkilöstölle? 22:11

No kyl tää on koska henkilökunnanhan täytyy tietää millä tavalla yhtiö ajattelee. Ja nää on jollain tavalla nää tän tyyppiset asiat on aika pinnalla että. Energiayhtiöiltä kysytään kaikennäkösiä liiketoimintaan liittyviä, epäsuorasti liittyviä asioita. Esimerkiksi nyt tulee Pariisin kokous joulukuun alussa - meiltä kysytään et mitä mieltä te ootte Pariisin ilmastokokouksesta. Mitä mieltä te ootte hiilestä, hiilipäästöistä, hiilen hinnasta. Ja mitä te teette sen suhteen. Niin me tietysti halutaan kertoa henkilökunnalle myös että näin yhtiö ajattelee. Nyt me oltiin, me liityttiin Global Compactiin. Tosin meil oli rinnakkaisia vastaavia järjestelmiä mut me ajateltiin et me liitytään siihen nyt mukaan ja et kerrotaan niinkun et mikä on Global Compact ja Yhdistyneitten Kansakuntien tavoitteet tällä hetkellä ja miten yhtiö siihen sitten rinnastuu. Tän tyyppisiä asioita. Ei tää mitään rakettitiedettä oo ((naurua)).

Tähän liittyen, koetko sä että on myös tärkeetä viestiä niistä liiketoiminnallisista hyödyistä myös henkilöstölle? 23:40 Et minkä takia yritys näihin sitoutuu, ei vaan että koska se on eettisesti oikein?

Kyllä, joo joo. No meil on näitä asiakaskeissejä on käyty läpi. Nii jäi sanomatta, et me käydään kerran vuodessa tämmönen yhtiön visio ja strategiakierros jossa periaatteessa kaikki pääsee osallistumaan ja keskustelemaan asioista. Niin muun muuassa siellä sit käytiin läpi näitä asiakaskeissejä ja vähän tätä ajattelun perustaa ja uutta visioo ja muuta. Et kun puhutaan näistä viestinnän keinoista ja muista niin mun näkemys on se, että tulee kaikenlaisia uusia medioita ja twittereitä ja muita mutta se ei ikinä tuu poistamaan sitä, että ihmisten täytyy päästä henkilökohtaisesti kuulemaan ja keskustelemaan. Et muuten se saattaa olla et se on vaan dataa ehkä.

Vastasit näihin ehkä hieman jo mutta miksi näitä asioita viestitään (16.) ja kuinka tärkeenä koet sen viestinnän? Haluaisitko lisätä siihen jotain? 25:00

Nojoo mä voisin oikeastaan tosta 16. vielä niin. Tietysti me haluttais et meidän ihmiset on niinkun yrityksen sanansaattajia. Et se mikä on meidän yrityksen ero normaaliin tän alan yritykseen tai millä tavalla me halutaan nostaa niitä tärkeitä asioita niin tottakai me halutaan kertoo ja jakaa ne asiat yrityksen sisällä sillä tavalla että jokainen työntekijä pystyy sitten ehkä kertomaan kotona tai kertomaan naapureille, ystäville tämän tyyppisiä asioita. Ja me ollaan aika mielenkiintoisella toimialalla nyt, jossa on paljon tämmösii yleisesti kiinnostavia asioita niin. Sehän on vaan mukavaa jos ihmiset pystyy niinku lähipiirissä ottamaan niihin yhtiön näkövinkkelistä kantaa.

Entäs sitten kun puhutaan viestinnästä, niin tää (viesti) on varmaankin mennyt enemmän ylhäältä alas, mutta onks teillä sitten toista puolta siinä että henkilöstö ehkä osallistuu näihin vastuullisuuskysymysiin jollain tavalla tai miettii niitä tai jotenkin kontribuoi siihen teemaan? 26:13

Joo no sisäinen tää intrahan toimii hiukan kaksisuuntasesti. Ja sit meil on ainakin muutamana vuonna on nyt tehty jo tämmönen, henkilökunnalle tämmönen tavallaan suunnittelukierrokseen liittyvä yks vaihe jossa kaikkien imputtia pyydettiin tiettyihin asioihin et mihin suuntaan yhtiön pitäis mennä ja mitä pitäis ajatella ja.. Ne on ollu hurjan suosittuja ja se on ollu syötettä sit siihen seuraavan vuoden strategiatyöhön ja sit ne on keskusteltu uudestaan niis tilaisuuksissa…

Appendix 3. Managerial guide to effective internal communication of CSR

How to communicate corporate social responsibility efficiently to employees:

MESSAGE – Formulating a message that resonates with employees

Efficient CSR message is Consistent – Coherent – and Concrete:
- Communicate often and concisely
    - Information overload
    - Focus on creating a clear and understandable message
- Remember consistency
    - Ensure the use of same terms throughout the organisation
    - Enable and ensure sufficient collaboration between the different functions of HR, Communications, and CSR
    - Foster cross-functional teams including experts with different skills and backgrounds
- Focus on messaging in practical and concrete terms
    - Exclude the technical jargon and the "CSR stigma"
    - Connect CSR to the daily work of employees – what does it mean in practice and what they are expected to be doing in terms of the topic
    - Remember also to communicate the concrete results and impacts of CSR activities
- Be honest about the motives and drivers of CSR
    - Employee scepticism is a common barrier in CSR communication. Before communicating, make sure that the message is based on genuine values and strategy (scepticism)
    - Depending on the objectives (value / risk management), communicate also the business value of CSR
    - Elaborate the business link between the CSR engagement and the overall objectives of the firm – ensuring that CSR is not seen as a bolt-on activity

CHANNELS – Seizing the opportunities of two-way communication
- Ensure versatile communication
    - Electronic, print, face-to-face
    - Integrate aspects of CSR in brochures, guidelines etc.
    - Focus on the role of supervisor >" The multiplier effect"
    - Consider making a copy or summary of the company's CSR report and modifying it to highlight the points of interest and action for employees
- Identify and equip CSR champions
    - Key persons and opinion leaders to create enthusiasm and employee buy-in for CSR
- Two-way communication
    - An effective tool for unifying and streamlining corporate values
    - Focus on searching for meanings instead of giving them

TARGET GROUP
- Employee segmentation
  - o Employees have individual attitudes and awareness levels in terms of CSR
  - o Consider the different attitudes and viewpoints when communicating the business case of CSR > ideology vs. business