



Vaasan yliopisto
UNIVERSITY OF VAASA

Camilla Hytönen

Public Administration as a Driver of Corporate Social Responsibility

Enhancing Employee Equality for Competitive Advantage

School of Management
Bachelor's Thesis
Public Administration

Vaasa 2025

UNIVERSITY OF VAASA**School of Management**

Author:	Camilla Hytönen		
Title of the thesis:	Public Administration as a Driver of Corporate Social Responsibility : Enhancing Employee Equality for Competitive Advantage		
Degree:	Bachelor of Public Administration		
Discipline:	Public Management		
Supervisor:	Evy Saputri		
Year:	2025	Pages:	31

ABSTRACT :

Tämä kirjallisuuskatsaus tarkastelee julkishallinnon roolia yhteiskuntavastuun (CSR) edistämässä erityisesti työntekijöiden tasa-arvon näkökulmasta. Yhteiskuntavastuu on yhä tärkeämpi osa yritysten liiketoimintastrategiaa, ja tasa-arvon sekä syrjimättömyyden edistäminen on keskeinen osa yritysten sosiaalista vastuuta. Yritysten ei enää odoteta keskittyvän ainoastaan taloudelliseen suorituskykyyn, vaan niiden on osoitettava sitoutumista myös laajempiin yhteiskunnallisiin tavoitteisiin.

Kirjallisuuskatsauksessa käsitellään aihetta institutionaalisen teorian ja Carrollin CSR-pyramidin kautta. Institutionaalinen teoria selittää, kuinka ulkoiset paineet, kuten lait ja sääntely, muokkaavat yritysten toimintaa yhteiskuntavastuun osalta. Carrollin CSR-pyramidi korostaa yritysten eri vastuullisuuden tasoja: taloudellista, oikeudellista, eettistä ja hyväntekeväisyyteen liittyvää vastuuta. Oikeudellinen ja eettinen vastuu ovat erityisen keskeisiä työntekijöiden tasa-arvon näkökulmasta, sillä ne ohjaavat yrityksiä noudattamaan tasa-arvolainsäädäntöä ja edistämään tasa-arvoista työympäristöä.

Julkishallinto vaikuttaa yritysten yhteiskuntavastuuseen erityisesti lainsäädännön, sääntelyn ja raportointivaatimusten kautta. Esimerkiksi Suomen tasa-arvolaki ja EU:n työsyörintädirektiivi edellyttävät yrityksiltä toimenpiteitä sukupuolten tasa-arvon edistämiseksi. EU:n yritysraportointidirektiivi (CSRD) velvoittaa suuret yritykset raportoimaan tasa-arvoon liittyvistä toimistaan, mikä lisää läpinäkyvyyttä ja edistää kilpailukykyä vastuullisuuden kautta.

Tapaustutkimuksena analysoidaan Nordeaa, joka on omaksunut tasa-arvon osaksi yhteiskuntavastuullisuuttaan. Nordea on sitoutunut sukupuolten tasa-arvoon esimerkiksi palkkatasa-arvon edistämässä ja naisjohtajien lisäämisessä. Tasa-arvoon panostavat yritykset hyötyvät niin kilpailukykyyn, työntekijöiden hyvinvoinnin kuin yrityskuvan parantumisen kautta. Julkishallinnon rooli on keskeinen yhteiskuntavastuun edistämässä, mutta haasteena on tasapainon löytäminen sääntelyn ja yhteiskuntavastuun vapaaehtoisuuden välillä. Liiallinen sääntely voi johtaa siihen, että yritykset keskittyvät pelkästään minimivaatimukseen, kun taas riittämätön sääntely voi jättää tasa-arvokysymykset yritysten oman harkinnan varaan.

Yhteiskuntavastuu ei rajoitu ainoastaan ympäristöön liittyviin tekijöihin, vaan sosiaaliset ulottuvuudet, kuten tasa-arvo ja monimuotoisuus ovat olennaisia tekijöitä kestävä ja vastuullisen liiketoiminnan kannalta. Tulevaisuudessa julkishallinnon tulisi kehittää tehokkaita kannustimia edistääkseen tasa-arvoa yrityksissä entistä enemmän.

KEYWORDS: Corporate Social Responsibility, equality, public administration, institutional theory

Contents

1	Introduction	5
2	Theoretical framework	8
	2.1. Coercive Isomorphism and Public Administration's Role	9
	2.2. Normative and Mimetic Isomorphism	10
	2.3. Institutional Theory and CSR in practice	10
	2.4. Carroll's CSR Pyramid	11
3	Public Administration in the context of CSR and Employee Equality	13
	3.1. Regulatory Frameworks for CSR and Employee Equality	14
	3.1.1. National and Supranational legislation	14
	3.1.2. Transparency and Reporting Requirements	15
	3.1.3. Enforcement and Compliance Mechanisms	16
	3.2 Public Administration as a Promoter of Equality-Focused CSR	17
	3.2.1 Incentives for Promoting Equality Initiatives	18
	3.3 Case Study: Nordea's CSR Policies on Employee Equality	20
	3.3.1 Gender Diversity and pay gap reduction measures	20
	3.3.2 The Impact of Public Administration on Nordea's CSR Strategies	21
	3.3.3 Benefits of Compliance with Equality Standards	22
4	Conclusion, discussion and limitations	24
	4.1. Limitations of Public Administration in Promoting Equality	26
	4.2 Reconciling CSR's Voluntary Nature with Regulatory Requirements	26
	4.3 Focusing Beyond Environmental Issues	27
	References	28

Pictures

Image 1. Carroll's Pyramid basing on Carroll (2016).

11

1 Introduction

Corporate social responsibility (CSR) has become a central principle of modern business practices, with growing attention placed on employee equality as a key aspect. Companies are increasingly expected to go beyond only financial performance to demonstrate a commitment to broader societal concerns, including the well-being of their employees. Integrating CSR into core business strategies is considered not only a moral imperative but also a strategic competitive advantage (Porter & Kramer, 2006). In the evolving landscape of global business, the ability to attract and retain talent through socially responsible practices has emerged as a critical factor for competitive success.

Definitions of CSR vary, but a widely accepted understanding focuses on the integration of economic, social, and environmental responsibilities into corporate strategies and practices. CSR can be understood as a multi-dimensional construct that reflects a company's commitment to sustainable development and social welfare. Dahlsrud (2008) offers a synthesis of various definitions, concluding that CSR is generally understood to encompass five key dimensions: environmental, social, economic, stakeholder, and voluntariness. Dahlsrud emphasizes that CSR is a strategic tool through which businesses manage relationships with key stakeholders while addressing broader societal concerns, including human rights, labor conditions, and environmental stewardship. The European Commission (2001) highlights the voluntary nature of CSR, emphasizing that companies are expected to address social and environmental concerns in a way that goes beyond legal compliance, aiming to improve quality of life for a wide range of stakeholders.

In recent years, CSR has shifted from a voluntary approach to increasingly shaped by regulatory frameworks and policies that establish norms for ethical business behavior. Public administration plays a crucial role in promoting CSR by shaping the regulatory environment within which companies operate. Through legislation, regulations, and policy measures public authorities can influence corporate behavior and encourage firms to adopt socially responsible practices (Matten & Moon, 2008). For instance, laws such as Finland's Gender Equality Act and the EU Employment Equality Directive

mandate standards for equality and non-discrimination, driving companies to implement and report on equality initiatives as part of their CSR strategies. These legal frameworks ensure that CSR, especially in relation to employee equality, becomes an integral component of business operations rather than a voluntary initiative. Matten & Moon (2008) explain that CSR can be both "implicit" and "explicit". Public administration significantly influences CSR through explicit mechanisms such as legislation, regulatory standards, and transparency requirements, especially concerning issues like gender equality and non-discrimination in the workplace.

Nordea, a leading financial institution in the Nordics, serves as a case study in this literature review to showcase an example on how CSR policies focused on employee equality can contribute to competitive advantage. As a traditionally male-dominated sector, the financial industry presents a unique opportunity to explore the impact of CSR initiatives on workplace diversity. Nordea has demonstrated its commitment to gender equality and inclusion through its sustainability reports and CSR statements, which outline initiatives aimed at promoting diversity in its workforce and leadership positions. These efforts, along with policies to address pay inequality, highlight the potential of CSR to enhance corporate reputation and attract top talent in competitive industries such as finance and banking.

Public administration's role in promoting CSR is pivotal in ensuring that companies adhere to standards of equality, thereby influencing their ability to achieve long-term competitive advantage. The expectation is that public policies and regulations will significantly shape how companies implement CSR strategies, particularly those focused on employee equality. The findings of this study are anticipated to demonstrate that companies investing in equality not only comply with regulatory frameworks but also gain a competitive advantage by improving productivity, attracting talent, and fostering customer loyalty. In doing so, these companies position themselves for sustainable market success.

The primary research question of this literature review is: “How does public administration influence the CSR practices of companies, especially concerning employee equality?”

In the theoretical framework institutional theory, which will be discussed in chapter 2, is introduced as the primary theoretical lens to explain how external pressures (laws, public administration) shape CSR practices. Carroll’s CSR Pyramid is introduced to highlight the internal responsibilities that companies fulfill, particularly with regards to legal and ethical responsibilities around employee equality. In essence, while institutional theory explains the external pressures shaping CSR behavior, Carroll’s CSR pyramid focuses on the internal responsibilities that companies are expected to meet. Chapter 3 takes a look on public administrations role as a promoter of equality-focused CSR and presents Nordea Bank as a case-study to demonstrate how private companies align their CSR activities with for instance regulatory frameworks set by public administration. Finally, challenges in public administration’s role in CSR and suggestions for future research is discussed in chapter 4.

2 Theoretical framework

The relationship between public administration and CSR can be understood through institutional theory, which highlights how organizations respond to external pressures, including those from the public sector (DiMaggio & Powell, 1983). Public administration not only acts as a regulator by enforcing compliance with equality standards but also as a facilitator, providing incentives for companies to integrate CSR into their core business models. In this context, CSR can be viewed as both a response to regulatory requirements and an opportunity for companies to gain a competitive advantage by aligning their practices with societal expectations.

Institutional theory provides a framework for understanding how organizations are influenced by their external environments, especially through laws, regulations, norms, and social expectations (DiMaggio & Powell, 1983). The theory suggests that organizations are not only driven by internal goals and market competition but also by the need to conform to the rules and expectations of the broader societal and institutional environment (Scott, 2014). For CSR this is relevant because companies often engage in socially responsible behavior to gain legitimacy, ensure compliance with regulations, and meet the expectations of key stakeholders, including public authorities, investors, and customers.

Isomorphism is a process through which the actions and operating models of organizations resemble each other despite the industry or sector (Mänttari-Van Der Kuip et al., 2018). As in chapter 2.1 and 2.2 we will take a look on the three main mechanisms of isomorphism - coercive, mimetic, and normative that explain how organizations, including corporations, respond to external pressures. These pressures shape organizational behavior, leading to conformity with established norms (DiMaggio & Powell, 1983). In the context of CSR and employee equality, coercive isomorphism is considered the most relevant, as it refers to pressures from laws, regulations, and government mandates.

2.1. Coercive Isomorphism and Public Administration's Role

One of the central concepts of institutional theory, coercive isomorphism, arises from the pressure exerted by formal institutions, particularly governments and regulatory bodies. Public administration, through laws and regulations, can compel organizations to adopt socially responsible practices (DiMaggio & Powell, 1983). In this sense, the role of public administration is crucial for promoting CSR in companies by establishing the legal frameworks within which companies must operate (Campbell, 2007).

Laws such as the Act on Equality between Women and Men in Finland and the EU Employment Equality Directive set mandatory standards for employee equality and non-discrimination in the workplace. These laws place legal obligations on companies to promote gender equality, which demonstrates how coercive pressures from public administration influence corporate behavior. According to Campbell (2007) public administration enforces these laws and companies face pressure to comply not only to avoid legal penalties but also to maintain legitimacy in the eyes of different stakeholders.

By adopting practices with societal norms and institutional expectations companies can demonstrate conformity to accepted standards. This in turn enhances their legitimacy and reputation which are valuable in sectors where trust and alignment with social values are important for maintaining competitiveness (Scott, 2014). Therefore, public administration plays a direct role in shaping corporate behavior by defining what is socially responsible and legally required.

2.2. Normative and Mimetic Isomorphism

Normative isomorphism arises from professional norms and societal expectations (Scott, 2014). Professional bodies, industry associations, and international organizations often establish guidelines and standards for socially responsible behavior. Initiatives like the UN Global Compact and the OECD Guidelines for Multinational Enterprises promote ethical practices in areas such as gender equality and non-discrimination, which further drive companies to align their CSR strategies with global norms. Those normative pressures encourage companies to adopt CSR initiatives that go beyond compliance with laws and align with broader social expectations.

Mimetic isomorphism occurs when companies imitate the practices of leading firms in response to uncertainty or to maintain competitiveness (DiMaggio & Powell, 1983). In the context of CSR, companies may adopt equality-driven CSR policies as part of institutionalized practices that align with wider industry norms and expectations. These practices are often implemented to maintain legitimacy within the organizational field rather than solely for technical or operational benefits (Meyer & Rowan, 1977). If leading companies are seen to benefit from promoting gender equality for instance as an enhanced reputation, competitors may follow to align with industry standards and to remain competitive.

2.3. Institutional Theory and CSR in practice

Institutional theory provides a strong foundation for understanding how external pressures from public administration, industry norms, and societal expectations influence corporate behavior. By applying institutional theory to CSR, it can be explained why companies feel compelled to integrate equality initiatives into their corporate strategies, driven by both legal obligations (coercive isomorphism) and social expectations (normative and mimetic isomorphism).

In practice public administration acts as both a regulator and promoter of CSR by enforcing equality laws and shaping the institutional environment in which companies operate. Compliance with equality-focused CSR practices not only ensures legal compliance but also enhances their legitimacy and competitive advantage. As companies align with public policies and societal norms, they gain trust and reputation, which are key assets in industries where social responsibility is increasingly linked to financial success (Campbell, 2007; Scott, 2014).

2.4. Carroll's CSR Pyramid

Carroll's CSR pyramid is one of the most widely recognized frameworks for understanding the different levels of corporate social responsibility. The pyramid outlines four layers of responsibility that companies should address, from basic economic obligations to more advanced philanthropic activities (Carroll, 2016), which can help explain why companies engage in employee equality initiatives.



Image 1. Carroll's Pyramid basing on Carroll (2016).

According to Carroll (2016) the base of the pyramid, economic responsibility, representing the company's primary obligation to be profitable. Legal responsibility means that companies are expected to comply with laws and regulations. Ethical responsibility means, that beyond legal obligations, businesses should also engage in practices that are ethically sound and finally, philanthropic responsibility represents the voluntary actions by companies to improve society.

Carroll's CSR Pyramid offers an internal perspective on what responsibilities companies need to meet, while institutional theory explains how external pressures from public administration and societal expectations influence companies to adopt CSR practices. For example, the legal responsibility layer of Carroll's CSR pyramid corresponds with coercive isomorphism in institutional theory, where public administration imposes legal requirements on companies.

Most relevant layers for this literature review are legal and Ethical Responsibilities. Legal responsibility in Carroll's pyramid can be linked to the public administration's role in enforcing equality laws, such as the Gender Equality Act or EU directives. These regulations aim to ensure that companies comply with CSR practices. As part of their CSR, companies must comply with equality laws, aligning with coercive pressures from public institutions. The legal requirements, enforced by public administration, ensure that companies maintain a minimum standard of employee equality.

Normative isomorphism reflects how companies adopt practices such as promoting equality to align with societal expectations and professional norms even in the absence of legal mandates (Scott, 2014). Promoting equal opportunities is often seen as the "right thing to do," driven by societal expectations.

3 Public Administration in the context of CSR and Employee Equality

Public administration plays an important role in shaping the environment in which CSR practices operate. Governments can create policies or incentives that encourage businesses to engage in socially responsible practices, including those related to gender equality. Regulatory frameworks can facilitate the integration of CSR into business strategies (Matten & Moon, 2008). In addition, public administration can extend its influence by designing and implementing specific regulations that enforce CSR commitments ensuring that practices that promote gender equality are not only adopted on a voluntary basis but become standardized operations within corporate structures (Brammer, Jackson, & Matten, 2012).

One of the primary tools of public administration in promoting CSR is the creation of legal standards that require companies to adopt certain practices. In the context of employee equality, these standards are critical for fostering fair treatment, equal pay, and workplace inclusivity. Governments enact laws to prevent gender discrimination, mandate equal pay, and ensure parental leave, setting standards that align with gender equality goals. Legislation, such as the Gender Equality Act in various countries has been shown to positively influence corporate policies, fostering inclusive work environments (Zhang, Zhu, & Ding, 2020). Public administration not only sets legal standards but can also encourage companies to go beyond compliance, fostering gender diversity as part of their CSR efforts (Alarcón & Cole, 2019).

Companies, especially gender-diverse boards that adopt gender-inclusive policies are linked to improved economic performance and better social responsiveness which contribute to long-term competitiveness (Galbreath, 2011). Government policies that promote CSR contribute to the institutionalization of socially responsible practises within businesses (Knudsen, Moon, & Slager, 2015).

3.1. Regulatory Frameworks for CSR and Employee Equality

Legal and regulatory frameworks established by the public sector not only define mandatory standards but also influence how companies approach employee equality within their CSR strategies. For example, governments can create institutional environments that encourage companies to align their practises with societal goals such as promoting gender diversity (Frynas & Stephens, 2015). By implementing laws, regulation and reporting requirements public authorities ensure that companies address equality and non-discrimination which makes these aspects of CSR both a legal obligation and a social imperative.

CSR can serve as a mechanism through which companies align with public administration goals. Companies that integrate CSR strategies addressing social welfare can enhance their public image and align with societal and institutional expectations which reduces the risk of reputational harm and fosters legitimacy (Aguinis & Glavas, 2012).

3.1.1. National and Supranational legislation

One of the most influential regulatory frameworks for promoting employee equality within CSR practices in Finland is the Act on Equality between Women and Men (609/1986; amendments up to 915/2016 included). The act aims to prevent discrimination based on gender and promotes gender equality in workplaces. According to the law, companies with more than 30 employees are required to create gender equality plans, which must be updated every two years. These plans outline measures to promote equality, prevent gender-based discrimination, and ensure equal pay while also reviewing the impact on previous initiatives.

At the supranational level, the European Union (EU) Employment Equality Directive (2000/78/EC) plays a central role in harmonizing equality standards across member states. The directive sets out a general framework for equal treatment in employment and occupation, mandating that all EU countries prohibit discrimination on grounds of religion, belief, disability, age, or sexual orientation in the workplace.

These laws reflect what DiMaggio and Powell (1983) describe as coercive isomorphism - a process by which organizations are pressured to conform to institutional norms and regulations imposed by external entities, such as governments. In this context, public administration acts as a coercive force, driving companies to adopt equality-focused CSR policies to meet legal standards. Companies that fail to comply with these regulations may face penalties, reputational risks, and potentially diminished competitiveness.

3.1.2. Transparency and Reporting Requirements

In addition to laws that directly mandate equality measures, regulatory frameworks often include transparency and reporting requirements that hold companies accountable for their CSR practices. The EU Non-Financial Reporting Directive (2014/95/EU) is an example of this approach. This directive requires large companies to disclose information on their environmental, social, and governance (ESG) activities, including gender equality initiatives, diversity policies, and efforts to close the gender pay gap (European Commission, 2021). By mandating public disclosure, the directive encourages companies to be transparent about their equality practices and ensures that stakeholders - such as investors, employees, and consumers - can assess how businesses are contributing to social goals.

The transparency fostered by reporting requirements is crucial for promoting accountability and encouraging companies to go beyond mere compliance. As has been explained, Matten and Moon (2008) differentiate between explicit and implicit CSR. In the case of employee equality, reporting requirements transform implicit CSR into explicit commitments forcing companies to provide concrete evidence of their progress toward gender equality and workplace diversity.

Nordea is subject to both national and EU-wide transparency requirements. In its sustainability reports, Nordea has outlined its CSR initiatives which include policies aimed towards promoting gender equality, addressing pay gaps, and improving diversity in leadership positions (Nordea, 2022). These reports comply with legal requirements and also serve as a tool for enhancing the company's reputation as a socially responsible organization which demonstrates the importance of transparency in shaping CSR.

3.1.3. Enforcement and Compliance Mechanisms

Public administration ensures the enforcement of equality-related CSR regulations through various compliance mechanisms which include inspections, penalties, and monitoring systems. In Finland, the Ombudsman for Equality is responsible for supervising compliance with the Gender Equality Act and it provides guidance to companies on how to improve their equality practices (Department for Democracy and Public Law, n.d). The existence of such enforcement body highlights the role of public administration in holding businesses accountable for their CSR commitments.

At the EU level, the European Court of Justice (ECJ) has the authority to enforce compliance with directives such as the Employment Equality Directive. If a company fails to meet the equality standards mandated by the directive, it can be subject to legal action, which may result in fines or other penalties. This ensures that CSR is not only voluntary but a binding legal obligation that companies must fulfill.

According to Campbell (2007), public administration's ability to enforce compliance with CSR regulations is essential for ensuring that companies do not engage in "symbolic CSR" where businesses make superficial claims about their equality efforts without taking meaningful actions. Instead, robust enforcement mechanisms compel companies to adopt substantive CSR policies that produce tangible improvements in workplace equality and diversity.

3.2 Public Administration as a Promoter of Equality-Focused CSR

Through its regulatory frameworks public administration serves as both a regulator and facilitator of CSR. By establishing legal standards for equality, public authorities create a foundation for businesses to integrate social responsibility into their core operations. These frameworks ensure compliance and encourage companies to go beyond the minimum requirements, for example by using employee equality as a strategic tool for competitive advantage. The tasks of welfare counties in Finland are for instance to promote gender equality and equality in general and to prevent direct and indirect discrimination (Hyvil, n.d.).

The role of public administration in shaping CSR is critical for achieving sustainable development goals, especially those that are related to gender equality and workplace diversity. As Freeman (1984) notes in stakeholder theory, businesses are accountable to a wide range of stakeholders, and public administration plays a crucial role in ensuring that companies meet their obligations to both internal and external stakeholders. By enforcing regulations and fostering transparency, public authorities create the conditions under which employee equality becomes a key component of corporate success. However, it is worth noting that even though the stakeholder theory does describe who the stakeholders of the companies are, it does not take into consideration the social imperatives of companies acting in socially responsible ways as Campbell (2007) argues.

Gender equality is an important aspect of CSR because it relates to a company's responsibility to promote fairness, inclusivity, and equal opportunities for all employees. Research suggests that companies adopting gender equality initiatives as part of their CSR strategy contribute to creating more inclusive workplaces, which can improve company reputation, employee satisfaction, and overall business performance (Kolk & Lenfant, 2013). CSR programs focusing on gender equality may address issues like reducing the gender pay gap, ensuring representation in leadership, and preventing workplace discrimination (Bear et al., 2010).

3.2.1 Incentives for Promoting Equality Initiatives

A way for public administrations to promote equality-focused CSR is by offering financial incentives such as public funding and tax relief for companies that actively demonstrate a commitment to gender diversity and equality. Frynas and Stephens (2015) highlight how public sector involvement can encourage companies to go beyond baseline legal compliance making equality initiatives more accessible and appealing to companies. In addition, CSR practises such as fostering an inclusive workplace policy, can be influenced by external institutional pressures and incentives that encourage companies to embed these values into their strategies (Aguinis & Glavas, 2012).

Public administrations often promote CSR by recognizing and publicizing companies that do well in equality-focused initiatives. These kind of recognition programs enhance the reputation of these companies, which provides a competitive advantage by attracting both customers and skilled employees who value socially responsible employers. For example, the Human Rights Campaign has developed a Corporate Equality Index (CEI) which evaluates companies based on their equality inclusive policies and practises. A high CEI score usually boosts a company's brand and signals to investors and other stakeholders that the company is a leader in the area of social responsibility (Human Rights Campaign, n.d.). In addition, the European Institute has developed a Gender

Equality Index which measures the progress of gender equality in different areas of economic and social life within the EU member states (European Institute for Gender Equality, n.d.).

Kourula et al. (2019) point to government as facilitator and partner, as well as regulator of business conduct. Incentives and partnerships are used by public administration to encourage businesses to exceed baseline standards and integrate equality deeply into their corporate strategies. This kind of dual approach, which combines mandatory frameworks with incentivized CSR efforts, reflects a comprehensive model of governance. By setting clear expectations, public administrations foster a business environment where CSR becomes a normative expectation (Knudsen, Moon, & Slager, 2015). Through these frameworks, public administration actively shapes CSR and transforms employee equality from an ethical aspiration into an operational necessity.

Formánková, S. et al. (2015) consider CSR Europe as “one of the most important organizations in the field of CSR”. CSR Europe is an example of a promoting public-private partnerships CSR Europe collaborates with both businesses and public administrations to co-create solutions for different societal challenges. Initiatives such as the European Pact for Sustainable Industry involves partnerships between governments, businesses, and civil society which fosters CSR practices aligned with public policy goals. CSR Europe promotes equality as part of broader CSR goals, encouraging member organizations to implement diversity and inclusion initiatives. Their partnerships often include public sector participation, providing a platform to address equality-related issues in line with EU regulations. Through CSR Europe, public administrations can engage with private companies by offering guidance, sharing best practices, and sometimes co-funding equality-related projects (CSR Europe, n.d.).

3.3 Case Study: Nordea's CSR Policies on Employee Equality

Nordea has consistently demonstrated its commitment to CSR, with a specific focus on employee equality. This case study explores Nordea's policies and initiatives that are aimed at addressing gender diversity, eliminating pay gaps, and fostering an inclusive workplace. It also examines the role of public administration in shaping Nordea's approach to equality through regulatory frameworks and incentives.

As a prominent player in the financial sector, which has traditionally been male-dominated, Nordea has recognized the importance of integrating gender equality into its CSR strategy. Nordea's commitment to equality is reflected in its sustainability reports and public statements, which emphasize their dedication to promoting diversity and inclusion within their workforce.

3.3.1 Gender Diversity and pay gap reduction measures

Nordea has implemented different programs to address gender imbalances, especially in higher leadership positions. Bear et al. (2010) found that increased number of women on a company's board increases CSR activities and reputation of the company. According to Nordea's sustainability report, they have set measurable goals to increase the representation of women in senior roles to at least 40% by 2025 (Nordea, 2022). The target was reached for the first time in 2023 (Nordea, 2024). This clearly aligns with broader Nordic and European standards for gender diversity in corporate leadership.

Another key area of focus for Nordea is eliminating the gender pay gap. The company regularly conducts pay audits and publishes its findings to ensure transparency. These audits can help identify disparities and implement corrective measures to ensure equal pay for equal work, a principle secured in both Finnish law and EU directive. Nordea's

Remuneration Policy aims to address that “pay decisions are made ensuring equal pay for equal work and that observed gender pay gaps are addressed” (Nordea, n.d.).

Nordea’s inclusion in the SHE Index, which evaluates and ranks companies based on their gender diversity and equality practices, underscores their commitment to equality. The index highlights companies that excel in gender representation and inclusivity (SHE Index, 2022), which provides Nordea with a competitive advantage in attracting both socially conscious employees and investors. In 2023 Nordea’s progress towards gender equality was rewarded with Nordea being ranked number 1 in Finland and Sweden (Nordea, 2023) which can be considered as a great example of the progress the company makes in focusing on equality and diversity.

3.3.2 The Impact of Public Administration on Nordea’s CSR Strategies

Public administration does play a role in shaping Nordea’s CSR approach, especially concerning employee equality. Regulatory frameworks at both national and supranational levels influence Nordea’s policies and practices and compel the company to align with societal expectations for fairness and inclusivity.

As explained, the Finnish Gender Equality Act requires companies with over 30 employees to develop and update gender equality plans every two years and these plans must include measures to promote equality, prevent discrimination, and address pay disparities. Nordea has complied with these requirements by integrating equality measures into its broader CSR strategy. The act also mandates transparency, requiring companies to report on their progress, which aligns with Nordea’s commitment to open and accountable practices.

The EU Employment Equality Directive (2000/78/EC) and other supranational regulations set baseline standards for workplace equality across EU member states.

Nordea's adherence to these directives enhances its compliance and legitimacy, positioning the company as a leader in CSR within the competitive financial sector. Corporate Sustainability Due Diligence Directive (CSDDD) is applicable to Nordea as well given its substantial size and presence within the EU. This directive mandates that large companies identify and address adverse human rights and environmental impacts within their operations and across their value chains. It applies to EU-based companies with over 1,000 employees and a global net turnover exceeding €450 million, as well as non-EU companies with significant EU turnover (Ministry of Economic Affairs and Employment in Finland, n.d.)

3.3.3 Benefits of Compliance with Equality Standards

Nordea's compliance with public administration's equality standards has generated significant benefits both in terms of its corporate reputation and its competitive positioning. Nordea has by aligning its CSR practices with regulatory requirements strengthened its reputation as a socially responsible and transparent organization. A strong CSR reputation can attract key stakeholders and employees who prioritize social responsibility and ethical matters (Aguinis & Glavas, 2012). For instance, Nordea's high ranking in sustainability indexes like the SHE Index benefits from public recognition, which enhances its reputation as a socially responsible employer.

In 2024 Nordea was ranked the third most attractive employer among business students (Nordea, 2024). Nordea's focus on gender equality contributes to its ability to attract and retain top talent in a competitive labor market. Employees are increasingly seeking employers that align with their values, and Nordea's proactive approach to CSR provides a clear advantage. Additionally, a company's compliance with equality standards helps mitigate risks related to reputational damage or legal penalties, further securing its market position (Campbell, 2007). Research suggests that diverse teams are more likely

to improve both customer orientation and employee well-being, and to bring competitive advantage at some level (Hunt et al., 2015). Nordea's investment in gender diversity enhances its internal operations which fosters collaboration and innovation that drive long-term success through which competitive advantage can be reached.

There are studies that point to the link between CSR activities and competitive advantage. Waddock and Graves (1997) found through regression analysis that an increase in corporate financial performance was associated positively with an increase in corporate social responsibility. Similar result was presented by Nyuur R.B et al. (2019) in their study which showed that CSR activities strengthen companies' competitiveness. While it is challenging to quantify the direct impact of CSR activities on financial metrics, in Nordea's case the company's emphasis on sustainable practices is likely contributing to its financial health by for example enhancing its reputation and attracting socially conscious investors as well as being one of the most attractive employer amongst business students. In addition, Nordea's compliance and also proactive approach to sustainability reporting aligns with regulatory developments, such as the European Union's Corporate Sustainability Reporting Directive (CSRD). By staying ahead of these requirements, Nordea does not only ensure compliance but also demonstrates leadership in sustainable finance, which can positively influence investor confidence and long-term profitability (Nordea, 2022).

4 Conclusion, discussion and limitations

This thesis has explored the important role of public administration in shaping corporate social responsibility practices with a specific focus on employee equality by addressing the research question “How does public administration influence the CSR practices of companies, especially concerning employee equality?”. Institutional theory was used as a theoretical lens and Nordea as a case study, and the research has examined how public administration influences corporate behavior through regulatory frameworks, partnerships and incentives.

Public administration has a multifaceted role in advancing CSR. As a regulator, it establishes the legal and institutional frameworks that compel companies to adopt equality focused practices such as Finland’s Gender Equality Act and the EU Employment Equality Directive. These laws should ensure that companies integrate employee equality into their CSR strategies as a legal obligation aligning business practices with societal expectations. This thesis has highlighted that public administration also acts as a facilitator and partner beyond regulation. However, several challenges arise for instance in balancing the enforcement of equality standards with the voluntary nature of CSR. These challenges are multifaceted and include finding a balance between regulation and corporate autonomy, addressing limitations in administrative resources, and navigating corporate lobbying and resistance.

However, a significant challenge for public administration lies in finding the balance between mandatory regulations and promoting voluntary CSR initiatives. The essence of CSR has historically been its voluntary nature, with companies often going beyond legal requirements to demonstrate social responsibility. However, there is a risk that due to the voluntary nature, companies will in hunt of economic success do whatever it takes to reach success (Campbell, 2007), which is why mandatory regulations are essential to ensure that companies meet baseline equality standards in areas like gender diversity and pay equality.

As Knudsen & Moon (2022) point out, there is a risk that overly prescriptive public policies could undermine or even lessen the voluntary nature of CSR, potentially leading to a checkbox mentality where companies focus solely on compliance rather than genuine social impact. Tamvada (2020) argues that without accountability through direct regulation, the voluntary nature of CSR often leads to diluted obligations, as businesses may not inherently prioritize social responsibilities over profit maximization. This perspective suggests that regulation is crucial to align corporate behavior with societal expectations regarding equality and other social concerns. However, European Commission (2011) notes that while CSR involves actions by companies beyond their legal obligations, certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibilities. This indicates that an existing regulatory framework can encourage companies to integrate social responsibility into their operations which balances profit motives with societal needs.

Campbell (2007) argues that the effectiveness of CSR depends not only on the existence of regulations but also on how these regulations are designed and enforced, and also monitored. Poorly designed or inconsistently enforced laws may hinder companies' ability to comply, which creates tension between public expectations and corporate practices. Campbell suggests that corporations are more likely to act responsibly when regulations are well-enforced and developed through negotiation and consensus among stakeholders, including businesses, governments, and civil society. He also notes, that monitoring of the regulation matters as well, and that governments do not necessarily always have proper resources for that.

4.1. Limitations of Public Administration in Promoting Equality

Public administration faces inherent limitations in promoting equality through CSR. Limited resources, regulatory capture, and corporate lobbying are examples of these limitations and can present significant obstacles. Public administrations often lack the financial and human resources to properly monitor and enforce CSR-related regulations and corporate influence on public policy can dilute the effectiveness of equality regulations. The example of this issue is that companies may lobby against stringent equality standards or push for deregulation to enhance profitability. Campbell (2007) also notes that governments may sometimes compromise regulatory frameworks to avoid losing their corporate investments or to maintain competitiveness.

Governments may not always fully understand the conditions under which companies operate which leads to the creation of laws that are difficult to comply with. Campbell's proposition suggests that effective industrial self-regulation, supported by the perceived threat of state intervention, can complement public administration efforts by providing a more flexible and context-specific approach to promoting CSR.

4.2 Reconciling CSR's Voluntary Nature with Regulatory Requirements

Despite its voluntary nature, CSR cannot be entirely detached from public regulation. Public administration plays an important role in setting a baseline for required actions, particularly in highly competitive industries where companies might otherwise prioritize profitability over social responsibility. McBarnet (2007) introduces the concept of "CSR beyond law," where companies voluntarily exceed legal requirements, often to forestall additional public policy or achieve higher social performance. This highlights the dual role of regulations in providing a minimum standard while encouraging businesses to innovate and exceed those standards. Lau et al. (2018) emphasize that CSR's impact on operational performance is amplified in environments with strong legal enforcement

and intense competition, which underscores the importance of well-designed regulatory frameworks in maximizing the effectiveness of CSR initiatives.

4.3 Focusing Beyond Environmental Issues

As Brammer, Jackson & Matten (2012) note, literature on CSR has not handled social aspects of CSR as much as it should. This being said, CSR has often been dominated by environmental concerns, leaving other critical dimensions, such as employee equality, underexplored. While addressing environmental sustainability remains vital, the scope of CSR must broaden to include social aspects, particularly equality in the workplace. Public administration has a significant role in ensuring this shift, not only through regulatory mandates but also by incentivizing businesses to address all dimensions of CSR comprehensively. Environmental issues have received significant attention in CSR frameworks due to their global implications and public visibility. However, as Dahlsrud (2008) notes, CSR encompasses five dimensions: environmental, social, economic, stakeholder, and voluntariness. While environmental concerns often dominate corporate strategies, the social dimension is equally critical for achieving sustainability and ethical corporate behavior.

The imbalance in CSR priorities may arise from the public administration's heightened focus on climate change and resource conservation. However, initiatives promoting gender diversity, pay equity, and non-discrimination in the workplace are also essential for creating inclusive, innovative, and resilient organizations. Public administration should encourage companies to adopt a more holistic approach to CSR that gives equal weight to social and environmental dimensions.

References

- Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38(4), 932-968. <https://doi.org/10.1177/0149206311436079>
- Alarcón, D., & Cole, M. (2019). Gender equality, social responsibility, and corporate leadership: Bringing women to the boardroom. *Business and Society Review*, 124(2), 157-179. <https://doi.org/10.1111/basr.12195>
- Bear, S., Rahman, N., & Post, C. (2010). The impact of board diversity and gender composition on corporate social responsibility and firm reputation. *Journal of Business Ethics*, 97(2), 207-221. <https://doi.org/10.1007/s10551-010-0505-2>
- Brammer S., Jackson G., Matten D. (2012), Corporate Social Responsibility and institutional theory: new perspectives on private governance, *Socio-Economic Review*, Volume 10, Issue 1, January 2012, Pages 3–28, <https://doi.org/10.1093/ser/mwr030>
- 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. <https://doi.org/10.5465/amr.2007.25275684>
- Carroll, A.(2016). Carroll's pyramid of CSR: taking another look. *Int J Corporate Soc Responsibility* 1, 3. <https://doi.org/10.1186/s40991-016-0004-6>
- CSR Europe. (2022). *Collaborating for a sustainable future*. Retrieved from <https://www.csreurope.org>.
- Dahlsrud (2008) How Corporate Social Responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*. 15(1), 1-13
- Department for Democracy and Public Law (n.d.). Actors and responsibilities. Retrieved on 13.11.2024 from <https://yhdenvertaisuus.fi/en/actors-and-responsibilities>
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160. <https://doi.org/10.2307/2095101>

- European Commission (2001) Green Paper—Promoting a European Framework for Corporate Social Responsibility, COM(2001) 366, Bruxelles, European Commission.
- European Commission. (2011). A renewed EU strategy 2011-14 for Corporate Social Responsibility. EUR-Lex. Retrieved on 14.12.2024 from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52011DC0681>
- European Commission. (2021). Directive 2000/78/EC: Employment Equality Directive. Retrieved on 15.12.2024 from <https://eur-lex.europa.eu/>
- European Institute for Gender Equality. (n.d.). Gender Equality Index. Retrieved on 11.12.2024 from <https://eige.europa.eu/gender-equality-index/2024>
- Formánková, S., Skříčková, E. and Hrdličková, A. (2015), "The role of corporate philanthropy in CSR", Corporate Social Responsibility and Human Resource Management in V4 Countries, Nitra, Vol. 1.
- Freeman R.E. 1984 Strategic management: A stakeholder approach. Cambridge University Press
- Frynas, J. G., & Stephens, S. (2015). Political corporate social responsibility: Reviewing theories and setting new agendas. *International Journal of Management Reviews*, 17(4), 483-509. <https://doi.org/10.1111/ijmr.12049>
- Galbreath, J. (2011). Are there gender-related influences on corporate sustainability? A study of women on boards of directors. *Journal of Business Ethics*, 104(4), 485-507. <https://doi.org/10.1007/s10551-011-0921-5>
- Human Rights Campaign (n.d.), Corporate Equality Index. Retrieved on 13.12.2024 from <https://www.hrc.org/resources/corporate-equality-index>
- Hunt, V., Layton, D., & Prince, S. (2015). "Why Diversity Matters." McKinsey & Company. Retrieved on 11.12.2024 from <https://www.mckinsey.com/~media/mckinsey/business%20functions/people%20and%20organizational%20performance/our%20insights/why%20diversity%20matters/why%20diversity%20matters.pdf>
- Hyvil, (n.d.) Retrieved on 10.12.2024 from <https://www.hyvil.fi/hallinto-ja-juridiikka/yhdenvertaisuus-ja-tasa-arvo/>

- Knudsen, J. S., Moon, J., & Slager, R. (2015). Government policies for corporate social responsibility in Europe: A comparative analysis of institutionalisation. *Policy & Politics*, 43(1), 81-99. <https://doi.org/10.1332/030557312X655828>
- Knudsen, J.S. & Moon, J. (2022). Corporate Social Responsibility and Government: The Role of Discretion for Engagement with Public Policy. *Business Ethics Quarterly*, 32(2), 243-271. <https://doi.org/10.1017/beq.2021.17>
- Kolk, A., & Lenfant, F. (2013). Multinationals, CSR and partnerships in Central African conflict countries. *Corporate Social Responsibility and Environmental Management*, 20(1), 43-54. <https://doi.org/10.1002/csr.1270>
- Kourula, A., Moon, J., Salles-Djelic, M. & Wickert, C. (2019). New roles of government in the governance of business conduct: Implications for management and organizational research. *Organization Studies*, 40(8), 1101-1123. <https://doi.org/10.1177/017084061985242>
- Lau, A.K.W, Lee, S.H.N., Jung, S., (2018), The Role of the Institutional Environment in the Relationship between CSR and Operational Performance: An Empirical Study in Korean Manufacturing Industries. *Sustainability* 2018, 10, 834. <https://doi.org/10.3390/su10030834>
- 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.
- McBarnet, D. (2007). Corporate Social Responsibility beyond law, through law, for law: The new corporate accountability. *Corporate Social Responsibility: Rhetoric and Realities*, 12-26
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363. <https://doi.org/10.1086/226550>
- Ministry of Economic Affairs. (n.d). Retrieved on 10.12.2024 from <https://tem.fi/en/due-diligence-obligation-of-companies>
- Mänttari-Van Der Kuip, M., Tammelin, M. & Anttila, T. (2018) Organisaatioiden isomorfismi. Julkiset organisaatiot ja yhdenmukaisuuden paine.

- Nordea (2024). Retrieved on 10.10.2024 from [Nordea nousi kärkikolmikkoon opiskelijoiden ihannetyönantajana | Nordea](#)
- Nordea (n.d.) Remuneration policy. Retrieved on 10.10.2024 from <https://www.nordea.com/en/about-us/corporate-governance/nordeas-remuneration-policy>
- Nordea (2022) Retrieved on 10.10.2024 from <https://www.nordea.com/en/news/sustainability-reporting-what-has-changed-and-whats-to-come>
- Nordea. (2022). Sustainability report. Retrieved from <https://www.nordea.com/>
- Nyuur, R. B., Ofori, D. F., & Amponsah, M. (2019). Corporate social responsibility and competitive advantage: A developing country perspective. *Thunderbird International Business Review*, 61(4), 551–564. <https://doi.org/10.1002/tie.22065>
- Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78-92.
- SHE Index. (2022). Measuring Equality in Business. Retrieved from <https://sheindex.com>
- Scott, W. R. (2014). Institutions and organizations: Ideas, interests, and identities (4th ed.). SAGE Publications.
- Tamvada, M. (2020). Corporate Social Responsibility and Accountability: A new theoretical foundation for regulating CSR. *International Journal of Corporate Social Responsibility*, 5(2). <https://doi.org/10.1186/s40991-019-0045-8>
- Act on Equality between Women and Men (609/1986; amendments up to 915/2016 included). Finlex. Retrieved on 29.10.2024 from <https://www.finlex.fi/fi/laki/ajantasa/1986/19860609#P6>
- Waddock, S.A. & Graves, S.B. (1997). The corporate social performance-financial performance link. *Strategic Management Journal*, 18(4), 303-319.
- Zhang, Y., Zhu, H., & Ding, H. (2020). The impact of public policy on corporate social responsibility: Evidence from China's Gender Equality Act. *Journal of Business Ethics*, 165(1), 185-205. <https://doi.org/10.1007/s10551-018-4078-3>