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Development of CSR Implementation
Strategy Proposal
Case: Kenkävero Association

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DESCRIPTION

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Abstract <p>The business world is awakening to an undeniable reality: our global economy, society and environment are inextricably aligned. The word of today is Corporate Social Responsibility. Up until recently, the CSR concept was generally considered by multinational enterprises exclusively, however, now small local firms see the benefits when applying CSR concept into their models.</p> <p>The aim of the study is the proposal of comprehensive and integrative framework for a CSR strategic implementation developed within Kenkävero business operations according to its specific characteristics.</p> <p>The theoretical part is divided into two sections. First one covers the fundamental principles of CSR; investigates core reasons of CSR controversial nature; examines a vital importance of stakeholder theory; identifies driving forces of CSR, its applicability and scope of activities. Second part scopes the relationship between strategy and CSR; examines various approaches to implement CSR efficiently, including strategic planning, stakeholder's prioritization, and highlights the importance of CSR communication at last.</p> <p>The empirical part is a conjunction of the discussed theoretical frameworks, answers of semi-structured interview, observations and relevant secondary statistics that results in in-depth step-by-step analysis of Kenkävero current performance and a desired one.</p> <p>As a result, the applicability of CSR concept to Kenkävero operations proved to be beneficial if only integrated strategically. Thus a proposed integrative framework is successfully developed, and justified not only to address Kenkävero objectives effectively, but additionally to bring other valuable benefits.</p>		
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1 INTRODUCTION

"Business is not divorced from the rest of society. How companies behave affects many people, not just shareholders. A company should be a responsible member of the society in which it operates"

(World Business Council for Sustainable Development, 2006).

A discussion of the role of business in society had led to the concept known today as Corporate Social Responsibility (further abbreviated as CSR). It is a pure battlefield of assumptions, contradictory viewpoints, opponents and followers. In the current business environment, CSR has become not only the 'right thing to do', but it has also become the 'competitive' thing to do. The business world is awakening to an undeniable reality: our global economy, society and environment are inextricably aligned. The word of today is a Corporate Social Responsibility. One cannot possibly avoid this topic whenever referring to business news: CEOs proclamations of being socially responsible, pursuing sustainable development, behaving ethically; 3PL business models etc. All of these agendas are coming under an umbrella of a globally agreed term, Corporate Social Responsibility. Sadly, the name of CSR is the only consensus among theorists and practitioners. For over 50 decades now, CSR provoked dramatic debates towards its definition, necessity, areas of implication, alignment with business strategy, and ways to practise it effectively. Thus, CSR has grown to be a very subjective concept with plenty of variables to consider, so whenever an organisation wishes to apply CSR initiatives it implies an art and science to achieve.

The reason for choosing this subject was the personal matter of interest as I faced dealing with CSR concept myself during an internship when developing a media pitch proposal for a specific multinational brand. That is when I got interested in getting a deeper understanding of reasons behind CSR that turned it into a worldwide trend. Up until recently, CSR concept was relevant only to large multicultural companies (MNEs), as supposed only large corporations are able to address and make an impact on social and environmental issues by using and developing costly sustainability campaigns. However, now smaller local businesses see a niche to apply CSR concept into their models. Indeed, small and medium enterprises are, in many countries, at the core

of the economy. It is, therefore, crucial that those organisations carefully integrate CSR into their business strategies.

The main objective of this study is concerned with the applicability of CSR concepts to the organisation's context and the development of a unique and comprehensive framework for a CSR strategic engagement that would include the specific characteristics of the chosen organisation. The examined association Kenkävero identified the need to improve the effectiveness of its overall operations and in addressing local community's concerns. Thus, the concept idea of the work for me is twofold. First, I aimed at getting a deeper understanding of the CSR nature agenda, what benefits it can bring to an organisation, and why it is important to be applied strategically. Second, I had to figure in which way CSR can assist in achieving targeted objectives and determine additional benefits and key success factors of CSR implementation.

The major challenge is that CSR practices developed and run by large international organisations cannot be just transferred to small local firms and achieves the same results. SMEs have different needs and operate in their own context which offers them unique opportunities to contribute to sustainable development. (World Bank, 2004, 3)

The objective of this thesis is to propose a development of CSR implementation strategy for a selected organisation. It can be met by answering the two corresponding research questions:

- 1) *What is the current perception towards CSR by Kenkävero management and what are the motivators to participate in such engagement?*
- 2) *How should Kenkävero integrate CSR practices into its operations?*

The theoretical part is divided into 2 parts aiming to examine relevant concepts for each research question. The first part contains topics that define the nature of Corporate Social Responsibility, such as the definition of CSR, Stakeholder theory, CSR driving forces, and CSR-related activities. The second part investigates the implications of CSR to business by identifying the linkage between CSR and business strategy, and analysing the existing approaches to its implementation.

The basis of the empirical part is formed according to the synthesis of the theoretical framework that was developed by a deliberate use of the studied concepts. The research questions are formulated in such manner, that the obtained results for the first question are used as the input to answer the second question. Hence, the structure of the empirical part is designed in accordance with the research objective and provides answers to the research questions that are interlinked with one another.

2 CORPORATE SOCIAL RESPONSIBILITY

As mentioned previously, the recent increased attention on CSR is a result of pertinacious work by governments, media and NGOs, holding large corporations responsible for the societal and environmental consequences of their business practices (Porter & Kramer 2006). The concept of Corporate Social Responsibility itself goes by many different names, thus creating a challenge to conclusively establish a definition of CSR within organisations. The most common labels used by companies in referring to CSR are:

- corporate responsibility;
- sustainable development;
- sustainability;
- social enterprise;
- corporate citizenship;
- values-driven business;
- Triple Bottom Line

(McElhaney 2008, 5)

2.1 Evolution of a definition

The topic of the social responsibilities of business has been a subject of intense controversy and interest over the past decades. It is forcefully argued that a fundamental problem in the field of Corporate Social Responsibility has been the absence of consensus about the meaning of this term from operational or managerial viewpoint (Clarkson 1995, 92 - 94). Provided that one of my research questions is to identify a

perception of a company towards CSR, I studied different fundamental assumptions about what CSR entails and how it should be seen.

The foundation of CSR actually refers to the role of business in society, and to management practices that have a positive impact on society and environment. I structured the evolution of the definition by decades, naming the remarkable contributors and their particular emphasis. Back in 1953 Bowen, named as the “father of Corporate Social Responsibility” discussed obligations of businessmen towards achieving the desired objectives, values and policies for the society, thus starting a “modern era of CSR definitions” (Carroll 1999, 268 - 273).

- *Howard R. Bowen* wrote in his book ‘Social responsibilities of the businessman’: obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. (Bowen 1953, 45)

During the 1960s discussions were mostly related to further establishment of relationship between business and society; and the concept of CSR has been basically about the extent responsibilities of companies beyond the legal and profitability obligations and fulfilling the expectations of the society.

- Keith Davis defined CSR as business decisions, which reflect an organisation’s long-run objectives and socially responsible prospect rather than economic interests. (Davis 1960, 70-76)
- Milton Friedman, however, was the most-known opponent of CSR concept. He argued that “there is one and only one social responsibility of business-use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (Friedman 1962, 133)

Most notable contributors during 1970s, namely Milton Friedman and Carroll were concentrated on categorizing CSR-related initiatives. First variation was based on narrow economic perspective referred to (Friedman 1970, 32) where the needs of a society were specified according to small groups of interests, which lead to a concept of stakeholders’ involvement (that will be outlined thoroughly in a further chapter). Meanwhile, Carroll described CSR engagement to conduct a business so that it is

“economically profitable, law abiding, ethical and socially supportive”. (Carroll, 1979)

- Milton Friedman (1970) upheld a profit-making viewpoint that business should maximize shareholder wealth, obey the law, and be ethical. (Friedman, 1970, 122-126)
- Archie Carroll listed 4 parts of CSR conceptualization, stating that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well (Carroll 1979, 497-505). Later in 1991 he systemized his 4 model into pyramid in order of their importance (see Figure 1).



FIGURE 1. Carroll’s pyramid of CSR (Adapted from Carroll, 1991, 42).

1980s debates were focused more on processes and outcomes, measurement, models and thematic frameworks of CSR.

- “Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract”. (Jones 1980, 59)
- “Corporate Social Responsibility relates primarily to achieving outcomes from organisational decisions concerning specific issues or problems which (by some normative standards) have beneficial rather than adverse effects on pertinent corporate stakeholders” (Epstein 1987, 104)

1990s has continued differentiation within the agenda with introducing terms such as stakeholder theory, business ethics theory, corporate social performance, sustainable development and Triple Bottom Line.

- Wood (1991) made a major contribution by developing a Corporate Social Performance Model (CSP). This rises up the issues of corporate social responsibility to include measurement.

In the *21st century* the focus on the subject has really boomed. Emphasis was on classifying the levels of CSR fulfilment by organisations (Lantos, 2001), followed by the discussions of voluntariness and measuring the integration of social and environmental concern.

- CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (European Commission, 2002)
- The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". (World Business Council for Sustainable Development, 2008)

The CSR term is a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others it means socially responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of "responsible for", in a causal mode; many simply equate it with a charitable contribution. (Votaw 1973, 11). Considering these diverse assumptions many theorists name CSR as a "vague and intangible term which can mean anything to anybody" (Frankental 2001, 95), which makes it highly subjective and therefore does not allow for a universally applicable definition. Although there are numerous attempts to frame CSR definition, the key point is for organisations to pursue not only the goal to increase revenues and economic profit, but to see the bigger picture of their interactions with society and environment, and undertaking the responsibility of their activities and responding to the outcomes.

For the purpose of this study I have chosen a definition of CSR as to be considered a standardized one across Europe, so that it serves as a basis in answering one of the research questions in an empirical:

CSR is a responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

1. *Contributes to sustainable development, including health and the welfare of society;*
2. *Takes into account the expectations of stakeholders;*
3. *Is in compliance with applicable law and consistent with international norms of behaviour; and*
4. *Is integrated throughout the organisation and practised in its relationships.*

(ISO 26.000 Report - Guidance on Social Responsibility)

2.2 CSR and Stakeholder Theory

One of the central concepts associated with stakeholder theory started gaining an accreditation with Freeman's work in 1984. The International Finance Corporation, a part of the World Bank, gives an explicit definition of stakeholders as "persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organisations and groups with special interests, the academic community, or other businesses." (Asbury & Ball 2009, 39-40).

2.2.1 Relevance of a Stakeholder theory

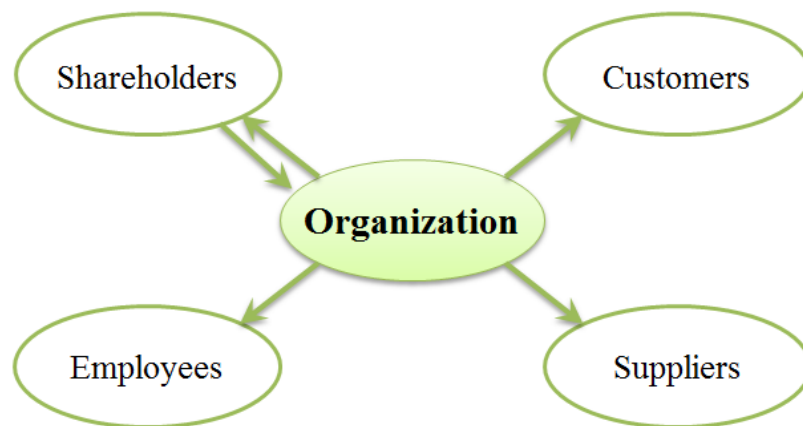
According to Lantos (2001), the role of business in society has two viewpoints, which lead accordingly to different perspectives on CSR (see Table 1). The "classical view" accepts only profit-making terms to benefit shareholders and owners, be ethical and obey the law. Meanwhile, the "stakeholder view", argues that companies have extended responsibilities that require taking into account interests of all parties affected by

their actions; and being sensitive to potential harms of its actions on various stakeholders (Lantos, 2001, 598-601).

TABLE 1. Spectrum of viewpoints on the role of business in society. (Lantos 2001, 602)

<i>Classical view</i>	<i>Stakeholder view</i>
Pure profit-making view; business should maximize shareholder wealth, obey the law and be ethical.	Social-concerning view: business should be sensitive to potential harms of its actions on various stakeholders.

In the classical model only four groups of stakeholders are relevant in a decision-making process, where shareholders are prioritized among other groups and whose expectations and interest are considered. The stakeholder management model, in turn, places an organisation in the centre of two-way communication with a much wider variety of stakeholders, acknowledging their concerns on equal terms with shareholders. It highlights the growing importance of stakeholder dialogue and stakeholder interaction. Figure 2 shows two different management models based on classical view and stakeholder view, respectively.



a. Classical management model



b. Stakeholder model

FIGURE 2. Classical and Stakeholder management models. (Adapted from Crane et al. 2007, 59)

Thereafter, it is explained that the evolution of the CSR concept is based on the stakeholder perspective, and a discussion of the debate on business and society relationships. Meanwhile, the stakeholder theory itself is grounded on the concept that a company should consider its impacts more widely. It suggests that managerial decision-making process should not be based just on profit maximization, but takes other stakeholders' concerns into account as well. (Bird et al. 2007, 189-191).

Yet, at the same time, practice shows that stakeholder interests many times conflict with one another, especially between the owners and other stakeholders. In these cases, businesses need to take a long term look into the operations and prioritize groups of stakeholders. Henceforth, it ensures that all stakeholders' needs will be fulfilled coherently from most influencing group to others. In business operations this view basically means that stakeholder values, expectations and needs have to form the basis of decision making (Kujala & Kuvaja 2002, 21-83). The management of such stakeholder relations is known as the stakeholder engagement process which plays a vital role in CSR. Still, the significance of the stakeholder engagement concept will be discussed again in the following chapters regarding the strategic approach of CSR communication.

2.2.2 Division of stakeholders

The stakeholder view groups the firm's stakeholders into three categories according to the firm's strategic environment, hence on the one hand integrating the resource-based view and the industry structure view into the stakeholder view framework, and on the other hand extending the framework by social and political aspects (Post et al 2002, 54-55). In Figure 3, groups of stakeholders are shown to be divided into three levels according to their importance and influence.



FIGURE 3. Framework of the Stakeholder View of the Organisation (Adapted from Post et al 2002, 55)

- The first group comprises the firm's own resources such as employees, customers, suppliers and investors. This category reflects the resource-based view as all of the company's resources are represented in some way by various stakeholders. Besides, the company's relationship with its stakeholders allows it to make the resources available and productively functional.
- The second group consists of the stakeholders affecting the firm's industry, i.e. regulators, unions, joint venture partners. Depending on the type of relationships that the company has developed with its stakeholders, they will be more or less collaborative and reliable in their dealings with the company, as stated in the industry structure view.

- The third group includes the firm's social and political environment, i.e. governments, communities, and NGOs. The stakeholder view thus provides a comprehensive perspective on the operations of the company; it penetrates the strategy-structure-culture nexus and leads the company to engage in continuous organisational learning. (Post et al. 2002, 56-57).

2.2.3 Stakeholder prioritization

Another considerable aspect of stakeholder theory is the question of the effective allocation of time, energy and scarce resources to stakeholders. Thus, management of an organisation needs to identify certain groups of stakeholders with which they want to build mutually beneficial relationships. The main arising dilemma is to identify how much attention does each stakeholder group require and deserve, because it is impossible that all stakeholders will have the same interests and expectations on the organisation. Generally, the more a stakeholder group contributes to the organisation, the greater their voice and share of value created should be (Phillips 2004, 3; Bowen 2010, 59).

In attempt to distinguish stakeholders, Eden and Ackermann (1998) developed a power-interest grid that categorises stakeholders into 4 categories in accordance with the level of their relevance to the company as shown in Figure 4.

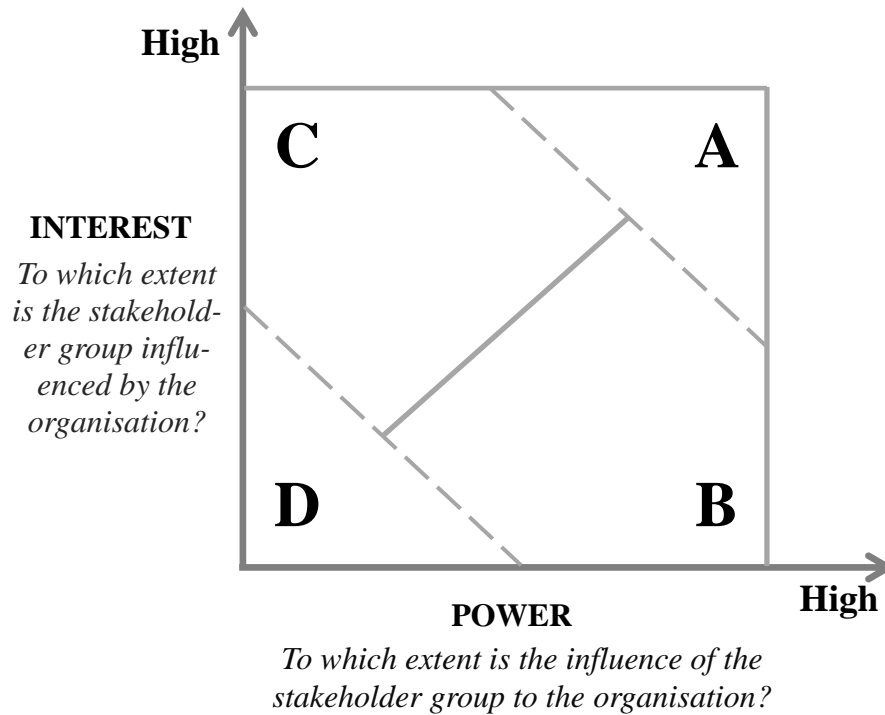


FIGURE 4. Stakeholders matrix of prioritization. (Adapted from BSR report 2002; Eden et al. 1998, 122).

The first criterion estimates the shareholders' "interest" assessment, which analyses to which extent stakeholders are influenced by the organisation. It evaluates the impact of targeted organisation's characteristics and operation on interests of each stakeholder group. The second criterion evaluates the "power" of stakeholders, meaning if and to which extent the stakeholder group is influencing the organisation. It takes into examination economic power of stakeholders; authority power; their knowledge level; credibility; approachability and willingness to engage. As a result all stakeholders are classified accordingly:

A-Stakeholders are the desired key stakeholders, most critical stakeholder group that organisation needed to prioritize to design a CSR strategy in a most effective way.

B-Stakeholders are important stakeholder group that requires to be kept satisfied and, perhaps, are in need of empowerment.

C-Stakeholders should be kept informed about the organisation as they can be useful for decision and opinion formulation, brokering. Thus, when coming to communication strategy, this category of stakeholders should not be left out.

D-Stakeholders have the least priority for addressing their concerns. This category requires minimal effort from the company.

2.3 CSR Global Driving Forces

A popularity of CSR has grown progressively within a last decade and acknowledging factors that are responsible for such trend can lead to further understating of the CSR concept. There are vast number of factors that fully or partially influenced the rise of the CSR awareness and the following list of motivators is considered to be the most significant global driving forces of CSR.

1. **Ecological Sustainability.** Perhaps the most obvious and most talked about of the drivers, concerns over pollution, waste, natural resource depletion, climate change and the like continue to fuel the CSR discussion and heighten expectations for proactive corporate action. After all, it is in the best interest of firms to protect for the sustainable future the long-term availability of the resources on which they depend.
2. **Globalization.** First, the increased wealth and power of multinational corporations has led to questions on the decreased authority of the nation-state, especially in developing areas. Further, cultural differences have added to the complexity of CSR as expectations of acceptable behavior vary regionally. It shifted resources and power away from governments and the public sector towards the private sector. With an increased power comes increased responsibility and globalization has fueled the need to filter all strategic decisions through a CSR lens to ensure optimal outcomes for diverse stakeholders.
3. **Free Flow of Information.** This became a consequence of the technology development that gives citizens immediate access to transparent information and news at the click of a computer key. Through the Internet and other electronic mediums the flow of information has shifted back to the stakeholders giving them a beneficial influence.
4. **The Power of the Brand.** Brands are today the central point of corporate success and much of the health of the brand depends on public perception of the corpora-

tion. In other words, reputation is the key and honest CSR is a way to protect that reputation and therefore the brand.

5. **Moral Obligation.** Companies engage in CSR since they believe it is their responsibility to be a good citizen and “do the right thing”.
6. **Sustainability.** Meeting the needs of a present without compromising the ability of future generations to meet their own needs (World Business Council). An organisation focuses on environmental and community management with a belief that it will be beneficial for the company in the long run.
7. **License to operate.** A great number of companies engage in CSR only because they are forced to follow regulations and obtain permissions from government, communities, or other relevant stakeholders.

(Werther & Chandler 2011, 20-21; McElhaney 2008, 7; Kramer & Porter 2006, Morris 2010).

2.4 CSR Activities

There are different methodologies to cluster CSR activities according to specific variables. Since, the focus on this research is heavily related to the stakeholder theory (see chapter 2.1.1), I applied the work of two scholars: Papasolomo et al (2005) and Post et al (2006, 47) to generate the following comprehensive table (see Table 2).

TABLE 2. Stakeholders contribution to organisation and CSR action.

Stakeholder Group	Contributions	Corresponding CSR actions
Employees	Development of specific human capital	Engage in responsible HRM
		Provide a family-friendly work environment
		Invest in employee development and ensure employability
	Team production and routines based on understanding and trust	Provide an equitable reward and wage system
		Encourages freedom of speech and promotes employee right to speak up and report their concerns at work
	Collaborative relations in the workplace	Engage in employment diversity and equality
		Provide child care and maternity leave support
		Work/life balance

Consumers	Repeated/related purchases	Offer quality products/services
		Provide truthful, honest and useful information
	Brand loyalty and reputation	Respect the rights of the consumer
		Avoid false and misleading advertising
		Avoid engagement in price fixing
Collaborative design, development, and problem solving	Avoid sales promotions that are manipulative	
Community	Mutual support and accommodation	Invest in communities in which organisation operates
	Planning municipal services	Launch community development activities
		Encourage employee participation in community projects
	Grant a “licence to operate”	Foster mutually beneficial relations with community; Be a good neighbour
Supply Chain Associates	Network and value chain efficiencies	Engage in fair trading transactions with suppliers
	Collaborative cost-reducing technologies	Follow driving standards
Investors/Shareholders	Provision of capital, equity or /and debt	Strive for a competitive return on investment
	Financial market recognition and status	Engage in fair reporting and communication
Private organisations	Favourable public opinion environment	Commitment to Resource and energy use
		Pollution and waste management
		Follow environmental product responsibility

Activities named above are more or less standardized. As was mentioned previously, the entire CSR agenda is very subjective, and so are the activities. It may vary with respect to the size of the company a firm size and its degree of internationalization.

3 INTEGRATING CSR INTO BUSINESS STRATEGY

Having outlined the purpose of CSR, its relevance to stakeholders, motivation and drivers behind CSR, this chapter will focus on developing and integrating CSR into organisation’s strategy. Relevant theories will be outlined by having a focus on

framework for building up an effective CSR strategy. In the end I will outline the necessity of CSR communication and relevant approaches to it.

3.1 The link between CSR and strategic management

It is argued that CSR engagement has shifted from an obligation to a strategy. Today, many businesses are taking the next step in the evolution of CSR in business. Many business leaders are realizing that CSR is also a viable component of their overall business strategy, along with such traditional functions as marketing, branding, research and development, innovation, and operations. That is good news, indeed, because strategic corporate social responsibility executed well is effective corporate social responsibility. (McElhaney 2008, 13). The bad news is, that even though the necessity to integrate CSR with corporate strategy has been established, most corporate efforts to date have been neither strategic nor well communicated. (Hirschland, 2005, 29). A lot of CSR is out there in the business world, but not a lot of it is effective, strategic, high-impact CSR. Recent reports show that the majority of organisations is lacking a clear strategized approach to CSR, while many of them are uncertain of how to link CSR with strategy and to figure which issue prioritization will affect their overall strategy. (McElhaney 2008, 2; IBM, 2008).

3.2 Definition of Corporate Social Strategy

Strategic management is concerned with the character and direction of the enterprise as a whole. It bears upon basic decisions about what the enterprise is now, and what it is to be in the future; and deals with management planning and decision-making for the medium to long-term future. The process of strategic management is used to establish missions, objectives, and strategies for the organisation (Morden 2007, 14).

- Vision answers *why* the organisation exists. It identifies the needs the firm strives to solve.
- Mission explains *what* the organisation is planning to do to achieve its vision. It addressed the types of activities performed for others.

- Objectives are statements of the major *goals* that the organisation is aiming *to achieve*. They specify the targets towards which leadership, effort and investment are to be directed.
- Strategy describes *how* the organisation is going to undertake its mission and achieve objectives. A meticulous definition states: “Strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organisation it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities” (Andrews, 1980, 18-19).
- Tactics determine *where and when* the strategy will be implemented and by whom. They are the actions necessary for success. (Werther & Chandler 2006, 44)

Management guru Peter Drucker perhaps said it best: “What gets planned gets done.” Companies have long known that to achieve their goals, they need strategies that get everyone within the organisation headed in the right direction at the right time, and that ensure that resources are mobilized where required (McElhaney 2008, 15). Strategists differentiate three interdependent levels of strategy development: corporate strategy; business strategy and functional strategy (see Figure 5)

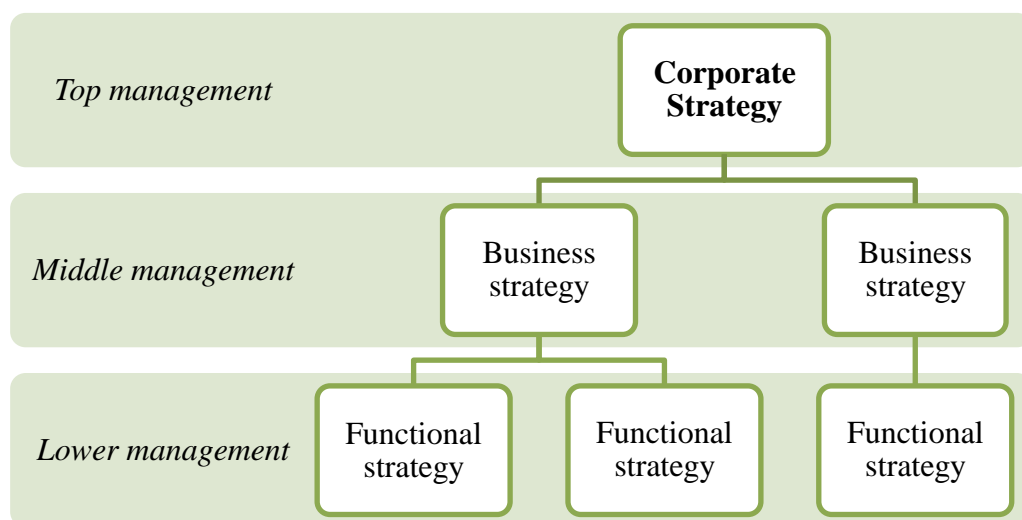


FIGURE 5. Levels of strategy development.

The first level of strategy is corporate strategy which is responsible for defining the firm's overall mission and objectives, proposals emerging from business and functional levels, and allocating resources with a sense of strategic priorities. The second level is concerned with determining the business strategy. It deals with creating and maintaining a competitive advantage in each strategic business unit. Accordingly, the third level of strategy is the functional one. It is concerned with functional areas of the organisation such as operations, human resources, marketing, research and development. It is the approach taken by a functional area to achieve the corporate and business objectives by maximizing resource productivity. (Analoui & Karami, 2003, 53-54).

There are a number of models in the literatures which have been developed to express concept of corporate social strategies. Husted and Allen (2001, 7) define corporate social strategy as "the firm's positioning with respect to social issues in order to achieve long-term social objectives and create competitive advantage". They further address a model of social strategy, which includes four elements as following: "structure of industry; internal resource of the firm; corporate value and culture; and stakeholder relationship" (Sousa Filho et. al. 2010, 296).

According to Husted and Salazar (2006), the purpose of CSR strategies is to help the firms to maximize not only the social performance but also the financial performance. Therefore, strategic approach to CSR is generally concluded to be the most effective way for organisations to enhance their value creations and achieve competitive advantages. That is good news, indeed, because strategic corporate social responsibility implemented well is effective corporate social responsibility.

3.3 Levels of CSR engagement

Most companies are already engaging in CSR at some level. To develop an effective CSR strategy, management needs to know where a particular company stands in the process. This requires a self-assessment. Figure 6 represents the 5-level pyramid of CSR involvement which companies generally pass through when engaging in CSR. (McElkhey 2008, 9)

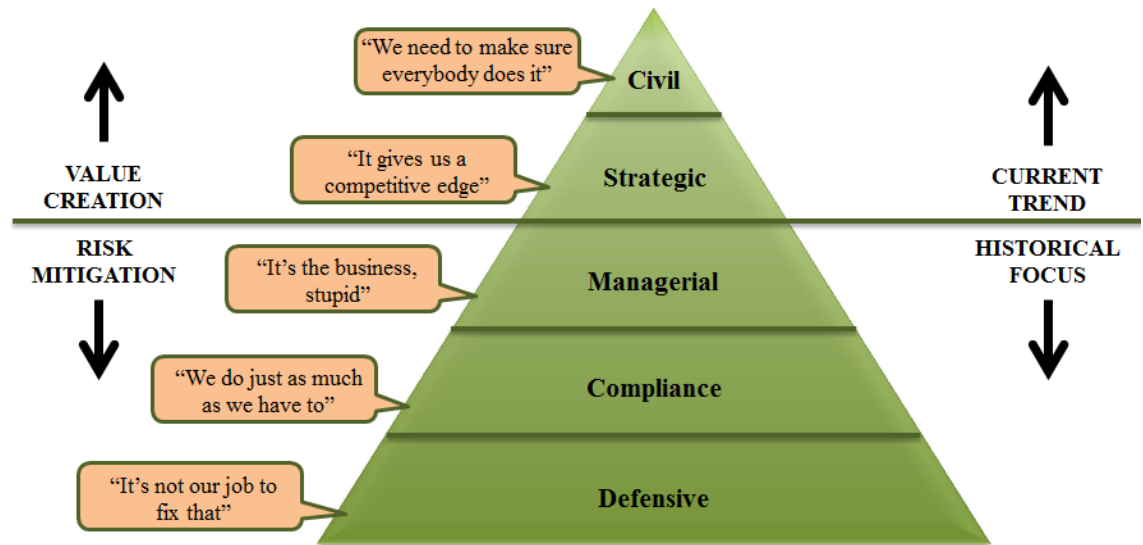


FIGURE 6. CSR levels of integration (Adapted from Zadek, 2001)

Stage 1: Defensive. Most companies enter the CSR space as a defensive move, in which all corporate sustainability and responsibility practices are undertaken to defend against attacks that could affect short-term sales, productivity and brand; or to fend off regulation or avoid fines and penalties.

Stage 2: Compliance. With the pressure on, company leaders know they need to do something to comply—preferably in a way that requires the minimum expenditures while demonstrating to critics that the company is taking action to address their concerns

Stage 3: Managerial. Ultimately, the company develops some sort of management process or system (for example, the ISO 26.000 environmental management standards) so that responsibilities can be assigned internally, the actions can be measured, and they get done. But as with most things that are risk mitigating, these activities tend to be viewed as a cost to the company, not a value or opportunity. And without looking at CSR as value creating, innovation or creativity are lacking in the CSR activities.

Stage 4: Strategic. Company integrates societal issues into core business strategy, hence CSR is seen as part of their value-creation and opportunity creating strategies,

lined up with their business development, research and development, branding, and market-entry strategies. Indeed, the trend is finally changing with CSR.

Stage 5: Civil. The final stage in the CSR maturity process is when the company changes the rules of the game, raises the civil foundation, and changes society indelibly. A company at the highest stage of corporate social responsibility embeds CSR into its daily business operations, collaborates with other companies, and attempts to change the rules of the game or attack a problem or social issue at its cause.

3.4 CSR strategic planning process

One of the most important points to be made upfront is that there is no single universally accepted method for designing a CSR structure. CSR-related agendas are very subjective; what works for one company may not work for another, and vice versa. Creating and building a successful CSR management system is a complex, long-term project for any company. It involves a shift in the way a company conducts business, and can be likened to implementing other broad change initiatives such as total quality management. The ultimate goal of a CSR management system is to successfully integrate corporate responsibility concerns – social, environmental and economic – into a company's values, culture, operations and business decisions at all levels of the organisation, which can help create better management practices overall (BSR report 2002, 3). The major struggle at this point is the absence of the developed strategic plan for CSR implementation in a small firm. Therefore, I analysed the existing strategic approaches developed by various theorists, organisations and agencies to formulate and apply the comprehensive framework that will be applicable to Kenkävero organisation.

CSR integration framework by Maignan, et al.

For the purpose of establishing the structure of the integration process, I came to the conclusion that the eight-step approach proposed by Maignan et al. (2005) is the most suitable one. It provides an overall flow of steps to launch CSR with useful insights into the development and management of CSR policies, although it lacks in-depth

implementation procedures and recommendation for the steps. As a result, the following cyclical framework is proposed (see Figure 7):

1. Discovering organisational values and norms.
2. Identifying stakeholders and their respective salience.
3. Identifying the main issues of concern to the identified key stakeholders.
4. Assessing a meaning of CSR that fits the organisation of interest.
5. Auditing current practices.
6. Prioritizing and Implementing CSR changes and initiatives.
7. Promoting CSR by creating awareness and getting stakeholders involved.
8. Gaining stakeholders feedback.

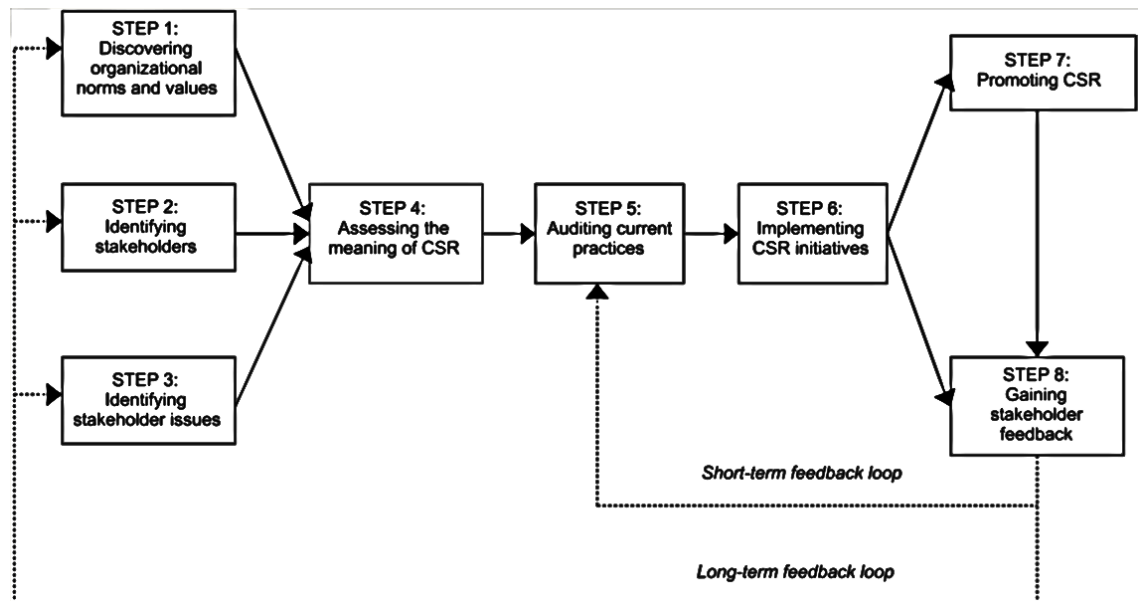


FIGURE 7. CSR Integrative Framework (Maignan 2005, 966)

Implementation framework by IISD

International Institute for Sustainable Development (IISD) designed an Implementation Guide for companies operating in the international context (see Figure 8). The reason I used this guideline is because it describes every step thoroughly, while introducing to some of the existing CSR tools and instruments and refers to approaches that were used by my companies alongside.

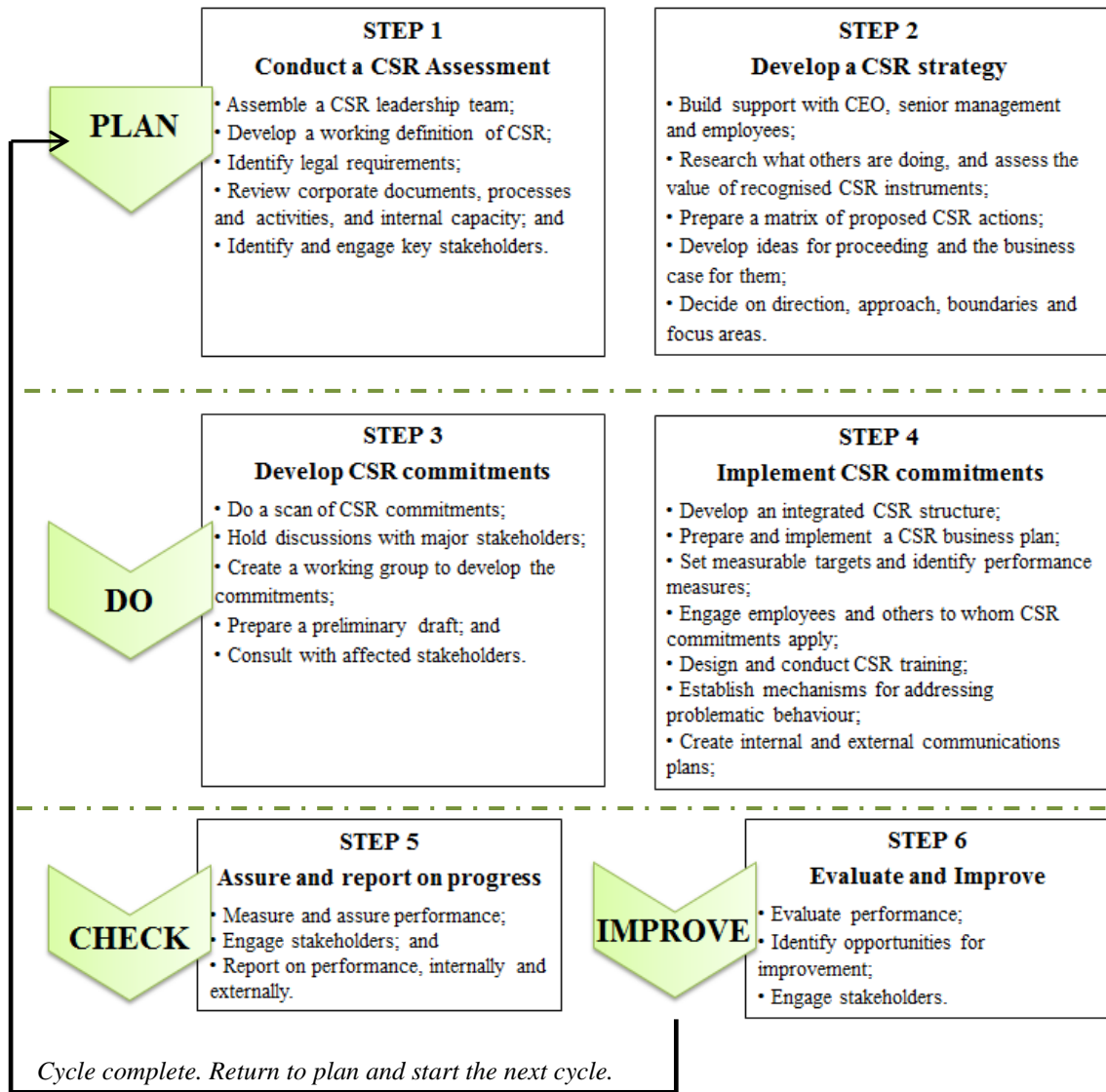


FIGURE 8. CSR Implementation framework by IISD (Adapted from Hohnen 2007, 19).

CSR Management System Development by BSR

The third step-by step guidance I choose is designed by a global non-profit organisation named "Business for Social Responsibility" (BSR). It outlines the steps a company can take to build an effective structure that aligns key CSR issues, stakeholders, functions, staff roles and responsibilities, and resources. However, as the majority of developed guidance, it is initially designed for MNEs and some stages seem to be irrelevant in the case of this study accordingly (see Figure 9).

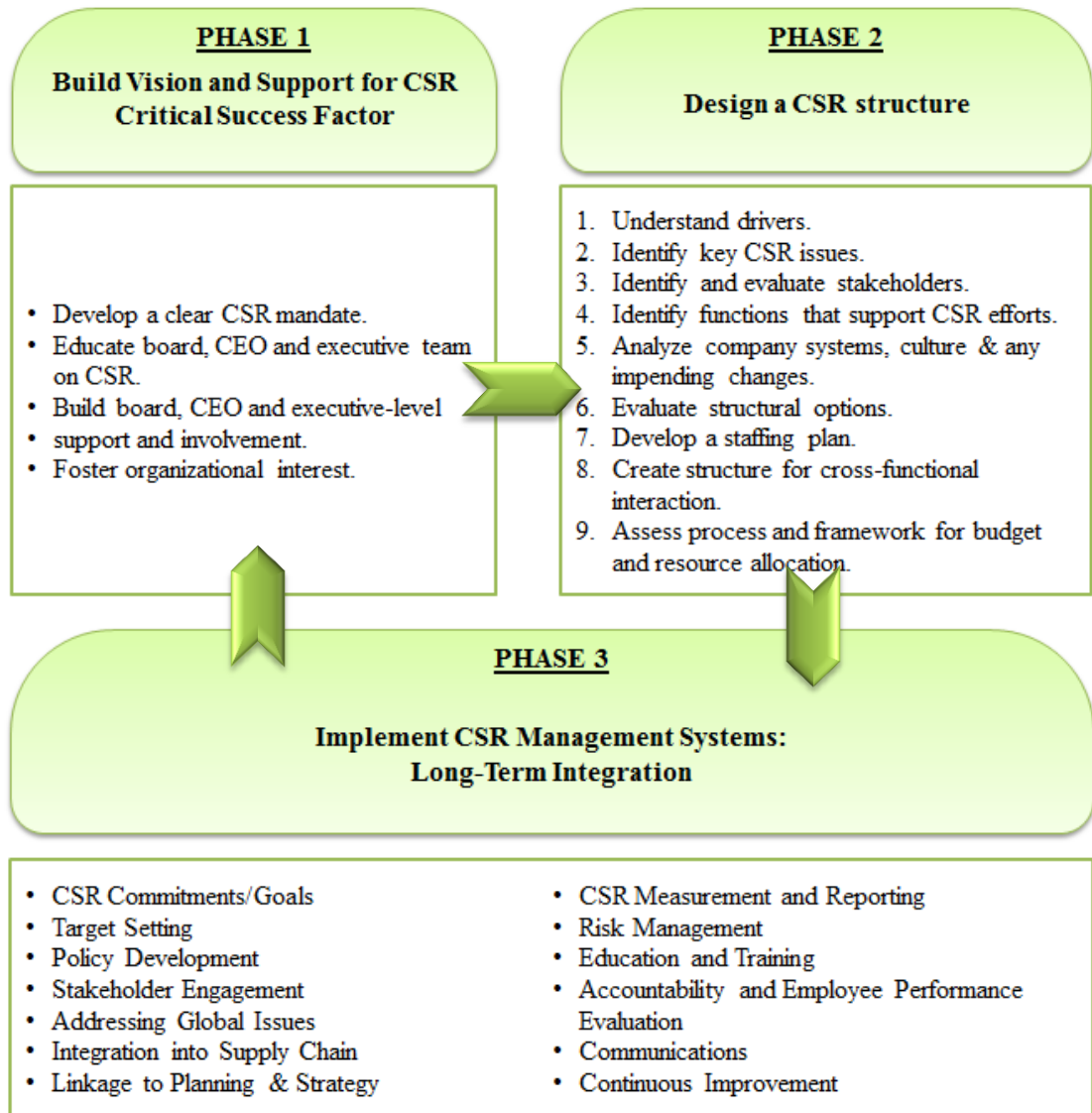


FIGURE 9. Strategic CSR development management

This component is the focus of this particular guidebook. It provides you with a step-by-step process for designing a CSR structure appropriate for your company. Through questions, decision-making tools and company examples, you can analyze your company's motivations, CSR issues, stakeholders and current organisation as they relate to helping you design a more effective CSR structure. This framework emphasizes strongly on the second phase. Table 3 summarises advantageous features of each concept and outlines unnecessary or inapplicable parts.

TABLE 3. Comparison of CSR strategy concepts

Concept	Advantages	Disadvantages
CSR implementation by Maignan et al. (chapter 3.4.1)	<ul style="list-style-type: none"> • Highlights the importance of stakeholder approach • Has a rational and deliberate division of the implementation process • Strengthens a cyclic recurrence of the process 	lacks in-depth implementation procedures and recommendations for the steps
CSR framework by IISD (chapter 3.4.2)	<ul style="list-style-type: none"> • Provides an in-depth instruction to every step • Strengthens the importance of leadership 	Focuses on big firms operating in the international environment
CSR Management System by BSR (Chapter 3.4.3)	<ul style="list-style-type: none"> • Describes explicitly the process for CSR structure development • Emphasises the role of leadership 	<ul style="list-style-type: none"> • Rather applicable to big companies with the possibility to form a CSR department • Lacks in-depth description of phase 1 and 3

All examined strategies emphasise the importance of identifying the integrative meaning of CSR for the organisation as a starting point and further highlight the essential role of leadership in building an effective framework. That justifies logic behind the first research question to identify an existing attitude of Kenkävero management towards CSR.

3.5 CSR Communication

The stakeholder relationship is assumed to consist of ‘interactive, mutually engaged and responsive relationships that establish the very context of doing modern business, and create the groundwork for transparency and accountability’ (Andriof et al. 2002, 9). In recent years, stakeholder theory has developed a focus on the importance of engaging stakeholders in long-term value creation. The emphasis is moved from a focus on stakeholders being managed by companies to a focus on the interaction that

companies have with their stakeholders based on a relational and process-oriented view (ibid, 17-19).

It has been explicitly shown that a lot of CSR is out there in the business world, but not a lot of it is actually an effective CSR. And even among the limited number of effective CSR strategy that exists, no company has yet captured the market on effectively communicating it in such a way as to maximize business value. Most companies are scared to death to communicate their CSR. The result is that the average consumer, employee, government regulator, or supplier has no idea what if anything the company is doing when it comes to corporate social responsibility. They therefore cannot factor the company's CSR efforts into their choices when deciding what product to buy, where to work, or how to invest. (McElhaney 2008, 4)

Scolars Morsing & Schultz differentiated 3 types of strategic approaches to communicate stakeholders: the stakeholder information strategy; the stakeholder response strategy; and the stakeholder involvement strategy. (see Table 4).

TABLE 4. CSR communication strategies (Adapted from Morsing et al. 2006, 326)

	Stakeholder information strategy	Stakeholder response strategy	Stakeholder involvement strategy
Communication approach	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
	Sensegiving	Sensemaking ↓ Sensegiving	Sensemaking ↕ Sensegiving
Stakeholders	Request more information on corporate CSR efforts	Must be reassured the firm is ethical and responsible	Co-construct corporate CSR efforts
Stakeholder role	Stakeholder influence: support or oppose	Stakeholder respond to the firm's action	Stakeholders are involved, they participate and suggest actions

Strategic communication task	<ul style="list-style-type: none"> • Inform stakeholders about favourable CSR decisions and actions • Design appealing concept message 	<ul style="list-style-type: none"> • Demonstrate to stakeholders how the firm integrates their concerns • Identify relevant stakeholders 	<ul style="list-style-type: none"> • Invite and establish frequent, systematic and proactive dialogue with stakeholders • Build relationships
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Different levels of stakeholder's engagement have been established with a purpose to communicate with various stakeholders in accordance to the intensity that an organisation has on a particular stakeholder. Hence, a stakeholder information strategy is the one-way communication approach that is applicable for those groups of stakeholders who have a certain interest in the organisation, but have a low influence of decision-making process. The stakeholder response strategy is aimed at those stakeholders who have a high power to influence of the organisation's operations, but have rather low interest in it.

CSR communication is a crucial part of a CSR implementation strategy that is often neglected or diminished by practitioners. All in all, even though the necessity to integrate CSR with corporate strategy has been established, the ultimate guidance for developing and sustaining CSR effectively is absent still.

3.6 Synthesis of the theoretical framework

With an intention to conclude and summarise the theoretical part, I developed an integrative framework for a CSR strategic implementation that could be adjusted perfectly to Kenkävero specifics. At this point, this framework is initially based on the coalescence of three strategies previously examined in the chapter (see Figure 10).

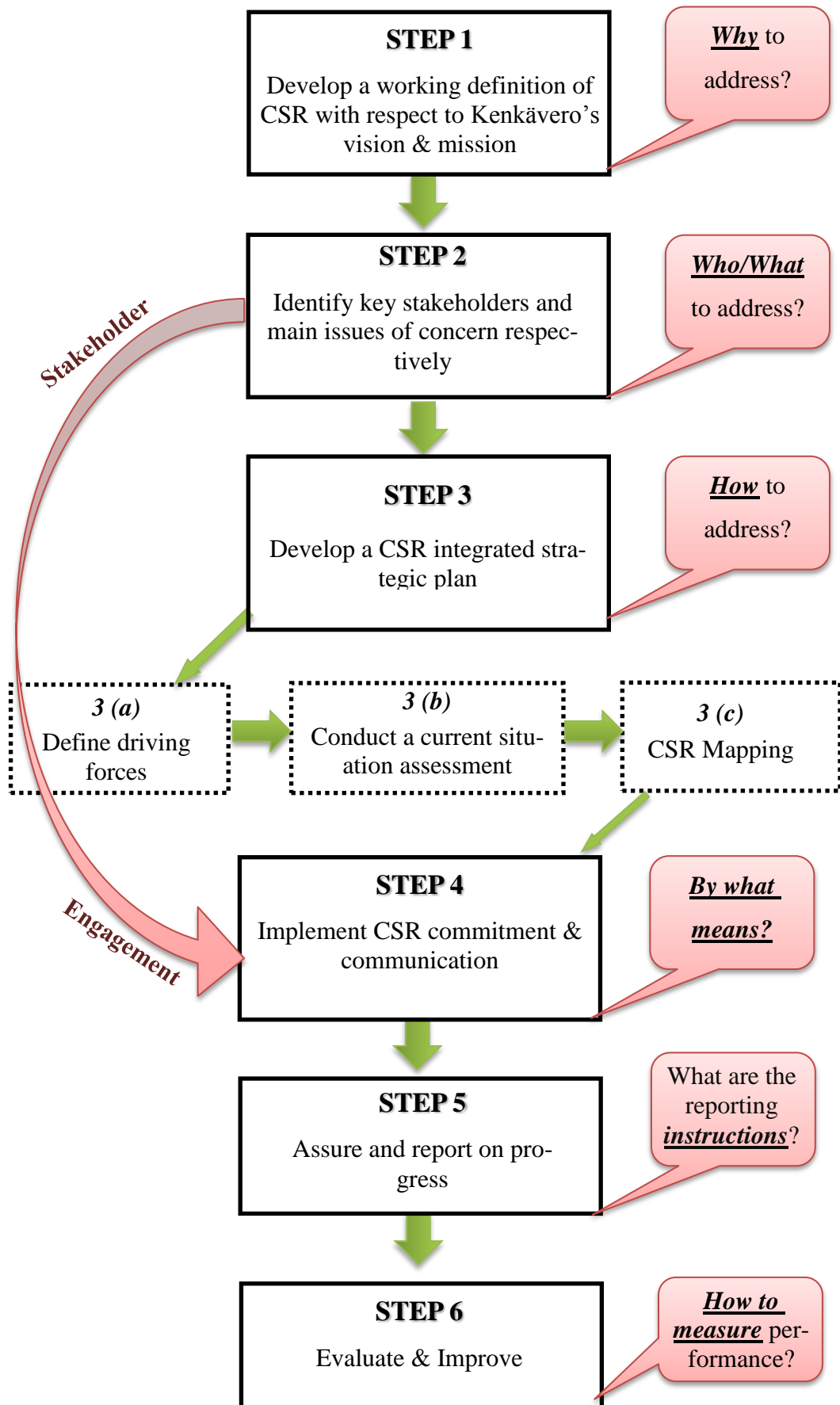


FIGURE 10. Proposed framework for CSR implementation in Kenkävero.

Identifying a subjective meaning of CSR and developing its working definition with respect to organisation's values and norms (step 1) is the starting point in the development process of building CSR strategy. It would set a direction in which Kenkävero would apply CSR-related activities initially. The reason for examining the stakeholder theory rather thoroughly lies in its exceptional significance as the next step of the process. Accurate selection of key stakeholders will allow the organisation to address its time, energy and resources with the most effective outcome. The next step is to develop a CSR integrated plan, which consists of 3 phases: define the reasons for CSR engagement (3a), internal and external environmental scanning (3b), and identifying relevant CSR activities (3c). Step 4 is inseparably linked with the second step as it identifies strategies and communication channels for various groups of stakeholders in accordance to their influence on the organisation and their expectations towards it. Final two steps are considered to be relatively standardised as they appear to be the last ones in each strategic approach.

Nonetheless, each proposed step is going to be further analysed and applied according to the analysis of collected data and other valuable information. As a result, the steps where the biggest amount of loopholes will be identified, would be significantly emphasised in the conclusion part. This will ease the overall process of CSR integration for the association by prioritizing those areas that have to be taking care of.

4 RESEARCH DESIGN

The following chapter outlines a research design chosen in accordance with a research objective. Research design is defined as the arrangement of conditions for collection and analysis of data in such manner that it combines relevance to the research purpose with economy in procedure (Selltiz 1962, 50). Accordingly, the following sections are included: research questions, research method, research techniques, data collection methods, and data analysis at last.

4.1 Research questions

As stated in the introduction chapter, the objective of this thesis is to propose a development of CSR implementation strategy for a selected organisation. It can be met by answering the corresponding research questions.

Research question 1. *What is the current perception towards CSR by Kenkävero management and what are the motivators to participate in such engagement?*

Considering the fact that a chosen association has never been involved with a deliberate integration of CSR in its operations, my way of approaching this research question is to **underline** the potential motivations for CSR at Kenkävero. Hence to answer this question, the following sub-questions have been formulated:

- 1) *How is CSR perceived by Kenkävero?*
- 2) *How can Kenkävero management be encouraged to participate in such engagement?*

Research question 2. *How should Kenkävero integrate CSR practices into its operations?*

This question required rather a broad scope of theories and concepts to be analysed. The main challenge lies in the absence of an acknowledged strategy or well-developed guidelines that could be entirely applicable for small local firms like Kenkävero. Namely, even though there is a limitation of studies upon strategic approach to CSR, for a case of SMEs there are only articles and unjustified theories. Finding answer to this research question leads to the following sub-questions:

- 1) *How is CSR linked to business strategy?*
- 2) *What are the main steps in developing a strategy for CSR implementation?*

4.2 Research method

According to Yin (1994, 17), there are five major techniques to choose from in order to answer the research questions and analyse data. These methods are case studies,

experiments, surveys, histories and archival analyses. This research evaluates a CSR phenomenon when it needs to be specifically modified and implemented in a particular organisation. Therefore, a case study is the chosen research frame, as it allows investigating a contemporary phenomenon within its real-life context and gives the possibility of dealing with many kinds of variables and using multiple sources when collecting data, such as articles, papers, interviews and observations (Yin 2004, 23-24).

Generally, there are two ways of conducting a research. It can be based on using either qualitative or quantitative research method. Qualitative study revolves around the collection of data through observations, interviews and surveys, and is generally concerned with words and meanings (ibid, 14). Data is recorded and analyzed via identifying and categorizing themes. This method allows for selected issues to be studied in depth, as well as for openness and detail. Qualitative study is indeed characterized by flexibility, in opposition to the rigorousness of a quantitative study. A qualitative study is a method increasingly used today to deeply understand certain phenomena in our society. This type of analysis is based on words, on the views of participants and a rather structural approach (Bryman & Bell 2007, 426). Quantitative study, on the other hand, is the exploration of traits and situations from which numerical data can be obtained, and is generally concerned with numbers and measurement (Charles, 1995, 21). Considering that the objective of this research is to develop a CSR implementation strategy that is deliberately integrated with the specifics of the targeted organisation, such as organisational culture and values, industry of operations, size and knowledge base, qualitative study is the ultimate choice of conducting the research.

4.3 Data collection methods

There are various methods of collecting data. Qualitative researchers typically rely on four methods for gathering information: (a) participating in the setting, (b) observing directly, (c) interviewing in depth, and (d) analyzing documents and material culture. Data sources are broadly classified into primary and secondary data. (Marshall 2006, 97).

Secondary data is the one that was either gathered by someone other than the author of the research (other researchers, institutions, other NGOs, etc) or for some other pur-

pose than the one currently being considered (Cnossen 1997). Sources of secondary data used in this research are: official reports and statistics, scholarly journals, literature review articles, and reference books.

Primary data is based on the original findings that are collected by the author conducting the research. Naturally, this type of data is the most reliable and carries the biggest value for the research. Qualitative interviews may be used either as the primary method for data collection, or in conjunction with observation, document analysis, or other techniques. The primary data were collected through semi-structured interviews in conjunction with observations. A semi-structured interview is rather flexible, where the interviewer has a list of discussion questions or topics to be explored, but new questions are allowed to be brought during the interview as a result of the interview flow (Lindlof & Taylor 2002, 195). This method of gathering information was the most applicable one for the context of my research. One of my research questions is to understand the attitude of Kenkävero's management towards CSR concept.

The first interview was arranged with Anne Ossi, the general manager of Kenkävero on September 12th 2012. The questions asked during the interview are listed in Appendix 1. Due to the language barrier, Heli Aaltonen accompanied me to assist with the translation. Anne and Heli devoted nearly an hour for the interview and as a result the objective of the interview was met. I received all the valuable information regarding Kenkävero operations, recent projects, participation in external social issues, and Anne's opinion regarding CSR.

Since the interview took place in Kenkävero Vicarage, I was able to visit the nearby shops and meet local suppliers (namely Pauliina Rundgren and Ossi Kumpulainen) and observe the products offered. Thus, by completing interview and observing the organisation's operations itself I was able to proceed with the analysis.

The second interview was conducted much later since it depended on the findings from the data analysis. Eventually, it was arranged on November 13th 2012 with a former employee, who used to work in Kenkävero earlier this year and required to stay anonymous. The questions asked during the interview are listed in Appendix 2. As a result, Kenkävero's operations were commented from another angle that was vital for the continuation of my research.

In order to highlight the alignment of theoretical framework with the empirical part, I developed a research matrix (see Table 5) where each research question is supported by relevant theoretical concepts, data collection method and a consequent empirical part.

TABLE 5. Research matrix.

Research question	Sub-questions	Re-search method	Relevant theory	Relevant empirical finding	Re-sults
1. What is the current perception towards CSR by Kenkävero management and what are the motivators to participate in such engagement?	How is CSR perceived by Kenkävero?	Qualitative approach with a case study technique	2.1	5.2.1	6.1 (6.1.1 – 6.1.2)
	How can Kenkävero management be encouraged to participate in such engagement?		2.3	5.2.3	
2. What can be a strategic approach to integrate CSR into Kenkävero operations?	How is CSR linked to business strategy?		3.1 – 3.3	5.2.1	6.2 (6.2.1 – 6.2.2)
	What are the main steps in developing a strategy for CSR implementation?		3.4 – 3.5	5; 5.2.1 – 5.2.6	

5 DEVELOPING A STRATEGIC APPROACH TO CSR IMPLEMENTATION

This part of the study is targeted to find solutions to two main research questions. The core objective of the research is to develop a unique and comprehensive framework for a CSR strategic engagement that would include the specific characteristics of the chosen organisation. The basis of the empirical part is formed according to the

synthesis of the theoretical framework (see Figure 10). Thus, a strategic approach to CSR implementation for Kenkävero consists of the following steps:

Step 1. Development of a CSR working definition with respect to Kenkävero's vision and mission. This step requires a deep analysis of Kenkävero's culture and the attitude of its management towards CSR as the main determinants.

Step 2. Identification of key stakeholders by prioritising several groups of stakeholders using the power-interest grid examined in chapter 2.2.3.

Step 3. Development of a CSR integrated strategic plan by identifying the potential motivators to engage in CSR at first, assessing internal and external environment, as second, and mapping CSR initiatives based on the expectations of the identified key stakeholders.

Step 4. Implementing CSR communication techniques by strategizing communication approaches and related means of communication in accordance with the stakeholder categories established previously.

Step 5. Reporting on CSR performance by adopting generally accepted reporting instructions or searching third-party assistance at that point.

Step 6. Evaluating and improving implemented CSR strategy and finding the measurement system to do so.

The research questions are formulated in such manner, that the obtained results for the first question are used as the input to answer the second question. Hence, the structure of the empirical part is designed in accordance with the research objective and provides answers to the research questions that are interlinked with one another.

5.1 Overview of Kenkävero Association

Kenkävero is a non-profit organisation located in the Etelä-Savo region of Finland, and located near to the centre of Mikkeli. Kenkävero is a former parsonage surround-

ed by fields on the shore of Lake Saimaa. The history of Kenkävero Vicarage, also known as the Big Vicarage, dates back for more than 550 years. However, Kenkävero opened its doors again only 22 years ago after two decades of hibernation. The Town of Mikkeli and the Rural Parish then exchanged plots of land and the vicarage became the property of the Town. The Town later decided to conserve the main building according to a plan for its use by the Mikkeli Arts and Crafts Association and the Martha District of Savo-Karelia. Thus, the shareholders are:

- The Town of Mikkeli – 63% of shares;
- Taito Group Association – 29% of shares;
- Martha District of Savo-Karelia association – 8%.

Generally, Kenkävero operates in the *Tourism Industry*. It is the most visited attraction in the Etelä-Savo region. In the year 2011, nearly 160.000 tourists visited this place. The highest tourist peak dates were the mid-summer, (in July Kenkävero was visited by 45 thousand tourists); and Christmas holidays (December-30 thousand tourists).

Kenkävero's main areas of services are:

- *Restaurant*. Located in Kenkävero Vicarage preserves its original style. Finnish feast food which is made of local products produced both in-house and by other local producers, is served.
- *Shops*. Kenkävero engages many small businesses and entrepreneurs who produce Finnish craft products of high quality.
- *Garden*. Mostly used as an aesthetic pleasure of visitors. Garden has nearly 500 species and some of them are used for restaurant purposes.
- *Events*. Kenkävero is known as a centre of many events and festival that occur in the region.
-

Organisation has 15 employees per year in general. However, during the tourist peak season organisation hires additional 30 employees, resulting 45 in total. **Anne Ossi** is the general manager, who is responsible for the whole operations, deals with suppliers and the media as well. Applying this, Anne Ossi is further identified as the Kenkävero management as she is the only person responsible for decision-making process. The

organisation is recognized as a big player in the region. Management of the company is invited to participate in the majority of different projects across the region and nationwide. Kenkävero understands its power to influence the wellbeing of the society and wishes to use it as effectively as possible.

Speaking of the organisation size, it considers being within the SME category. That category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ less than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million (European Commission Report, 2003).

TABLE 5 gives a clear definition of SME, which makes the main factors determining whether a company is an SME to be:

- number of employees or
- either turnover or balance sheet total.

TABLE 6. Definition of SME

SME DEFINITION			
Enterprise category	Staff Headcount	Turnover	Balance sheet total
Medium-sized	< 250	< EUR 50 million	< EUR 43 million
Small	< 50	< EUR 10 million	< EUR 10 million
Micro	< 10	< EUR 2 million	< EUR 2 million

SMEs have a significant importance in European Union (EU) in particular and proven as the EU economic backbone. A member of the European Commission, Günter Verheugen, describes SMEs as “the engine of the European economy”. According to The New SME Definition Guide published by EC (2005) describe SMEs as “an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment”. The vast number of SMEs, and the significance of their accumulated contribution to the global economy, is the most frequently emphasised motivation for SME specific CSR research.

5.2 Research process and data analysis

This chapter is focused on the analysis of the obtained primary data the target organisation's specifics, and observations in order to apply the proposed framework for CSR development.

5.2.1 Formulate a working definition of CSR

Theory provided an evidence for a long-term debate that is evolving around the CSR definition. And although it may seem that the definitions proposed by various resources are to a certain extent the same, yet the perception of CSR for every company that is engaged in CSR initiatives is still unique and subjective. Thus, the starting point in building a strategic CSR implementation is formulating a working definition for it. CSR definition process is based on two pillars: organisational culture and leadership.

Organisational culture as a first pillar.

The definition and derivative CSR programme has to be in a tight alignment with the values, norms, and mission of the organisation. (Maignan et al., 2005). Awareness and understanding of the company's vision and values and their relationships to the company core business practices is crucial. It is therefore especially relevant to recognize the organisational values and norms that are likely to have implication for CSR. The further formulated vision, mission and objective of Kenkävero are transformed with regard to CSR.

Kenkävero's vision

Vision of the organisation is stated on its shareholder's website: for us, (referred: Tai-to Group) it is important to appreciate the entire spectrum of craft work. Craft work can be a beloved hobby, a thriving business, a person's whole life, and a form of cultural expression. We emphasize the Finnish culture while at the same time representing international cross-boundary cultural activities. We support *sustainable development* on a practical level. Crafts skills are a form of lifetime learning and they are intended for everyone.

Kenkävero's mission

I derived the *mission* based on Ms Ossi's answer to the question: "What does the concept of CSR mean for your company?" She pointed 4 different areas Kenkävero considers to be responsible for:

- Promoting business of small enterprises and private entrepreneurs that are operating in the handicraft industry. As a corporate citizen they see a need to help others to attract of not the same, but rather big amount of tourist.
- Promoting local food, local farms who grow plants
- Supporting Finnish culture.
- Helping to distribute welfare in the region.

Kenkävero's objectives

Kenkävero is the main driver of tourism in the region, it boosts the number of visitors to the region progressively. Thus, the organisation is a recognized big player in the region. Management of the company is invited to participate in the majority of different projects across the region and country-wide. Kenkävero understands it has a power to influence the wellbeing of the society and wishes to use it as effectively as possible.

- Serving as a *shop*; the aim of Kenkävero is to raise the general awareness for crafts, to maintain craft skills, to develop new, high quality and unique craft work, and to support crafts businesses.
- Serving as a *restaurant*: Finnish feast food, which is made of local products produced both in-house and by other local producers. Supports local farmers, fishermen and other entrepreneurs.
- Sustaining *garden and vicarage*: maintain an appropriate conservation of the historically valuable building and its attached surroundings; sustain as an important cultural piece.
- Being a *responsible society member* of Etelä-Savo region, the organisation aims to look permanently for new services and events to offer in order to maintain and attract customers and encourage their loyalty.

In practice, formulated CSR-adjusted vision, mission and objectives must not only be formulated and declared by management but also formalized and communicated through official documents such as annual reports, corporate brochures and online information. It should be carefully designed in accordance with identified corporate culture and formulated in order to fit with current personal values of the employees (Werre, 2003).

Leadership perception on CSR as a second pillar.

As a stepping stone in analysing management perception on CSR, the factors affecting this perception need to be outlined. The following factors are considered to be influential in forming an attitude towards CSR:

1. Cultural conditions of operating business in Finland.
2. Individual attitude to CSR concept.

Finnish culture, apparently, can influence how management sees and estimates CSR and its importance. Finland is known a country of high quality products and services, creative and advanced technical know-hows, establishing all the circumstances for a sustainable development. Thus the necessity to eliminate low-quality products or irresponsible services stopped being an issue of concern at some point. Consequently, same occurred with CSR issues as sustainable development has been circulating for quite a long time in Finland and turned Corporate Responsibility into a an obvious part of the business. That can be an actual reason for taking CSR for granted by the majority of firms. Idowu et al. (2010) formulated several other aspects that somehow affect the perception of CSR by the Finns.

- Culture of strong compliance to law and regulations. Regulation of companies and industries is rather rigid and companies must comply to avoid heavy penalties; taxation system in Finland is one of the highest in the world, thus benefiting in society building and supporting. As it turns, CSR implementation is positively enhanced in Finland due to a government reputation and strict penalties in terms of tax avoidance.

- Positive thinking towards globalization. There is a pattern that many executive managers and CEOs consider globalization to be an important factor for a business success. Therefore, Finnish companies, among others, tend to support and promote global CSR initiatives. The downside however, is a tendency to conservatism when it comes to soft management. Finns have a propensity to be technocratic, so management would rather adopt the latest technology or engineering faster rather than engage with CSR implementation.
- Culture of good governance and intolerance of corruption. Finland is one of the least corrupted countries, it practically don't exist there. Reasons for that are egalitarianism (no class distinction), good governance, transparency, openness, and collective decision-making. Hence, the Finnish culture is dignified with honesty, strong stance on morality, high ethics, and framed in rigid values; while avoiding such policy breakers as bribery, lobbying, corruption and other types of crime. The only negative cause of it is the unwritten rules of global market in terms of competition, e.g. export preferences and in investment or project biddings.
- "Little Finland" thinking. Finland is considered to be a small country in terms of making business. Thus, local businesses and entrepreneurs feel close and familiar with each other, which results in easy and effective networking. Networking is a blast for CSR as it serves as an assistant in fast and steady development due to information sharing and easy communication. Statistic shows that among Finnish firms the highest results belong to members of various CSR networks in Finland. (Adapted from Idowu 2010, 148) .

Anne Ossi's personal understanding of CSR was seen as a participation in local social issues and involvement in projects aimed at developing the Etelä-Savo region. Indeed, these are the CSR-related activities, but they can be seen on the same level with such activities, as charity or donations, as they fail to create any value towards Kenkävero primary operations. Additionally, during the interview Anne Ossi left employee-related issues out. In conclusion, a CSR concept is rather undervalued by the management of the organisation, as the knowledge-base of the CSR concept is limited.

Under the scope of organisation's image and main focus of operation; I studied several rather common definitions of CSR and formulated the ultimate one that applies the most.

The commitment of Kenkävero to contribute to sustainable economic development of the Etelä-Savo region, working with local community and society at large to improve their quality of life; it means:

- *taking account of all the positive and negative environmental, social and economic effects it has on society;*
- *creating value for customers and minimizing the environmental impact of its facilities and products;*
- *using ethical business practices and expects the same from its suppliers and partners;*
- *doing business ethically and contributing to stakeholders' concerns responsibly;*
- *treating employees with respect and being a good citizen in the society it operates;*
- *being a valuable and active society member and contributing to its wellbeing.*

Kenkävero is a valuable player in the Etelä-Savo region. It attracts a huge number of tourists, which contributes massively to a region's wellbeing. Hence, the organisation proved to be a number one tourist spot in the region, it is viewed as a role model for other local organisations. Kenkävero needs to maintain its high image and generate new ideas to meet growing stakeholder's expectations.

5.2.2 Identify and address key stakeholders

The next significant step is to identify stakeholders of the organisation. As I stressed in the theoretical part, stakeholder engagement is a key factor in the overall CSR agenda. The task in this step is not only to identify, evaluate and assess a degree of influence a particular group of stakeholders has on the organisation; but to select key groups and prioritize their critical issues. CSR is aimed to positively influence the

relationships with stakeholders as well as meeting their expectations and concerns in the long-run.

Identify stakeholders

The whole scope of Kenkävero stakeholders can be overviewed using the framework developed by Post et al. (see Figure 8).

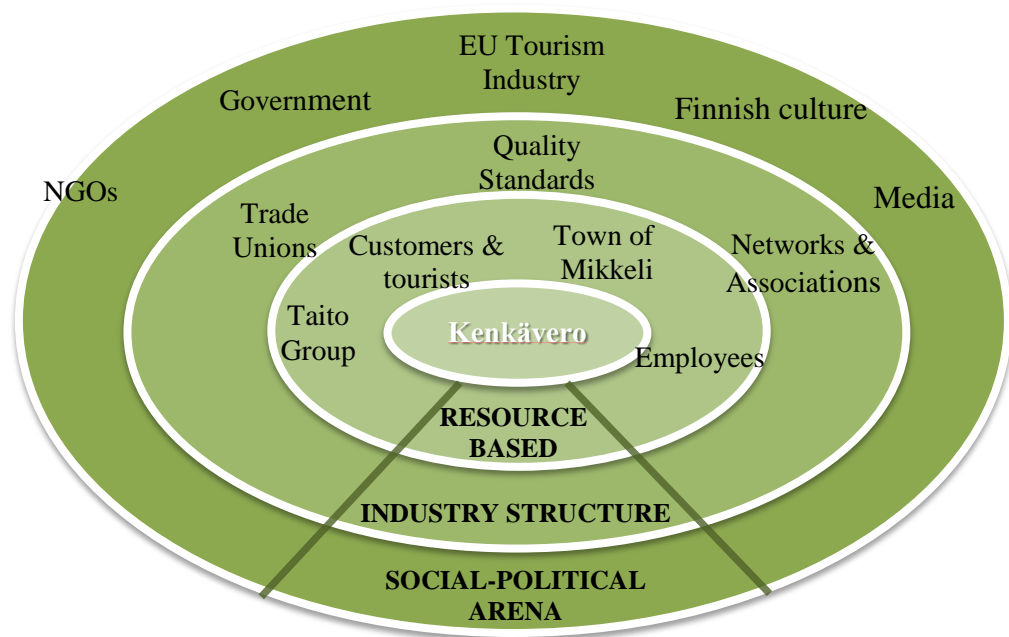


FIGURE 11. Framework of the stakeholder view of Kenkävero.

Resource based groups of stakeholders are:

- Employees: regular and seasonal
- Customers & tourists: local and global
- Owners:
 - o Town of Mikkeli (major shareholder)
 - o Taito Group (participates in decision-making process)
 - o Martha District of Savo-Karelia association

Stakeholders affecting industry structure:

- Suppliers
- Trade Unions

- Quality standards
- Networks & Associations

Stakeholders involved with social and political environment of the organisation:

- EU tourism regulations
- Finland's governmental actors
- NGOs
- Media

Prioritize stakeholders and their critical issues

Setting priorities is an essential component in building a well-integrated strategy for CSR implementation. Besides, thinking broadly about all groups of stakeholders and reckoning with all the concerns often results in a massive and conflicting list of issues and wasting of time, which does not guarantee a conceived outcome. Stakeholder prioritization is a necessary step organisation should take to demonstrate that its decision-making process is derived and controlled with a thorough application of stakeholders' expectations and, in turn, takes into account the impact of the organisation on its stakeholders.

However, it is a great challenge to determine which relevant groups of stakeholders the organisation should prioritize. Indeed, the primary goal for the organisation is to minimize its negative impact and maximize its positive impact on important stakeholders issues (Maignan, 2005, 957).

In order to identify key stakeholders, I used a toolkit developed by Eden and Ackermann (1998). In their clarification, stakeholders are divided into 4 categories in accordance with the level of their relevance to the company.

Summarizing the concept of stakeholders' prioritization and Kenkävero's relevant groups of stakeholders previously identified, table 7 enclosed all the data and derived a corresponding category to each group.

TABLE 7. Comprehensive analysis of Kenkävero's stakeholders

Stakeholder	Interests	Influence on Kenkävero	Derived category
Shareholder: Town of Mikkeli	Performance, Reputation, Profit	Licence to operate; Provide a capital to operate; Ensure minimum regulations are met;	<u>A-Stakeholder</u>
Shareholder: Taito Group	Handicraft performance, Direction, Profit; Reputation	Provide a capital to operate; Sets desired directions	<u>A-Stakeholder</u>
Management	Performance, Targets, Improvements, Reputation	Sets direction of operations	<u>B-Stakeholder</u>
Customers	Quality, Relevance, Customer Care; Value; Reasonable prices	Directly influence organisation's bottom-line; Willingness to pay more for CSR supported products	<u>A-Stakeholder</u>
Employees	Working conditions, Minimal wage, Job security	Directly influence organisation's bottom-line	<u>A-Stakeholder</u>
Suppliers	Fair contract terms, on-time payment; Profit	Provide business inputs; Major impact on reputation Essential part of value chain	<u>C-Stakeholder</u>
Community (Etelä-Savo region)	Involvement, Social issues, Impact on environment	Possess best knowledge of needs and issues to address	<u>C-Stakeholder</u>
Government	Industry improvement, taxation, Legislation; Support local businesses and entrepreneurs.	Give a licence to operate; Ensure that minimum standards are fulfilled	<u>B-Stakeholder</u>
Media	Observe the operations; decision-making; Make sure external shareholders get the relevant news	Independent observer; Have a direct and major influence on the reputation	<u>B-Stakeholder</u>

As a result, there are 3 groups of stakeholders that Kenkävero should consider as key stakeholders and assume their expectations and concerns to be the critical ones when

planning a set of CSR-related initiatives. These are both shareholders (Town of Mikkelin and Taito Group Association); customers; and employees.

However, during the interview Anne Ossi stated that Kenkävero's main focus groups are local community, which is a whole Etelä-Savo region, and Kenkävero's customers and tourists. That leaves out one of the most influential stakeholders, namely employees. The following are the current CSR-related activities that Ms. Ossi named:

- When it comes to finding new suppliers, organisation stresses ecological issues. But Kenkävero does not require any additional quality assessments, as relations are built on a mutual trust.
- Some products available in the shop are made of recycled material, although the organisation do not emphasize it a lot.
- One of the Kenkävero long-term suppliers has a field with rather unique wheat seeds of 18 century for the organisation exclusively.
- In order to support and develop craft skills, Kenkävero offers a craft school for children which is located in the city centre of Mikkelin. Although it's not completely free of charge, lessons are offered at a nominal price.
- Kenkävero understands its influence on region's development and keeps acting as an active member of a society. Organisation participates in a majority of local projects. As a matter of fact, the recent project Kenkävero was a short-term trial partnership with a local business unit aiming at organizing a "garden therapy" for elderly people living in the Etelä-Savo region. It occurred in the summer of 2012 and received positive reviews in media.

It is an ongoing process for management to search for new projects to participate in, for new partnerships to boost local businesses and entrepreneurs, for new events to attract more tourists and gain their loyalty. However, organisation lacks a certain degree of structure in its attempts to affect concerns of a society. A systematic and deliberate approach in addressing social, economic and environmental issues is the only way for Kenkävero to embrace its existing opportunities at fullest.

The result of the second step in the implementation process is significant already. Organisation is neglecting one of main targeted groups of stakeholders, its employees. The reason for that is hiding in the initial characteristics of SME, as the number of people working for the organisation is relatively small. The logical assumption, then, would be that the influence and impact employees can have on the organisation are scanty. Nonetheless, examining the interests and concerns of employees, who belong to *A-stakeholder* group, can reveal both opportunities and potential areas to meet the organisation's objectives.

5.2.3 Develop a CSR integrated strategic plan

A lack of generally accepted definition of CSR and further consequences have been stressed out in the theoretical part, but it's worthwhile reminding again that CSR is a very sensitive concept to every detail of the organisation's culture and environment it operates in. Thus, the objective of this part is to outline the steps a company can take to build an effective structure that aligns key stakeholders and crucial CSR issues, short-terms and long-term objectives, key drivers for the implementation, relevant staffing, responsibilities and resources.

In any company, drawing up short- and longer-term strategies is a familiar procedure. What is often still missing up till now is the integration of the three P's (planet, people and profit) into the strategy and the action plans which derive from it" (Cramer, 2003, 26). Thus, the ultimate goal of strategic CSR implementation is to identify a key CSR issues and integrate them successfully into a company's culture, image, decision-making process and operations; while designing a framework for an effective supervision and stakeholders' engagement.

The process of developing a CSR structure appropriate for Kenkävero is divided into three major phases according to the technique offered by BSR (see chapter 3.4). However, a big pile of outlined steps in that technique were irrelevant for the target organisation. For that matter I observed the rest of the approaches described in the theoretical part, and formulated the most appropriate and sense-making steps under each phase. The initial phase sets to define driving forces behind CSR implantation, next

phase assesses the current system of the organisation in relation to CSR implementation; and the last phase is aimed to outline CSR proposed issues.

Phase 1. Define driving forces for implementing CSR initiatives

When a company is on the way to create a CSR structure from scratch or modify the existing one, it normally occurs as a response to a particular set of internal and external factors. These drivers vary dramatically depending on the organisation's characteristics and the environment it operates in. Those drivers may appear from both the internal issues of an organisation and from the outside as well.

Taking into account the organisation's culture and characteristics, the following driving forces for CSR consideration and implementation are identified:

- *Improve working climate.* Improve image as an attractive employer to ensure that employees are satisfied with the offered working conditions and their possibility for self-development within an organisation; boost respect and care within an organisation
- *Exert leadership* by influencing others' behavior by example.
- *Be better integrated* by making CSR more of a "living reality". Policies may exist but may not be a part of employees' work on a day-to-day basis. Encourage employees and other stakeholders to participate in brainstorming.
- *See CSR as an approach to achieve social goals in the more structured way.*
- *More effective conduct of business* Acting beyond philanthropy and foster sustainable environment for local communities. Be better able to manage risks and potential liabilities by having mechanisms in place that allow the company to address various challenges and risks related to operating in the global economy.;
- *Respond more proactively* by having a system in place up-front, so that CSR issues are identified and addressed effectively.
- *Organisational learning and continuous improvement* (e.g. auditing & sharing best practice across businesses)

- *Employee development.* Integrating into a two-way communication with employees and informing them about the CSR relevant issues, employees are getting more motivated and committed employees which of the critical success factors for any business.
- Winning and retaining consumers and business customers (supply chain pressures and opportunities) as CSR integration process re-evaluates decision making process from a *stakeholder view*, thus helping finding and filling in the gaps.
- *Being a good neighbor* and becoming even a better one – maintaining a license to operate from the local, building a structured system of social activities.
- *Gain visibility and recognition* for CSR efforts by effectively and in a coordinated manner communicating the totality of CSR efforts to award programs, the media and others. Raise awareness among external stakeholders applying communication strategies.
- *Stress the role of the organisation in the society.* Changing perceptions of the role of business in society (not only a source of profit), through the media, education, and actions by stakeholders.
- *Expend networking opportunities strategically.* CSR framework focuses on CSR identifies crucial issues, thus it supports in narrowing down the focus on social issues to address.
- *Better understand stakeholder inquiries and requests* regarding new and often more complex issues, such as requests to adopt new external standards or abide by new or proposed regulations, legislation, guidelines or shareholder resolutions, etc.
- *Stay updated with industry trends.* By engaging stakeholders and systemizing the approach to meet their expectations, CSR helps to identify a niche in service or market innovation, new events, the need for more sources of creativity and innovation in business.

Phase 2. Internal and external environment assessment

The aim of this phase is to evaluate what is the current situation in the organisation. Firstly, the internal assessment is derived to locate the current level of CSR engagement and evaluate the size of the gap between the current level and the strategic one.

Assess current CSR involvement

Before moving any further, the starting point should be defined. Many companies, including Kenkävero, are not aware that their management's decision making process already has CSR seeds in operations are already including CSR concepts. Many theorists describe CSR development as a certain continuum where CSR integration within a company has different levels, which flow steadily, yet, again there is no single one universal development path for all of the organisations.

Based on the case study of Kenkävero, the combination of Googins's et al CSR stage grid (2007) and Zadek (2006) CSR stages pyramid was used to build a comprehensive bridge between the current level of CSR involvement and the targeted one. Table 8 depicts the current stage of CSR and the transactional one in order to achieve a strategic level.

TABLE 8. Transactional stage of CSR integration

Growth stage	Defensive	Transactional	Strategic
Importance to mission	Peripheral	→	Strategic
Citizenship concept	Philanthropy; social participation	→	Sustainability
Strategic intent	Legal compliance	→	Integration of value and values
Leadership	Minimal	→	Visionary
Structure	Minimal	→	Organisational
Issues management	Reactive	→	Proactive
Stakeholder relationship	Unilateral	→	Alliances and partnerships
Level of engagement	Low	→	High

Importance to mission: CSR is seen as a crossing concept in achieving a mission of an organisation. Strategic alignment of CSR management and Kenkävero's mission is an effective way to address the stakeholder's concerns.

Citizenship concept: Kenkävero is already conducting its operations based on more than just "jobs, profit, taxes" concerns; it is a truly recognized and valued citizen of Etelä-Savo region. Engagement with CSR strategy will strengthen and sharpen Kenkävero's operations leading to sustainability.

Strategic intent: even though the knowledge of CSR is neither wide nor deep within the organisation, Kenkävero has willingness and interest in dealing with many social issues that are linked with CSR concept. Yet, when CSR is integrated into the organisation's values and objectives, the outcome is much bigger and more worthy. The help of employees or having recourse to external experts is necessary though.

Leadership: a CSR concept as such was not identified by the organisation. However, invisible for the management, CSR activities were part of an external social work. Now, when CSR is about to be formulated, leadership is a critical success factor.

Issues management: Kenkävero's management has a reactive approach to addressing CSR-related agendas so far, meaning that they respond to a specific concerns or projects, which has short-term results in most of cases. A proactive approach, on the other hand, will result in a long-term benefit and a sustainable innovation.

Stakeholder relationship: in the previous step it was identified that Kenkävero prioritizes local community and consumers as its key stakeholders. But the analysis made showed two missing stakeholder groups to address: employees and suppliers.

All things considered, CSR-related activities are the part of Kenkävero's operations that were never highlighted. Hence, the organisation is engaged with CSR somewhere between the defensive and compliance stages, but it has all the willing and potential to continue CSR alignment up to the top stage. According to the Consolidated European Report (2007) developed by European commission, Kenkävero can be related as a particular SME which have started as social enterprise in which the owners/managers are motivated strongly a desire to create positive community or social impact.

Assessment of the external environment

External assessment includes the analysis of the industry Kenkävero operates in so that to identify the level of desirability to implement CSR concepts within all organisations operating in the same industry. The second part concentrates on macro-economic conditions of the country Kenkävero, namely Finland.

CSR Trends in Tourism Industry

As globalization was one of the main reasons CSR gained such a noTABLE place in each company's operations, taking at least brief look at the recent global trends towards a sustainability in tourism is in the "must do" list. The main directions, concerns, and expectations are extracted from the United Nations Environment Programme (2011) and Tourism Strategy in Finland 2020 (2010), and summarized in the following key bullet points.

- Attention to sustainable development in tourism business processes and the supply of services.

Ecosystem services refer to the various benefits the humankind gains from natural systems, including nutrition (food and water), regulation (control of floods, draught and erosion) and culture (recreational, spiritual and other intangible benefits). Demand for ecosystem services will increase in line with population and economic growth, and improvements in material standards of living. Energy saving and enhancing energy efficiency are often economically profitable. Consumer choices are crucial to determining enterprises' decisions on what to produce, and those of consumers on what to buy. Demand creates and modifies supply.

- Development of education in the tourism industry and enhancement of competencies.

The tourism industry is a major employer and the sector's share of the employed workforce is set to increase in the future. Tourism is providing employment, and tax and export revenues, and enhancing wellbeing throughout Finland. Tourism sectors

employed a total of 130,500 people, generating approximately EUR 4 billion in tax revenues per year, and accounting for 3.8 % of GDP (ibid). In addition, the tourism business is a significant employer of young people. Tourism industry enterprises need multi-skilled employees with good professional skills, the ability to serve demanding customers, and skills in foreign cultures and languages. Russians are by far the most important group of foreigners in Finland, thus institutions will have a greater focus on the study of the Russian language and culture. Finland must have a strategy for attracting work-based immigrants, since the generations diminish in size. Immigrants moving to Finland should be encouraged to find employment in the tourism industry by arranging adult training, training in the English and Finnish languages, and on-the-job training.

- SMEs are the drivers of sustainable tourism.

The majority of tourism businesses are SMEs with potential to generate greater income and opportunity from sustainable strategies. Thus, SMEs can, and must be mobilised to support sustainable tourism. However, SMEs might need an external experts' support to help businesses understand the practical aspects of sustainable tourism. Another major limiting factor is lack of access to capital. Governments and international organisations can facilitate the financial flow to these important actors with an emphasis on contributions to the local economy and poverty reduction. (Adapted from United Nations Environment Programme 2011, 410-422; Ministry of Employment and the Economy. Finland's tourism strategy to 2020, 2010)

Micro-economic conditions of Finland

In order to analyse the impact that the country has on CSR integration, the following PEST analysis presented in Table 9. The table is systemized by colours: the aspects highlighted in green have a positive influence and are supportive to CSR development in the country, aspects in red have a negative impact or slow down the CSR awareness; aspects left in black have to discernible effect on CSR. Designed in such manner, analysis clearly identifies the overall implication of the country specifics towards CSR development.

TABLE 9. Finland PEST analysis with respect to CSR

Political	Economic
CSR implementation is positively enhanced due to a government reputation and strict penalties in terms of tax avoidance;	<ul style="list-style-type: none"> highly industrialized, largely free-market economy economic crisis lowered the total purchasing power of customers and their financial recourses
Social	Technical
<ul style="list-style-type: none"> tendency to networking collaboration, which results in information sharing and easy communication Finnish culture is dignified with honesty, strong stance on morality, high ethics tendency to conservatism when it comes to soft management 	<ul style="list-style-type: none"> technological growth is boosting in Finland so it assists with advanced communication channels; the latest technology or engineering faster rather than engage with CSR implementation

Examining tourism industry in Finland, tourism is considered as one of the strategically prioritized industries in the country and in the Etelä-Savo region as well. Table 10 summarizes the identified strengths and weaknesses of the region. The two local authorities, Economic Development Centre of Etelä-Savo (TE-keskus) and The Regional Council of Etelä-Savo, have evolved a profile in tourism industry which highlights the benefit for sustainable businesses to be profitable and achieve long-term goals.

TABLE 10. Tourism in the Etelä-Savo region

Industry Strengths	Industry Weaknesses
<ul style="list-style-type: none"> Unique location next to Russia; Attractive travel destinations/tourism areas <i>Helsinki, Turku Archipelago, Finnish Lakeland (Saimaa Lake District), Lapland;</i> Diverse services offered by tourism clusters Strong and influencing network 	<ul style="list-style-type: none"> Difficulties in accessibility; Unfamiliarity; High prices; Seasonality (most distinctive feature of industry)

Charms of Saimaa is One of the most influencing networks in the region is the, network, which was established back in 2006 with the aim to improve the cooperation of tourist attractions in the surroundings of Saimaa Lake. There are about 14 member

firms and Kenkävero being one of the members proved to be one of the key actors among tourist attractions. Charms of Saimaa showed one the best practice examples and considered to be a forerunner in the region. Nevertheless, the major setback is the seasonality of the tourists flow. Summer is the peak tourist season, 28% and 18% of all tourists per year are coming in July and December respectively.

Based on the analysed secondary data, it is seen that recent trends are very much in favour of CSR integration, especially in SMEs, just like Kenkävero is. Therefore, CSR is globally approved to serve as a long-term oriented beneficial agenda aimed for the good of all, supported by the governmental policies in case it appeals to be a challenging one to implement.

Phase 3. CSR Mapping

CSR Mapping is the final phase of CSR strategic planning. Taking from the previous steps it's is clear that a CSR strategy is unlikely to succeed when it is not based on a clear understanding of the firm's values, when it fails to take advantage of the ideas of those who might provide assistance, and when it does not approach issues systematically, building on strengths and addressing weaknesses. The concept of CSR mapping deals with addressing the expectations and demands of various stakeholders in accordance of their importance to the particular organisation. Hence, by a completion of a second step in CSR framework, the following 4 groups of stakeholders were prioritized: shareholders; customers/tourists; and employees.

Currently, the main focus of CSR-related activities is addressed to satisfying the expectations of the local community. However, the stakeholder analysis categorised that group as a *C-Stakeholder*, meaning that although their interest in the organisation is really high, the influence it has on the Kenkävero operations is relatively low comparing to other stakeholders.

Another important finding concentrates on Kenkävero employees who were identified as an *A-Stakeholder* to the company, meaning that they have the biggest implications towards Kenkävero operations. However, employees are currently staying out of the picture when considering their needs. In order to prove that finding, I conducted an

interview with an employee of the organisation who has recently left his job and wished to stay anonymous so he could be able to give an honest answers. One of his comments about the question “What's your opinion about working in Kenkäverovero?” was as following:

“Well, the place itself is very nice and the idea of bringing handicrafts into it is really good, but I think money has become too important thing in that place. I appreciate the fact that small business and local people can bring out their products that way. Yet within the company itself we had difficulties in communication with each other and maybe they (management) have lost the right goal in doing their thing which I think should be based on something else but just making money. Although I do understand the pressure during the financial crisis which is rather high at that direction.”

Therefore, at this point, Kenkävero needs to prioritize those CSR activities that are aimed at meeting the expectations of its employees. For instance, develop projects that improve the wellbeing of the staff, employee competence development; workforce and employee-related activities.

5.2.4 Implementing CSR communication strategy

CSR is all about how a company chooses to conduct its business. CSR communication is a rather tricky but an absolutely essential part of the overall implementation strategy. In recent years stakeholder theory has developed a focus on the importance of engaging stakeholders in long-term value creation. The emphasis is moved from a focus on stakeholders being managed by companies to a focus on the interaction that companies have with their stakeholders based on a relational and process-oriented view (Andriof & Waddock 2002 17-19). It said that CSR communication is a true art and science to be developed and implemented, but it proved to be much easier for SMEs since the initial relations with stakeholders are less formal and more loyal.

Realizing the connection between the power of the brand and the effect of CSR should make a company to act responsibly. Communication of CSR does not only create awareness for CSR, it is also a way of creating a bond between the company and its stakeholders (Maignan & Ferrell, 2004). However, the potential strategic engagement with CSR should be seen as an opportunity for Kenkävero, where the right

implementation of all the steps will raise an awareness of the organisation as a sustainable one and enhance its bonding with key stakeholders at last.

Taking into account key stakeholders that were identified previously, and applying suggested communication concepts (see chapters 2.4.4 – 2.4.6) I developed a comprehensive table that frames channels and methods for Kenkävero to engage with their stakeholders. A starting point was applying the outcome of stakeholder prioritization analysis (see Table 11).

TABLE 11. Stakeholders' communication channels.

Stakeholder group	Suggested level of engagement	Methods/channels of engagement
RESOURCE-BASED		
Customers	Involve	Web 2.0 tools Forums Deliberative polling Surveys publications
Employees	Collaborate	Meetings/forums for brainstorming and decision-making Experimental projects Compliance surveys Employee engagement surveys Open houses
Shareholders	Empower	Meetings Reports Experimental projects
INDUSTRY STRUCTURE		
Suppliers/business partners	Involve	Focus groups Suppliers days/Web 2.0 tools Network (Charms of Saimaa etc.) Public comment
Competitors/other corporations	Inform	Websites Industry networks for best practices
Networks & Associations	Collaborate	Collaboration with external experts Co-Research initiatives Local governance Forums and projects
SOCIAL-POLITICAL ARENA		
NGOs	Consult	Project developments Indoor/outdoor trainings Surveys

Local Community	Collaborate	Experimental Projects Local networking Active participation and cooperation in community projects Reporting Web 2.0 tools
Media	Inform	Local networking Surveys Newsletters Websites

A special emphasis here can be drawn toward the possibility to engage with various CSR-themed Membership Associations. One of the highly influential and potential memberships organisations is Finnish Business & Society (further abbreviated as FiBS), that proves to be a leader in addressing the role of SMEs in the complex CSR environment. Joining such organisation would result in a beneficial collaboration for various projects and conferences across Finland, thus contributing to the knowledge-base improvement and the encouragement of Kenkävero management to consider CSR more deliberately in the future

As I outlined in the theoretical part, CSR communication is a very broad concept itself. However, this research is emphasized on developing the comprehensive framework of CSR implementation, where communication is seen as a part of the strategic plan. The reason behind is that it's a stepping stone for Kenkävero to integrate CSR strategically, and its detailed communication approach to stakeholders would be based on the results of this research and can be developed further in the further studies.

5.2.5 Assure and report on progress

CSR Policies and Legislation in Finland:

Finland is a highly developed and educated northern European country and European Union member with the population of approximately 5.5 million. As with the Nordic model, compulsory law is covering many areas of CSR e.g. in social, consumer rights, labour, educational and environmental areas. General CSR reporting is still voluntary, although the accounting regulation requires the companies to disclose e.g. material environmental risks; also personnel issues like sick days and occupational education

need to be disclosed. Key pieces of legislation related to employment, accounting, social security and environmental protection form the baseline for corporate social responsibility (Kourula, 2010). When it comes to reporting structure, the majority of companies that apply CSR rely heavily on the global structure guidelines, such as ISO 26000 standards, the GRI Guidelines; the UN Global Compact, or OECD guidelines.

Since one of the main challenges in CSR implement is a lack of a sufficient knowledge, a supporting networks and associations have been formed to assist Finnish businesses in their attempt to regulate CSR. Taking guidelines from such associations is the most efficient way to handle CSR issues upon reporting structure and implementation as a whole. Table 12 outlines the list of main CSR actors operating in Finland.

TABLE 12. Significant CSR actors in Finland.

CSR actor	Website
Finnish Ethical Forum	www.eettinenfoorumi.org
Confederation of Finnish Industries	www.ek.fi
Finnish Business & Society	www.fibsry.fi
European Business Ethics Network Finland (EBEN Finland)	www.eben-net.fi
Central Organisation of Finnish Unions	www.sak.fi
ICC Finland	www.icc.fi
Ministry of Economy and Employment (MME)	www.tem.fi
Federation of Finnish Enterprises	www.yrittajat.fi
Ministry of Environment	www.ymparisto.fi
Central Chamber of Commerce	www.keskuskauppakamari.fi
Ministry of Social affairs and Health	www.stm.fi
Association for Environmental Management	www.yjy.fi

There is a variety of private initiatives and consultants that offer help with the reporting process but it is a rather costly service. The easiest channel for reporting is to post information on the organisation's website. Kenkävero has a well-developed page with

a great number of current offers and news, developing a sub-page with CSR strategy description and that day current CSR activities would be a win-win solution. This is an inexpensive way to give an update on current CSR initiatives, including both successes and areas for improvement. In addition it is a perfect method to report to all stakeholders if adding relevant sections (for security could require a password to gain access).

5.2.6 Evaluate and Improve

CSR is an ongoing process and the evaluation step is all about learning. Kenkävero is not simply aiming at achieving current short-term objectives, but striving for a sustainable advantage and constant improvements. Thus, management should always be on the alert to adapt to changing circumstances or to find ways for improving their approaches. An evaluation should involve stakeholder engagement, including comments and suggestions from management, CSR coordinators, managers and committees, employees and outside stakeholders.

Main input for evaluation comes from the engagement with stakeholders, especially with the prioritized ones. By receiving their feedbacks, comments and suggestions, an organisation is able to identify the gaps between a planned performance and the actual one. Yet, the timeline needs to be set. Due to the fact that this is a proposed framework and the organisation is about to integrate CSR for the first time, it is suggested that Kenkävero reconsiders every step in 6 months or less (in practice, it normally takes 3-4 years for an organisation to audit the overall system).

Drawing on the CSR objectives and indicators, and the information obtained through the verification and reporting process, firms should consider and respond to the following questions:

- What worked well? In what areas did the firm meet or exceed the targets?
- Why did it work well? Were there factors within or outside the firm that helped it meet its targets?
- What did not work well? In what areas did the firm not meet its targets?
- Why were these areas problematic? Were there factors within or outside the firm that made the process more difficult or created obstacles?

- What did the firm learn from this experience? What should continue and what should be done differently?
- Drawing on this knowledge, and information concerning new trends, what are the CSR priorities for the firm in the coming year?
- Are there new CSR objectives? (Hohnen 2007, 74).

6 CONCLUSION

In the previous chapter, the proposed framework for implementing CSR strategically was applied and examined. It was thoroughly formulated and adjusted to the Kenkävero business characteristics. The results of the analysis is strongly aligned with the theoretical concepts on CSR definition, its applicability, and strategic approaches, whereas the empirical part demonstrated that the integration of CSR concepts into business operations of Kenkävero may not only assist in contributing to its objectives, but to facilitate the decision-making process and stimulate the overall effectiveness in the long-run.

The main objective of this study was to get a deeper understanding of what is lying beneath the CSR agenda, the potential benefits it can bring to a targeted organisation, and why strategic approach is the one to be applied. The examined association Kenkävero identified the need to improve the effectiveness of its overall operations and in addressing local community's concerns. Two research questions were identified to meet the research objective. The aim of the first question was to prove whether CSR concept can be applied to the organisation, and if so how the management's attitude effects on the CSR context. The results of the first question are used as an input for the second question. It aimed at developing a unique and comprehensive framework for a CSR strategic engagement that would include the specific characteristics of Kenkävero Association and results in achieving organisation's objectives and further benefits. Since the obtained results answer all two research questions, I can conclude that the overall objective of this study was met. This chapter is further divided in accordance to answer each research question of the thesis.

6.1 Reasons for Kenkävero to get engaged with CSR.

The first research question was: *“What is the current perception towards CSR by Kenkävero management and what are the motivators to participate in such engagement?”*

A stepping stone in my research was to identify the perception of management towards CSR; the cause of this existing perception; and the possible outcome for CSR implementation. Leadership or management perception, plays a fundamental role in

the process of implementing CSR concept. This section outlines the significant findings upon the current perception on CSR and major factors affecting it; and potential benefits CSR implementation can bring if applied strategically

6.1.1 Management perception on CSR

The nature of CSR, or as it called in Finland, “*Yritysten yhteiskuntavastuu*”, is hard to define because different stakeholders have different opinions about it (see chapter 2.1). Based on the empirical findings, I suggest that Kenkävero management’s perception on CSR is formed by the following factors:

1. Cultural conditions of operating business in Finland.
2. Size of the organisation and industry specifics
3. Individual attitude to CSR concept

Attractiveness of Finland as an original country of operations is examined from economic, cultural and legal perspectives. Finland, being one of the Scandinavian countries, has a strong reputation of high quality, safety and extended guarantee, comparing to the rest of Europe and neighbour-country Russia. Finnish legislation is doing its best at raising environmental awareness; sustaining green yet effective supply chain; supporting equal opportunities and engaging community. Concluding the relations of Finnish culture and CSR, it looks extremely inviting to CSR agenda due to law abidance, compliance regulation, honesty and absence of corruption, and strong networking. The potential threats are slowness in adopting soft management approaches and lacking skills in communication and public relations. Currently, Finnish government shows its full support for small enterprises operating especially in the hospitality industry. The expected governmental support resolves in investment, tax reduction and fulfilling knowledge gap.

Another matter is the classification of Kenkävero to be a small enterprise (SME). There used to be a strong stereotype that CSR is applicable only for international organisations since they are empowered to matter in actual manner. However, research by the EU commission showed that SMEs are exactly the drivers of economy, and it’s necessary to make sure that such companies are fully engaged and that what they do is fully recognized. The difference between SME and MNE approach to CSR adopting is

that SME is more likely to address local needs of the nearby community at its best, as it has the advantage of networking and acknowledgment of current issues.

As a result, the current perception of CSR within an organisation is vainly underestimated. Although Kenkävero management has a natural pursuit for CSR-related issues already involved with CSR-related activities, it is failing to systemize the external activities organisation is involved with. Kenkävero sees participation in such activities as means of fulfilling the obligations towards the local community. Moreover, like many small enterprises, Kenkävero still lacks the knowledge of communicating and addressing those issues without a third-party support. In addition, both managers and employees are extremely preoccupied with daily operations, thus being unable to find a sufficient amount of time to even consider launching a CSR strategy. Thereafter, in order to engage with CSR strategic approach, management is in need to understand the potential opportunities CSR engagement can offer.

6.1.2 Motivation to engage with CSR

A stakeholder prioritization step identified employees as one the key stakeholders whose concerns Kenkävero needs to address at a first place. However, the organisation currently leaves out that group of influential stakeholders. Additionally, an interview conducted with one of the employees showed that the Kenkävero staff lacks of the engagement with management resulting in lower motivation and commitment to the organisation. With the support of strategic CSR implementation, the organisation will be able not only to identify which stakeholders to address, but also to determine a specific communication strategy would be the most effective one.

Another significant benefit CSR brings is an opportunity of networking engaging with various CSR-themed Membership Associations. One of the highly influential and potential memberships organisations is Finnish Business & Society (further abbreviated as FiBS), that proves to be a leader in addressing the role of SMEs in the complex CSR environment. Joining such organisation would result in a beneficial collaboration for various projects and conferences across Finland, thus contributing to the knowledge- base improvement and the encouragement of Kenkävero management to consider CSR more deliberately in the future .

Hence, becoming a member of FiBS assists knowledge and information sharing, getting involved in social projects pursuing a bigger picture, while boosting organisational learning and continuous improvement; for responsible business practice. Lastly, CSR communication being part of the integration strategy enhances goodwill and reputation of Kenkävero among stakeholders as it addressed according to communication strategies developed by Morsing (see Table 4). Anne Ossi, the general manager of Kenkävero, expressed a concern in a constant time consuming process of finding new partners and reliable suppliers. With CSR communication, potential suppliers can apply to the organisation themselves.

Additionally, a deliberate strategic CSR implementation may result in the improved working climate, effective achievement of the identifies objectives and proactive respond to threats, gained visibility and recognition nationwide, and better understanding of stakeholder inquiries and requests at last. It bonds stakeholders around the organisation. It shouldn't be seen as a problem solution or part of a marketing campaign, but rather a systematic and considered tool used by management in addressing and strategizing the approach to solve economic, social and legal and environmental issues.

6.2 Developing a strategic CSR implementation

The second research question was: *“How should Kenkävero integrate CSR practices into its operations?”*

Kenkävero is extensively concerned with local social issues and tends to maintain both its high performance as a local citizen, and as a devoted business unit serving best quality to its customers. The essential factor in successful CSR implementation lies with the understanding social issues under the light of the primary strategic concept. Any organisation can be involved in a great variety of issues (economic, environmental, or social), but only certain ones could bring a valuable impact in fulfilling organisation's objectives, thus called strategic (Ansoff 1980, 133).

6.2.1 The relationship between Kenkävero business strategy and CSR

CSR engagement process can be effective and beneficial only when addressed strategically. The emphasis here lies on the core business operations, its accredited mission and vision. Therefore, if Kenkävero aims at creating value by addressing issues, that go beyond economic and developing an effective CSR strategy, the goals of this strategy it must be aligned with its business objectives and initial competences of the organisation. Kenkävero operates in a hospitality industry where the latest and fast growing trend is sustainable tourism. Kenkävero is known for its picturesque and historically valuable location, serving customers with exquisite traditional cuisine, combined with a possibility to purchase hand-made products produced by local entrepreneurs and craftsmen. However, with a growing demand of customers, organisation is on a verge of seeking new events and services to offer. Integrating CSR strategically will result in generating new ideas and further opportunities that would shift existing operations into more systematic and sustainable arrangements.

6.2.2 The main steps in developing a strategy for CSR implementation

The proposed integrative framework was developed on a basis of the adjusting three strategic approaches formulated by various practitioners and independent agencies. In the empirical part it was applied to the case organisation, Kenkävero. It resulted in a thorough analysis of the organisation's values and norms, an integrated stakeholder analysis, where 3 categories of stakeholder were identified (see table 7), an overall environmental scan, and a proposed methods and channels to communicate all of the stakeholders. The framework may look simplified comparing to the strategies examined in the theoretical part, but it proves to be the most applicable to the company with the profound results. Nonetheless, at this point, an organisation should not embrace every step of the developed framework. Assessing the current situation of the company, Figure 12 pictures the revised framework that highlights the steps which require a well-grounded examination from the organisation at the moment. Steps 2 and 4 are magnified as they are the most important at this point.

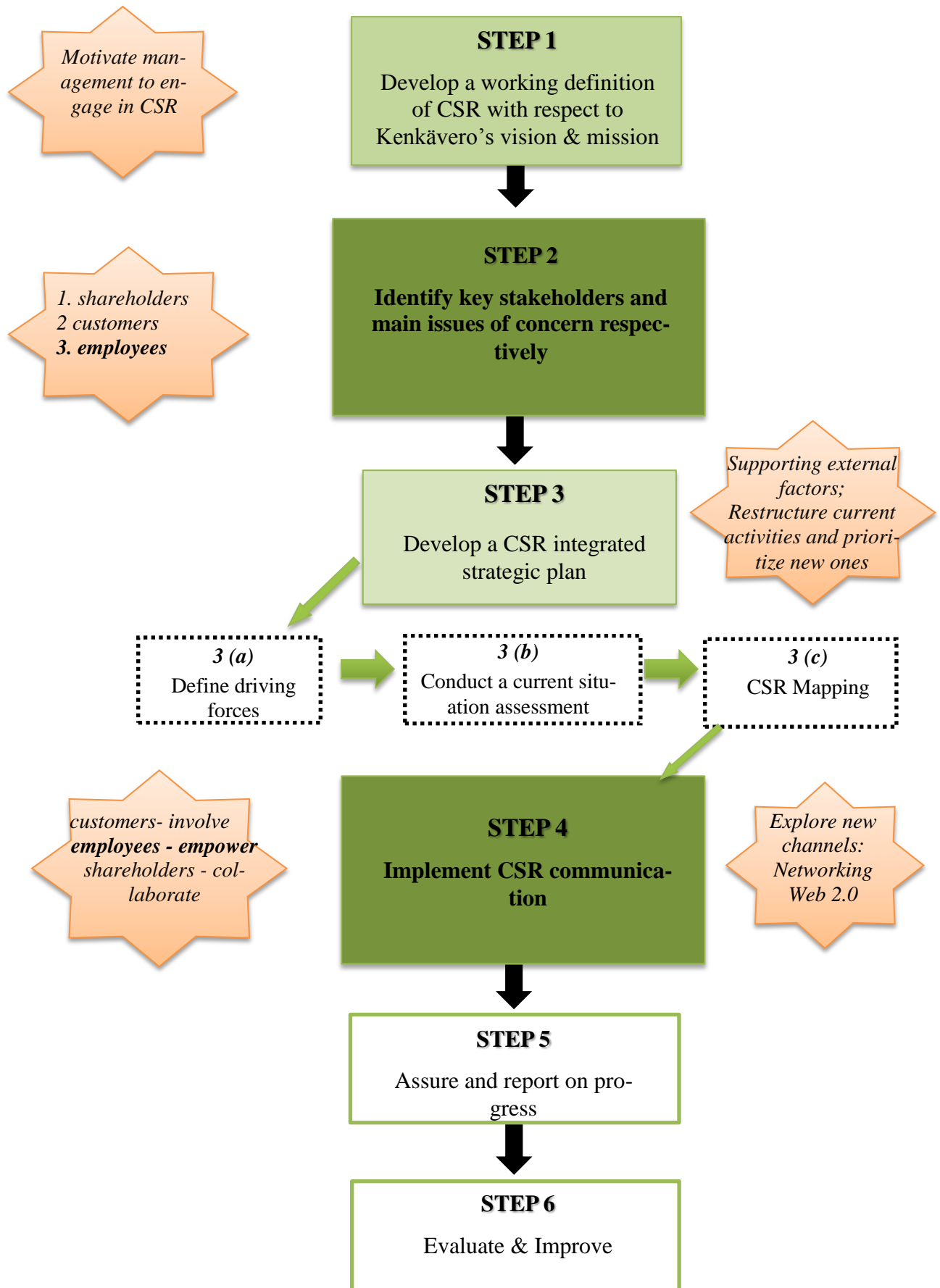


FIGURE 12. Revised framework for CSR implementation in Kenkävero.

6.3 Reliability and validity of the study

The principles of validity and reliability are the two most important and fundamental characteristics of any scientific work.

Reliability can be defined as "the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable." (Joppe 2000, 1)

Validity, on the other hand is determines whether the research truly measures what was intended to measure and to what extend the research results are truthful. Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others.

Data used in the research process is classified into primary and secondary data.

Primary data was obtained by the semi-structured interview with the general manager of Kenkävero Association. Naturally, it may seem insufficient, but for the purpose of my research it was the only primary data I needed to obtain in order to perform the analysis in a reliable manner. I examined the applicability of the CSR phenomenon through the management perception towards it. The interviewee being the primary decision-maker managed to give valid answers to questions during the interview.

Secondary data I used (official reports and statistics, scholarly journals, literature review articles, and reference books) was published and accredited printed and electronic data exceptionally. The objective was to acknowledge the nature of the CSR concept using various angles. I suggest that usage of secondary data in my case is more reliable as for the purpose of strategy building a professional experience and global statistics required. At one point I familiarized myself with 38 different definitions of CSR and over 10 strategic approached to it that were formulated by experienced practitioners, international corporations, ISO standards, EU Committee and other authoritative sources. Thus, I reached a point where I could select the most notable and justified papers to make sure that the ones I used could guarantee a high extend of both validity and reliability.

7 CONCLUDING REMARKS

7.1 Own learning perspective

The time I spend writing this thesis was both exhausting and rewarding. If to compare the level of personal knowledge in this subject in the beginning of the thesis and at the point of finishing it, I suggest it would be nearly close to nothing. The biggest challenge, however, was the learning the ability to prioritize issues relevant to my studies the hard way. CSR is a truly fascinating subject to me and it has an extreme amount of implications and directions to analyse. The hardest thing was to stay focused on the subject and not include any additional data irrelevant to the core objective of the study. My approach to this thesis was rather peculiar, as I made my decision clear to write about CSR, but was constantly failing to find a company to apply it to. At last, the original idea of my thesis was that CSR is an ultimate tool, actually, that can be applied to any organisation, and with a right approach be extremely beneficial for its operations and achieving long-term goals.

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APPENDICES

Appendix 1

Interview framework with Anne Ossi

Brief description of a company and its corporate strategy

- 1 How many employees do you have?
- 2 How does your supply-chain look and what is your role in the supply-chain?
- 3 What is the organisational structure of the company? (upper management, employees)
- 4 Do you have a division in management in terms of services?
- 5 What is the main goal/purpose of the organisation?
- 6 Can you position yourself as an SME?
- 7 How can you differentiate yourself from other tourist spots in Finland?
- 8 Do you have any collaboration with other historically important locations in Finland?

The organisation perception of what Corporate Social Responsibility implies

- 9 What does the concept of social responsibility mean for your company?
- 10 Do you so far have any policies regarding environment, social or economic terms?
- 11 Does the organisation have a CSR-related activities within the areas of:
 - a. Social issues
 - b. Urban investments/donations
 - c. Working environment
 - d. Environment
- 12 Do you have any social agendas, e.g. donating part of the income to any other organisations or all of it goes back to the owners?

What would be the main drivers to implement CSR

- 13 What group of stakeholders, in your opinion, should be prioritized?
 - a. Customers and society
 - b. Employees
 - c. Organisation owners
- 14 Do you believe that tourists and employees consider it important that a company has a CSR initiatives? If so, how would you like to communicate CSR then?
- 15 How Finnish government is facilitating or encouraging companies to implement CSR in the country?

Appendix 2**Interview framework with a former employee of Kenkäverovero**

1. How long were you working in Kenkäverovero?
2. Why did you leave the company?
3. How can you evaluate the working atmosphere in Kenkäverovero?
4. Have you been instructed well upon your responsibilities?
5. Did you receive any feedback about your work from the management?
6. What's your opinion about working in Kenkäverovero?
7. Do you think other employees think the same way?
8. Were employees participating in any decision-making by any chance? And if not, was there any other way they could share their ideas about some improvements?
9. What would be your suggestions to improve the current condition?