

How to appear responsible? Legitimizing CSR communication on corporate Websites - A study of the 100 largest companies in Finland

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Laura Honkanen

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Abstract

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Laura Karoliina Honkanen

ABSTRACT
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How to appear responsible? Legitimizing CSR communication on corporate Websites. A study of the 100 largest companies in Finland.

Objective of the study

The main objective of the study was to investigate how the 100 largest companies in Finland communicate about corporate social responsibility (CSR) on their Websites. More specifically, the study focused on the companies' use of different CSR related incentives and initiatives, or other means of legitimizing their own message, on the Websites. The study explored the phenomenon through five research questions: (1) To what extent large Finnish companies communicate on CSR issues on the corporate Websites? (2) Which CSR issues do large Finnish companies communicate on their corporate Websites? (3) To what extent do large Finnish companies use CSR instruments and initiatives in their CSR communication on the corporate Websites? (4) Which CSR instruments and initiatives do large Finnish companies use in their CSR communication on their corporate Websites? and (5) How is the legitimacy of the companies' communication of their CSR activities supported on the corporate Websites?

Methodology and Theoretical framework

The data of the study consisted of corporate Websites of the 100 largest companies on the Talouselämä 500 list from 2012. A quantitative content analysis was made to analyze which issues the companies communicate and to what extent and which CSR instruments and initiatives, or other means of legitimizing, they prefer. A qualitative content analysis was conducted to provide deeper understanding on how the companies' CSR communication and the use of different external references looks like. The theoretical framework of the study was formed on the basis of the literature review and focused on the legitimizing role of CSR communication on the corporate Websites.

Findings and Conclusions

The findings of the study indicate that the majority of the 100 largest companies in Finland communicate about CSR and use different CSR instruments and initiatives, as well as other means of stressing the truthfulness of their communication, on the corporate Websites. The results of the content analysis showed that most of the companies' CSR communication is focused on environmental and social issues, whereas issues related to financial responsibility are rarely mentioned. Of the different CSR instruments and initiatives used by the companies, a few publicly developed, as well as some privately developed ones remained popular across all sectors and industries. The study also found the variety of different privately developed CSR instruments to be especially high within the 100 largest companies.

Keywords: International Business Communication, CSR communication, Websites, CSR instruments and initiatives, external references, standards, certificates.

Miten vaikuttaa vastuulliselta? Legitimoiva vastuullisuusviestintä yritysten verkkosivuilla. Tutkimus sadasta suurimmasta yrityksestä Suomessa.

Tutkimuksen tavoitteet

Tutkimuksen tavoitteena oli selvittää, miten sata suurinta yritystä Suomessa viestii vastuullisuudesta verkkosivuillaan. Erityisesti tutkimus keskittyi erilaisiin yritys vastuun työkaluihin ja niiden käyttöön yrityksen oman viestinnän legitimoimisessa, tavoitteenaan vastata viiteen tutkimuskysymykseen: (1) Missä määrin suuret suomalaiset yritykset viestivät yritys vastuusta verkkosivuillaan? (2) Mistä vastuullisuusaiheista he viestivät verkkosivuillaan? (3) Missä määrin suomalaiset suuryritykset käyttävät erilaisia yritys vastuun työkaluja vastuullisuusviestinnässä verkkosivuillaan? (4) Mitä työkaluja he käyttävät? ja (5) Millä muilla keinoin yritykset pyrkivät legitimoimaan vastuullisuusviestintäänsä verkkosivuillaan?

Tutkimusmenetelmät ja teoreettinen viitekehys

Tutkimuksen aineisto koostui Talouselämä 500 –listan sadan Suomen suurimman yrityksen verkkosivuista. Määrällisen sisältöanalyysin tarkoituksena oli selvittää yritysten viestimiä aiheita sekä erilaisten yritys vastuun työkalujen käyttöä yritysten verkkosivuilla. Laadullinen sisältöanalyysi taas toi syvempää ymmärrystä yritysten vastuullisuusviestinnästä ja erilaisten ulkoisten lähteiden käytöstä niiden verkkosivuilla. Tutkielman teoreettinen viitekehys perustui kirjallisuuskatsaukseen ja keskittyi havainnollistamaan yritys vastuuviestinnän legitimoivaa roolia yritysten verkkosivuilla.

Tutkimuksen tulokset ja johtopäätökset

Tutkimuksen tulokset osoittavat sadan suurimman suomalaisen yrityksen viestivän yritys vastuusta verkkosivuillaan sekä käyttävän erilaisia yritys vastuun työkaluja ja muita varmenteita oman viestintänsä tukemiseen. Analyysin tulokset osoittavat, että suurin osa yrityksistä viestii sosiaaliseen ja ympäristövastuuseen liittyvistä aiheista, mutta taloudellisesta vastuusta ei juurikaan viestitä. Yritysten käyttämistä yritys vastuun eri työkaluista muutamat julkisesti kehitetyt työkalut, sekä jotkin yksityiset työkalut olivat paljon käytettyjä kaikissa yrityksissä, sektorista ja alasta riippumatta. Tutkimus osoitti kuitenkin myös erilaisten yksityisten työkalujen suuren kirjon sadan suurimman yrityksen vastuullisuusviestinnässä.

Avainsanat: Kansainvälinen yritys viestintä, yritys vastuu, CSR, verkkosivut, Internet, yritys vastuun työkalut, yritys vastuustandardit.

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1 Introduction

Our time characterized by a current worldwide scepticism on businesses and on how corporate practices affect the well-being of societies and the planet. In the developed countries, including Finland, many consumers are now placing importance on the responsibility of companies when making purchase decisions (Mohr, Webb and Harris 2001, p. 68). The increased interest in a more responsible way of doing business is driven by the dramatic increase in public information about the activities of the companies - both through the mass-media but also by consumer advocacy groups, anti-corporate Websites and popular movie documentaries (Wagner, Lutz and Weitz 2009). According to the Edelman 2012 Trust Barometer, the general public's trust has declined both in relation to businesses, governments and non-governmental organizations (NGOs). Their trust in media, on the other hand, has grown. Still, non-governmental organizations continue to be the most trusted institutions, and the lack of trust in businesses reported by the barometer clearly indicates that the businesses are not meeting the public's expectations. (Edelman 2012)

Besides the lack of trust by the general public, businesses today face a variety of new challenges that they need to overcome in order for the businesses to be able to operate: One of these challenges is globalization. Together with global sourcing, it increases the complexity of the businesses' supply chains and makes them more difficult to monitor. Unified corporate policies are also challenging to enforce across different cultures. (Wagner, Lutz and Weitz 2009) Regardless of the complexity of the challenges and problems that face the companies, these challenges are often neglected by the great public. Instead, as it has become clear that many multinational enterprises have annual turnovers higher than the GDP of many less developed countries put together, people are starting to put more expectations on the companies to conduct business in a responsible manner. In fact, companies nowadays need to fulfil at least some minimum

requirements in order to be able to perform effectively in their task environment. (Handelman & Arnold 1999)

1.1 CSR communication – from a marketing tool to a necessity

So far, corporate social responsibility (CSR) is seen as a voluntary activity, and there is currently no binding legislation towards the companies to practice corporate social responsibility in most countries in the world. Nevertheless, CSR has recently become mainstream, both in business and in academics. (Nikolaeva & Bicho 2010) The concept of corporate social responsibility includes openness and transparency, as well as responding to the wishes of the company stakeholders. However, although the importance of transparent communication in relation to CSR has been highlighted especially by the social media, consumers are even today exposed to inconsistent information about firms' stated CSR policies on one hand and its actual practices on the other hand – a strategy called “greenwashing”. (Wagner, Lutz and Weitz 2009)

In communicating about corporate responsibility, many companies have turned to channels closest to the consumer, such as the Internet. All kinds of organizations have profited from the Internet by using it as a medium to communicate their objectives and performance to an international audience, and for some time now private companies have used corporate Websites as a communication channel to reach to their stakeholders (Dawkins 2005).

Communicating about CSR on the corporate Websites can be seen as a proactive strategy from the company's side. This kind of strategy represents a firm's efforts to spread specific information in order to create an image of social responsibility before any potentially negative information is received (Carroll 1979). Proactive CSR communication on the corporate Websites serves to communicate about the company's good deeds and, in this way, prepares and protects the company from any potential image risks and scandals that might arise in the future. This strategy is very much in contrast to the strategy used by most companies before CSR became popular. This, a

more reactive strategy, that is, protecting the company image after some socially irresponsible actions have been reported, is still used in crisis situations. (Murray & Vogel 1997) Quite naturally, these situations often involve widespread media attention which can entail negative consequences to firms (Shipm 1997). Therefore, trying to avoid the negative media attention has lead to many companies taking a more proactive view on CSR, which is continuously communicated on the corporate Websites. However, as already stated before, because of the conflicting information of the companies' actions compared to their own communication about their good deeds, proactive CSR communication now risks to be perceived as hypocrisy and empty words by the consumers. (Wagner, Lutz and Weitz 2009)

By legitimating the company's message, that is, by validating and justifying the truthfulness of the company's CSR actions, the company can try to avoid accusations of greenwashing. A way of doing this is to adopt a set of different control mechanisms. Adopting CSR instruments can be perceived as tangible evidence of that an organization has recognized a need for, and made a commitment towards ethical behaviour. These instruments also make the employees and customers have higher faith in the community. (Wood 2000) CSR instruments and initiatives serve to strengthen the company's CSR communication, and especially some instruments have gained great popularity during the recent years. One of these is the Global Compact, which currently is adopted by more than 6000 companies in 135 different countries. Adopting these kinds of instruments and initiatives may help companies to show that they are committed to meeting the requirements that are placed on them today. This way, standards, certificates and voluntary reporting initiatives also support the companies' CSR policies that contribute to the companies' reputation and image. (Ingelbleek & Immink 2010)

1.2 Research objectives and questions

In Finland, the welfare society has traditionally taken care of the maintenance of the society and the obligation of the companies has been the one of paying taxes. However,

even the Finnish companies are nowadays operating on a global market, and their obligations have extended. (Juholin 2004) Corporate social responsibility might therefore be seen from two perspectives in Finland: the one being the traditional one with the companies simply paying taxes to the state, while the other, the more modern view includes the companies getting involved in developing the society and "giving back". With this background, it is interesting to find out how involved the largest companies in Finland are with CSR and if they have realized the importance of communicating about it. Also, having spent last year working in the leading CSR network in Finland, FiBS, I have had the opportunity to witness a clear increase in the companies' interest in CSR. Therefore, as many companies are now showing interest for responsible business, it is worth seeing how this interest is put into action and communicated to the public.

The purpose of this thesis is to understand how the top 100 companies on the Finnish Talouselämä 500-list communicate about their CSR practices through their corporate Websites. The Talouselämä 500 lists the largest companies in Finland based on their turnover. Most of these companies are multinational enterprises (MNE) that operate on a global market. Due to the international characteristics of these companies, their communication is likely to be directed at stakeholders around the world and to concern a variety of different global and local CSR issues. The thesis topic concerns therefore the field of International Business Communication. Similar studies have been conducted in other countries (e.g. Moreno & Capriotti 2009, Mori & Welch 2008 and Gill, Dickinson & Scharl 2008), and there are already some Master's thesis case studies of individual Finnish multinationals' CSR communication on the corporate Websites and reports (e.g. Essi Tani, 2012 and Mikko Hämeenniemi, 2012). However, the Finnish MNE's CSR communication in general still remains less studied.

During my thesis work, PricewaterhouseCoopers published a barometer concerning CSR reporting in the 500 largest Finnish companies. Although this study brought a lot of new information regarding CSR reporting in Finnish companies, it does not, however, tell us anything about the other channels CSR might be communicated on. Therefore, studying company Websites as a communications channel for corporate

responsibility will, together with the previous studies concerning reporting, help us to get a broader picture of CSR communication in Finnish companies. In addition, with the declining trust in businesses and the growing interest from the companies to adopt different kinds of CSR control mechanisms, it is surprising that there still is no research concerning the communication of CSR instruments and initiatives in Finnish companies. This although some standards, such as the Free Trade certificate, have received public attention especially from the consumer point of view. Therefore, the aim of this Master's thesis is also to gain understanding of the large Finnish companies' use of external CSR referents such as initiatives and instruments on their Websites. The research objectives are reached by answering five research questions:

1. To what extent do large Finnish companies communicate on CSR issues on the corporate Websites?
2. Which CSR issues do large Finnish companies communicate on their corporate Websites?
3. To what extent do large Finnish companies use CSR instruments and initiatives¹ in their CSR communication on the corporate Websites?
4. Which CSR instruments and initiatives do large Finnish companies use in their CSR communication on their corporate Websites?
5. How is the legitimacy of the companies' communication of their CSR activities supported on the corporate Websites?

The first two research questions concern the general CSR communication on the companies' Websites. In order to be able to place the Finnish companies' CSR

¹ CSR instruments and initiatives is a broad term used in this thesis to describe all the possible public and/or private regulations, guidelines, instruments, initiatives, standards, certificates, labels etc. that claim, or are claimed by the companies using them, to be either a mean of improving, auditing, monitoring or communicating about the companies' activities or endeavors related to corporate social responsibility (CSR)

communication among the companies studied in other countries, it is of great interest to see how big of a percentage of the companies communicate about their CSR activities on the company Websites, and whether there are industry or sector differences. In addition, studying which issues the companies communicate about gives us knowledge of what kinds of issues the companies find important, and once again enables comparison between sectors and industries.

The purpose of the third and fourth research question is to map out the use of different CSR instruments and initiatives in the companies' CSR communication. As presented in the introductory part of this thesis, people tend to view the companies' CSR communication sceptically due to the previous incidents of greenwashing. Incentives and initiatives are one way of legitimizing the company's own communication, which is why it is interesting to find out, to what extent they actually are used by the companies. In addition to comparing differences between sectors and industries, the study also enables us to see, whether some types of CSR instruments and initiatives are used more than others, and by what kinds of companies.

The fifth question is aimed to reveal us some additional patterns of legitimizing the company's CSR communication. Besides simply writing that the company uses a standard, for instance, it might be of interest for some of the companies to support their statement by external verification. Therefore, the fifth question aims to find out whether the company uses e.g. external audits, monitors, accountants or certificate providers, presents logos of external monitors, recognitions and partnerships the company has been involved in or provides a link to the company CSR report to support the message presented on the Websites. Hereafter, all these additional means of supporting the companies' CSR communication are referred to as *external references*.

These five research questions are answered by conducting both a quantitative and a qualitative content analysis of 100 the largest Finnish companies' corporate Websites. The Websites are studied and the data is gathered about the CSR incentives and initiatives as well as about the other signs of supporting the companies' CSR communication. This set of data allows a comparison between the companies studied

and reveals general tendencies of the largest Finnish companies' CSR communication and ways of legitimizing their messages on the corporate Websites.

1.3 Limitations

Since these kinds of, mostly quantitative studies, concerning a larger number of companies have not previously been conducted in Finland, the study is highly descriptive. This means that the study will not provide any deeper analysis about the reasons of corporate practices or any explanations for the CSR communication and performance of the companies. Neither will it look at the actual performance of the companies but simply whether they mention the studied CSR issues, instruments and initiatives or not. This can lead to companies with Websites that simply mention many different CSR instruments and initiatives to “stand out” and seem more responsible than they actually are based on their real performance. However, the qualitative content analysis is designed to complement the study in providing information that otherwise might be lost in the quantitative analysis. Also, as mentioned before, the aim of this study is to simply investigate the communication of these companies. A more accurate analysis of the best practices would be needed to provide the readers with managerial recommendations.

1.4 Structure of the thesis

This Master's thesis consists of five main sections: 1. Introduction, 2. Literature review, 3. Data and Methods, 4. Findings and 5. Discussion and Conclusions. The topic of the thesis was introduced and the purpose, as well as the research questions of the study, were presented in the previous section.

The second section, literature review, introduces the concept of CSR by defining it and presenting the most well-known models of the area. The second part of the literature review concerns CSR communication on the web and gives an introduction to a variety of different CSR instruments and initiatives. Finally, a theoretical framework for the study is presented.

In the Data and Methods section, the methodology for the current study is presented and explored. The data collection and analysis as well as the trustworthiness of the study are reviewed. In the fourth section, the findings of the study are presented and analyzed, and finally, in the fifth section, a concluding discussion provides a research summary and discusses these findings and conclusions, as well as the limitations of the study and implications for future research.

2 Literature review

In this section, literature relevant to this study is presented and previous studies concerning especially corporate social responsibility, CSR communication on the web and different CSR initiatives and instruments are reviewed. These issues are presented both from a global as well as from a more Finnish point of view. Finally, a framework collecting the theoretical concepts on which the study is based on is developed.

2.1 Defining corporate social responsibility

Despite the growing interest and importance of corporate social responsibility, as presented in the introductory chapter of this thesis, CSR does not have a single one definition (Crane et. al. 2008, p. 4), but instead many definitions. In the 2001 European Commission Green paper (2001, p. 7) it is defined as "a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment." According to Burke and Bakan (2005, p. 31) CSR is negotiation between the society and corporations, with the corporations trying to redefine its social contract, whereas Cornelissen (2011, p. 236) defines CSR as "adoption by an organization of the responsibilities for actions that do not simply have financial implications". Whatever the definition of CSR, it is based on the issue of responsibility becoming a central part of the corporate agendas, governments, civil society groups and non-governmental organizations and the appropriate relationship between business and society. (Moreno & Capriotti 2009) In this thesis, CSR is understood in accordance to the definition of the European Commission, since the author of this thesis judges it to be a trustworthy source of information representing a wide range of countries and organizations within these.

Besides the definition, another problem we are faced with when studying CSR is the term "corporate social responsibility" itself. Although the term Corporate Social Responsibility or CSR is used in this thesis, there are other alternative terms, such as

Sustainability, Corporate Responsibility (CR), Corporate Citizenship or Responsible Business. (Tammelin 2009) Some criticize the term CSR as it brings "social" to the core of corporate responsibility and therefore prefer CR to be used instead. (Hopkins 2003, p. 11) In this thesis, all the terms are used as synonyms and with identical meanings.

2.2 Theories behind CSR

Corporate social responsibility is, regardless of the term 'social' in it, often considered to consist of three main components: social, environmental and financial responsibility. This means that caring about people, planet and profits form the building blocks for corporate social responsibility. (Cornelissen 2011, p. 236) A term referring to this is the 'triple bottom line', which was originally introduced as a response to the narrow focus of businesses on environmental responsibility. (Elkington 2008, p. 466) This view on CSR is illustrated in the Figure 1.

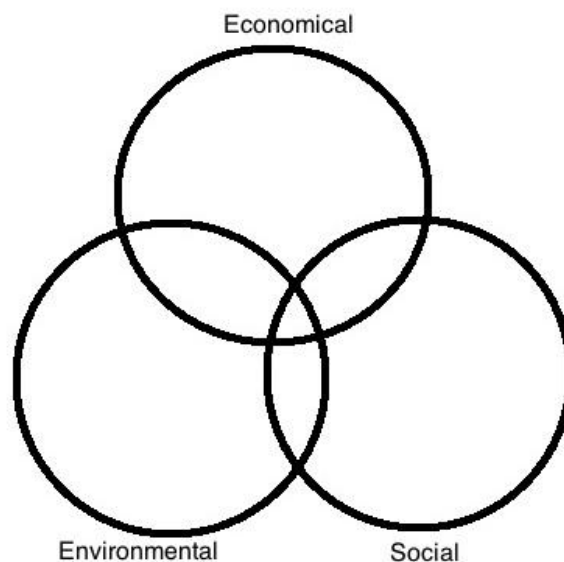


Figure 1. The triple bottom line view on corporate social responsibility.

The triple bottom line -view is perhaps the most dominant theory in the field of CSR today, but there are other theories explaining corporate responsibility: Another way of

modelling responsibility is by studying the responsibilities of a company: economic, legal, ethical and philanthropic. (Carroll 1991) Carroll’s pyramid consists of four types of responsibilities, two of which include the economic responsibility of being profitable and the responsibility to conform to legislation and regulations. In Carroll’s model from 1991, economic responsibility forms the basis for a company’s responsibility, which enables the firm to then focus on the other categories. (Carroll 1991) Beyond the necessary economic and legislative responsibilities are the third types of responsibilities, the ethical ones. These responsibilities refer to the activities that are generally ethically prohibited by the society even if they are not categorized as laws. The fourth types of responsibilities refer to the ones that are purely voluntary and philanthropic by the businesses. The difference between ethical and philanthropic responsibilities is that the latter is not expected, although it is appreciated by the society and the stakeholders. (Halme & Laurila 2009, p. 328) The illustration of this view can be seen in Figure 2.



Figure 2. Carroll’s pyramid on corporate social responsibility. (Carroll 1991, p. 42)

Although Carroll's theory has gained a considerable amount of popularity amongst some academics and is a well-known conceptualisation of CSR, the concept has been developed further during the past years and nowadays, for instance the Global Reporting Initiative, wishes to put equal emphasis on economic, environmental and social issues. This makes "the triple-bottom-line"-approach more suitable for a modern analysis, which is why this is the view referred to even in this thesis. One reason for the success of the triple bottom line- theory may be the movement of the concept of CSR from being simply philanthropy towards the businesses trying to develop new solutions to the world's problems. (Batenkas 2004) This view concerns both the transparency of the firm as well as stakeholder expectations, and supports the idea that businesses function better when their interests meet the ones of their stakeholders (Takala 1999). Whereas the financial and economic factors were recognized as the prerequisite for corporate social responsibility in Carroll's pyramid model, this is not the simple truth anymore – Today, sustainability is often recognised as the basis for corporate social responsibility (Korhonen 2003).

2.3 Communicating corporate social responsibility

Communication is evidently an integral part of corporate social responsibility. In order for the stakeholders to know about the company's interests they need to be communicated (Dawkins 2005). In this thesis, the term *CSR communication* is defined simply as companies communicating in public about their CSR philosophy and performance to society and different stakeholders.

With the growing importance of corporate responsibility for companies, also the importance of communicating the company's good deeds has grown. This kind of CSR communication can occur on several channels. The most common ones for CSR communication are the corporate Websites, CSR reports and other publications. (Polonsky & Hyman 2007)

CSR reports are perhaps the most traditional ways of communicating the companies' CSR actions and commitments. According to a study from PwC (2012, p. 11), in 2011, 19% of the largest 500 companies in Finland published CSR information in their Annual reports and 7 % made a specific CSR report. Of the 100 largest companies 72% did not report about CSR in 2011, according to PwC (2012, p.11) Nowadays, more and more companies see CSR as an integral part of the company's business activities and therefore publish their CSR information in the company's annual reports. This integrating reporting style seems to be becoming more and more popular all the time.

Traditionally, Websites have also become a source of information for many stakeholders. Therefore, CSR information has found its way to the Internet and the company Websites. However, according to PwC (2012, p. 11), only 2 % of the 500 largest Finnish companies communicate about CSR on their Websites. However, the percentage of these companies seems to have risen from previous years, since in 2010, the percentage was 1% and in 2009 zero percent. (PwC 2012, p. 11) Figure 3. presents how the largest 500 companies in Finland reported about CSR in different communication channels.

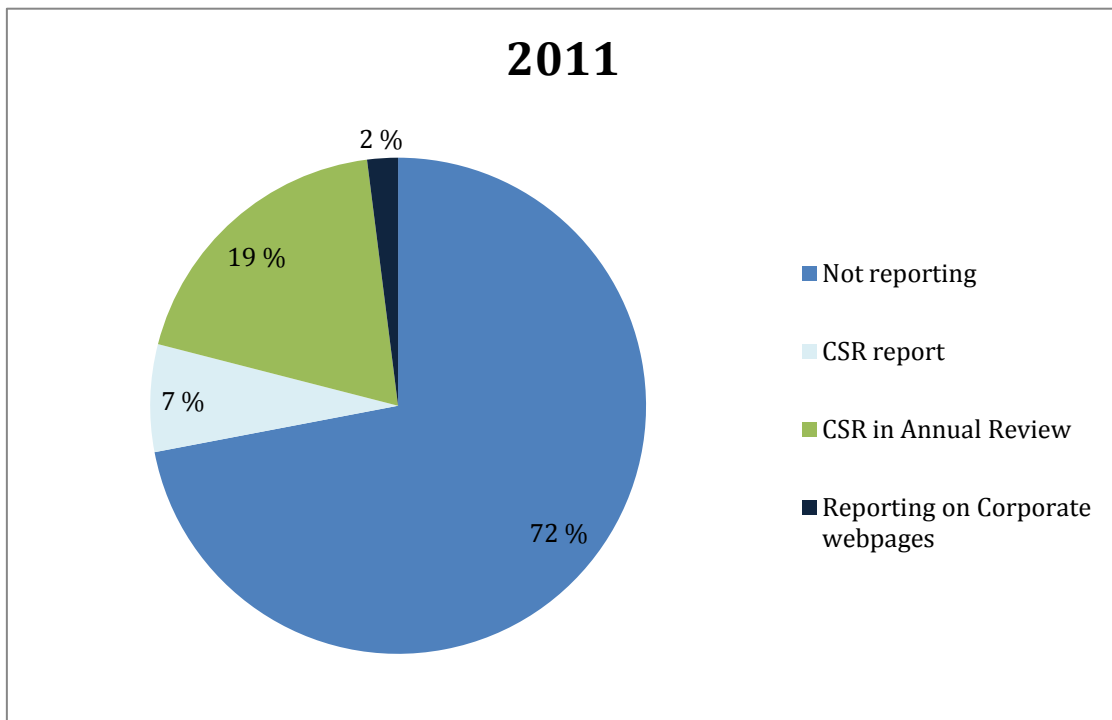


Figure 3. CSR reporting of the TE500 companies in Finland (PwC 2012, p. 11)

Unlike in the PwC study, the aim of this study is not to investigate CSR reports but simply the CSR communication that takes place on the corporate Websites. However, because many companies nowadays might not actually have a separate CSR report and instead of a printed report publish their endeavours simply through the company Websites, reporting and communication in the internet can be seen to overlap to some extent.

2.3.1 CSR communication – What for?

At the moment there are no regulatory bodies in any country that require all companies to undertake or communicate on CSR activities. With the exception of some European countries, e.g. Sweden, no government has so far developed public mandates for CSR communication. (Nikolaeva & Bicho 2010) What comes to CSR reporting, the Finnish government decision regarding ownership steering in November 2011 stated that all the state-owned companies, and partly state-owned non-listed companies need to report on their CSR activities (PwC 2012, p.11). Still, in most parts of the world and for most companies CSR remains a voluntary private initiative (Nikolaeva & Bicho 2010). This being said, there are several views on what it obligates from the companies, which is discussed in the following paragraphs.

One view on CSR communication is that it can be seen as part of ethics. This is especially common with philanthropy, which is defined as “the company’s resource allocation to charitable activities” (Ricks & Williams 2005). However, CSR overlaps with both ethics and philanthropy. It represents the company’s efforts to do good and to avoid doing harm (Basil & Erlandsson 2008). Crane and Matten (2007, p. 48) list moral arguments for CSR, such as “Corporations cause social problems and hence have a responsibility to solve those they have caused and prevent further social problems arising” or “they (corporations) have a duty to take into account the interests and goals of these stakeholders as well as those of shareholders”.

As presented in the introductory section of this thesis, another view on CSR is to see it as a marketing tool. Sweeney and Coughlan (2008) explain that the purpose of CSR communication is to answer various stakeholder demands. Often the demands and expectations of the company stakeholders are in conflict with the profit-driven shareholders of the company. Therefore, some authors (see Heath & Ryan 1989; Maignan & Ralston 2002) state that in order for CSR to be profitable for companies, their actions and the true social effects often need to be in conflict with each other – that is, the gap between the real actions and commitments of the company and the CSR

communication is sometimes wide and CSR communications often remain simply as a tool to influence stakeholder perceptions.

Some scholars claim that the major reason for companies' engagement in CSR communication is reputation management and brand protection (e.g. Mori & Welch 2008). With media constantly keeping the spotlight on corporate abuses and malpractices as well as consumers and pressure groups increasingly being aware of these issues, lack of responsibility has become a major risk factor for companies. Many businesses can, by experience of their stakeholders, nowadays detect and interpret institutional pressures and the expectations of the communities and put this knowledge into action in managing the relationship with the company's key stakeholders (Nikolaeva & Bicho 2010). For many companies, as already presented in the introduction of this thesis, proactive social and corporate responsibilities are important factors in establishing the reputation and acceptance and therefore serve as protection against potentially negative media attention (Lewis 2003).

In a KPMG (a global network of professionals providing audit, advisory and tax services) study in 2011 (p. 19), the main catalysers to CSR reporting were reputation and brand issues, whereas ethical considerations came second. Important issues to companies when considering the top motivators for responsible business were also motivating the employees, innovation and learning, risk reduction, improved relationships with suppliers and government authorities as well as different economic considerations. Cost savings were listed having the least impact on CSR reporting.

Whether a marketing, brand reputation or ethics tool, CSR communication continues to be a hot topic. This is according to Moreno and Capriotti (2009) not simply due to the issue's controversiality but because, as Dawkins (2005) points out, communication remains the less studied issue in the practice of corporate responsibility. Many companies are committed to fulfilling their responsibilities but do not succeed in communicating this actively enough to convince the stakeholders of it (Lewis 2003), which is even seen in the results of the surveys showing lack of trust on companies, referred to in the introductory part of this thesis. Since the 80's, scholars have studied

how CSR should be effectively communicated, but still additional investigation into the issue remains necessary (Bronn 2004). The following chapter presents the reality of CSR communication internationally.

2.3.2 The increasing number of companies communicating CSR

The concept of CSR as a communications tool has been primarily investigated in the USA and there is relatively little knowledge about the content of CSR and the public expectations in other countries. In Europe, the public has traditionally been sceptical about the motives of companies involved in social affairs, due to the tradition of the state being responsible for the welfare. (Maignan and Ralston 2002) However, with the crisis of the welfare state in Europe, there has been a growing demand for greater involvement by the businesses in social affairs. According to the Edelman Trust Barometer (2012) the young people of today expect and demand business leaders to take a bigger role in solving the problems of societies. There is also increasing consciousness in the society of the power of consumers to influence the behaviour of businesses (Dawkins 2005).

A KPMG survey from 2012 (KPMG 2012, p. 2) shows, that companies not yet communicating on their CSR activities now are under a significant pressure to start doing so. Of the 250 largest companies in the world, 95 percent now communicate on their CR activities on some level. According to KPMG, this represents a jump of more than 14 percent compared to the survey conducted in 2008. Also, the Nordic countries have seen a striking rise in the number of companies reporting; Denmark rose to 91 percent, Finland to 85 percent and Sweden to 72 percent of the companies studied. The findings of the study also reinforce the widely-held belief that bigger companies are better at CSR communication than the smaller ones. (KPMG 2012, p. 3-11)

When reporting is concerned, for a number of industry sectors, corporate responsibility has become the norm. In particular, industries such as the energy and natural resources industry show a higher commitment to reporting than other sectors that might be seen as

having less influence over society and the environment (KPMG 2012, p. 12). Even while consumers have become more aware of the brands' corporate responsibility records, trade and retail continue to sit at the bottom of the list when it comes to actively reporting industries. Also the ownership-structure of the company seemed to have a direct effect on their propensity to report CSR activity. Publicly listed companies tend to be somewhat more advanced in reporting in comparison to other types of ownership structures. (KPMG 2012, p. 14)

The differences between different industries' CSR reporting is presented in Figure 4., which presents the result of the KPMG International Survey of Corporate Responsibility. The top industries in the Figure are placed under "Leading the Pack". These industry companies have achieved the best scores in terms of professionalism of their internal systems and external accountability as well as their communications. They have implemented information systems to provide reliable information and asked for external assurance for their CR report. The companies in the "Starting behind" box have so far implemented and communicated about their CR efforts limitedly. These companies tend to communicate using a single media channel and are not demonstrating significant results of their achievements. They are restrictively using assurance and have not implemented information systems and processes. The companies in the "Getting it Right" group are on their way of becoming members of the leaders' box. They are building information systems and processes first before over-communicating on achievements and take management of CR seriously. They tell their stakeholders about their achievements and use external assurance, broadening the scope and level of it to further improve in the future. Lastly, the group of "Scratching the surface" companies are those that have chosen to focus more on communication without focusing equally on their CR systems and processes. Therefore, they have the highest risk of failing to deliver what they are communicating about and increasing feedback and pressure from their stakeholders.



Figure 4. Industry sectors' commitment to CSR reporting in the world (KPMG 2011, p. 5)

As seen of the KPMG study on reporting, CSR communication has become a popular activity among multinational companies. However, CSR communication does seem to have some geographical and cultural variations. According to Gill, Dickinson & Scharl (2008) companies are communicating about the "triple bottom line" imbalanced, as organisations in all geographical regions focus largely on environmental indicators followed by financial and then social indicators. This is also supported by Collison and Lorraine (2003) who discovered a lack of direction across these three indicators. Gill, Dickinson & Scharl (2008) also note a variation within the social indicator which is dominated by European firms. Northern American firms tend to focus more on internal stakeholders than the external ones. However, the reasons for why this variation across

regions exists are still unknown. Some scholars, however, claim that the geographical differences in the tendency to communicate about CSR activities are due to financial and environmental, as well as cultural and social factors (Adams et al. 1998).

Eventually, corporate social responsibility has been seen as a Western trend (Chapple & Moon 2005). This due to the view that it is more difficult to be responsible in developing countries than in the Western because of the lack of the institutions, standards and appeal systems that give life to CSR (Kemp 2001). This view is supported by KPMG (2012) whose study suggests, that the differences between the levels of CSR communication and reporting between countries are linked to the levels of development, resources and awareness. On the other hand, Chapple and Moon (2005) and Matten and Moon (2004) suggest that the differences exist due to the variations in national business culture rather than development. Another view is provided by Nikolaeva and Bicho (2010) who claim that CSR reporting and communication should not by any means be classified as a simply Western phenomena. Since developing countries are characterized by less transparency, CSR reporting could be a way for companies in these countries to increase their legitimacy in the eyes of the global stakeholders. Greenal and Yachnin (2011, p. 256) conclude that there is clearly a challenge in providing CSR information in a format that is suitable for all kinds of global stakeholder audiences.

Whatever the reasons for the differences in CSR practices and communication levels, Western companies do seem to be more advanced in their CSR communication than companies in other parts of the world. This being said, multinational companies in Asia are now also showing signs of the rise of corporate social responsibility as they try to differentiate themselves from their competitors and strengthen their brand image. Something that seems to be shared by all the companies regardless of the region is, however, that the information shared about CSR is traditionally positive, while negative facts are ignored. (Lantos 2002; Wheeler & Elkington 2001)

Figure 5. presents the results of the KPMG International Survey of Corporate Responsibility Reporting 2011 about how different countries can be placed in different

categories based on the number of companies that publish a CSR report. The figure shows that in the “Leading the Pack” box most of the countries are European, whereas the Americas have been placed in “Scratching the surface”, meaning they are mostly focusing on communication. The countries placed in the “Starting from Behind” box are mostly poorer, undeveloped countries, which so far have limited focus to date on corporate responsibility and reporting. However, Finland is also placed in this category, implying that the Finnish companies, so far, have not done as well compared to other European competitors when it comes to CSR processes and communication. The two Asian countries, China and South Korea are solely placed in the “Getting it Right” box, which means they could benefit from more communication of their activities. (KPMG 2011, p. 4) The figure serves as explaining the differences of both the CSR processes and the communication between the different countries, but as this study is simply interested in CSR communication, not the actual CSR practices of the companies, it is the vertical line indicating “The Quality of Communication” that remains interesting in this study.

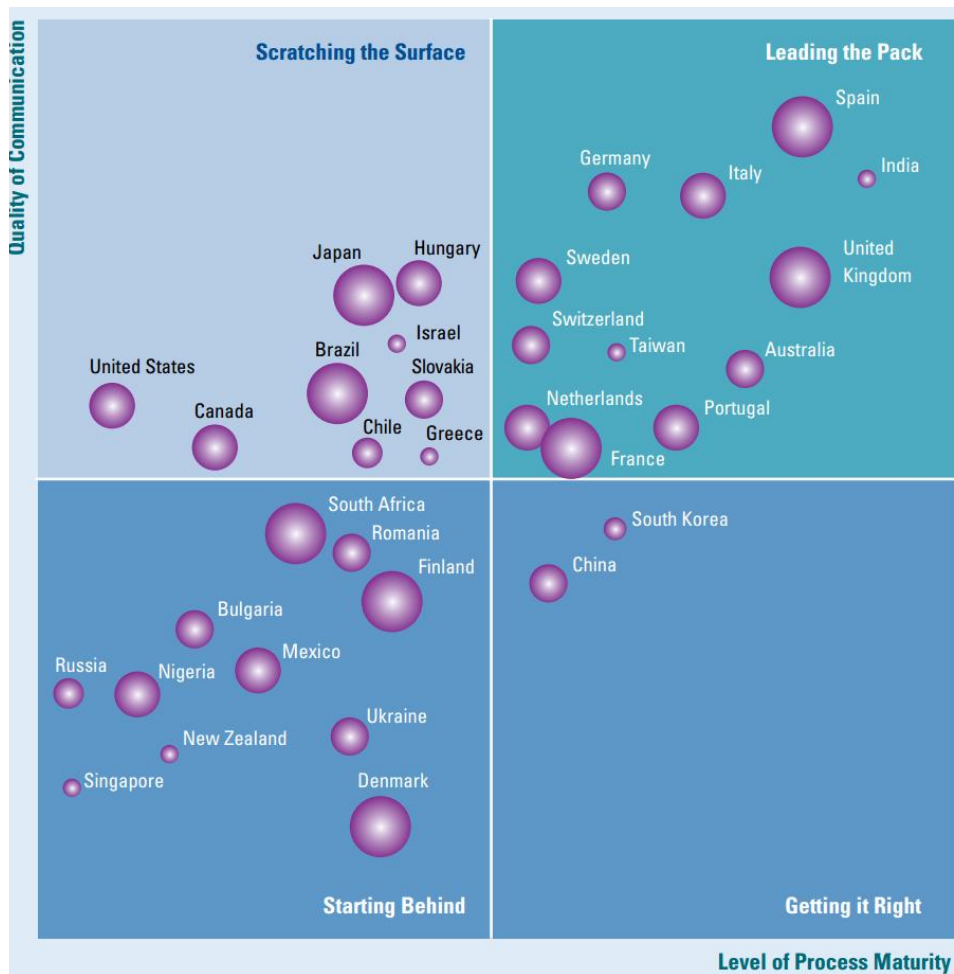


Figure 5. Country commitment to CSR reporting in the world. (KPMG 2011, p. 4)

This section has summarized how the level and quality of both CSR communication and the actual practice vary depending on the country, industry and company. Legislations, increased stakeholder pressure, the expression of company values and the knowledge of CSR have made CSR a possible source for a competitive advantage for responsible companies. (Loikkanen et. al. 2007) This view is seen to be of great importance for Finnish companies, since Finnish consumers now are increasingly interested in responsibly produced goods and therefore allow responsible companies to gain competitive advantage on the markets. (Kourula 2010). Despite of the results provided by KPMG’s study, Loikkanen et. al. (2007) claim that CSR has, during the recent years, actually become more and more important for the Finnish companies. However, the growth has been gradual and uneven, and there are still great differences in the companies’ views on CSR depending on the company size, industry and markets in

which it operates. Finnish companies have been progressive in managing CSR but at the same time the Finnish corporate governance practices have changed much and US and UK practices have been adopted. (Liljeblom & Löflund 2006) For the current study, it means that the largest companies in Finland, having already acquired remarkable market shares, should be expected to practice CSR and communicate about it to their customers through various channels.

2.3.3 Internet as a channel for CSR communication

As discussed earlier, companies can choose to communicate CSR through several channels. The most popular one for CSR communication has so far been the CSR report, but also Websites and advertisements have been used (Polonsky & Hyman 2007). Currently, there are not many studies about specifically the importance of corporate Websites for the communication of CSR issues (Moreno & Capriotti 2009). This even though corporate responsibility is strongly connected to the concept of global markets where the Internet has great potential in communicating the companies CSR activities (Dawkins 2005). However, according to Wanderley et. al. (2008) the Internet has become one of the main tools for CSR communication as it allows companies to publicize more information less expensively than before, and companies around the world now use Websites to demonstrate their CSR behaviours. Quite logically, Websites are seen as effective channels for CSR as they target a wide range of stakeholders (Esrock & Leichty 1998), and because they are a logical medium of communication in countries with high Internet use. (Basil & Erlandsson 2008)

There are at least two ways in which organisations communicate about CSR with their stakeholders through the web (Ryan 2003). The first one is using the corporate website in order to influence the image that the stakeholders have, while the other one is more two-way communication, which includes establishing relationships, dialogue and interaction between the organisation and its stakeholders. The first way is naturally with a lower level of interaction whereas the second one is highly interactive. (Moreno & Capriotti 2009) The Internet has great potential in achieving the stakeholders that

actively seek out information on corporate responsibility. However, not many people are actively looking for information on corporate responsibility, and while CSR reports clearly are an important source of information for some stakeholder groups, the general public requires a more creative use of CSR communication on the internet (Dawkins 2004, p. 112).

Having acknowledged the Internet as an important medium for CSR communication, there is still confusion over what and how to communicate and report the information (Colman 2005). As early as in 1998, Esrock and Leichty (1998) studied the Websites of companies on the US Fortune 500 Index and found that 82 percent of them used the Internet to communicate their CSR activities. Their work indicated that the Internet was becoming an important communications channel through which the companies would be able to reach to a wide publicity in a more active way. In 2008, Kim et al. (2010) found that 71% of the Fortune Global 500 companies were using a standalone Web page labelled with an environmental menu, such as "environment", "environmental responsibilities" etc. In their study, especially European companies stood out, as 86% of them were using environmental menus, whereas in North America 70% and in Asia 52% of the companies were using these kinds of menus.

Another study concerned with the CSR communication on company Websites is a study by Maignan and Ralston (2002). It compared the CSR information on the company Websites in four countries: France, the Netherlands, the UK and the USA. The authors found differences amongst countries, both in the amount of CSR information that was discussed on the Websites as well as the importance that the companies placed in being perceived as socially responsible, which existed in a greater extent in the US and UK. Moreno and Capriotti (2009) studied Spanish IBEX-35 companies and found that all the Spanish companies presented CSR information on their Websites, and that 82,2% of them devoted more than 50 pages to the topic. All of the companies also provide links to a wide range of documents with relevant information about CSR. It was also noted, that most of the information was found on the highest hierarchical levels of the Websites, which according to the writers indicates that CSR information is considered to be extremely relevant.

As seen in this chapter, the Internet is a much-used medium for companies communicating about their CSR activities and good deeds. The previous studies conducted in countries all over the world show that a considerable part of the largest companies globally already use company Websites to reach their stakeholders. Whereas the tendency to use Websites in CSR communication seems to be somewhat global, the weight placed on different aspects of it vary depending on the culture, country and region. As seen in this chapter, the academics are still lacking studies about Finnish companies' CSR communication, which is why the companies' CSR communication in general as well as the issues and topics communicated are at the very core of this Master's thesis and well worth studying.

2.3.4 The topics communicated

While communicating CSR has nowadays become mainstream, and is very much expected from companies, the topics being communicated by the companies are various. Moreno and Capriotti (2009) found, when studying Spanish companies, that 80% of the Spanish companies on the IBEX-35 list have a specific section for CSR on their Websites. However, in their study, the most concerned issues had to do with environment and social responsibility. The third part of the "triple bottom line", financial responsibility hardly existed. In their study the authors found that, overall, 75% of the studied Websites had sections for "Social action, Environmental action and Human rights". When studying other CSR related issues, the authors found that 80% of the companies did not mention corporate ethics and those that did, mentioned it superficially in connection to other issues such as corporate governance. As for a specific CSR section on the corporate Websites, 57% of the companies informed about economic, social and environmental activities, corporate ethics, relations with different groups of the public, and reference to external evaluation criteria.

When looking at the similarities between companies from different parts of the world one can see general tendencies when it comes to choosing CSR topics. Kim et al. (2010) found that in Europe and North America, "climate change" was found to be a key

concern, while in Asia, "resources and waste management" remained at the core of the companies' CSR communication. The results clearly indicate that there are differences in regional environmental concerns. It was also found by Kim et al. (2010) that such issues as "environmental governance" and "ecosystem" did not seem to be included among the concerns of the companies in any region. This, according to the writers may indicate that corporate Websites lack guidelines for "how-to" actions to solve environmental concerns.

As mentioned in the earlier sections of this literature review, consumers nowadays pay attention to the companies' responsibility, which puts pressure on the companies' CSR communication. Whereas scholars have found several "hot" topics, which the companies like to communicate about, choosing the right CSR agenda is not that straight forward. CSR topics not being a logical fit with the company's business reduces the credibility of the communication. Therefore, a lack of logical connection between the CSR topic that is communicated by the company and the business can reduce positive stakeholder reactions towards the company's CSR initiatives and is often regarded as an indicator for unethical behaviour (Dawkins 2004).

It is also noted by the previous research, that most CSR communication is focused on the company's involvement in the cause rather than on the cause itself. In order for the companies to be able to generate positive stakeholder reactions with their CSR communication, the topics chosen for the company's CSR agenda need to be of interest for the stakeholders. Choosing the company CSR agenda is therefore balancing between the topics that interest the stakeholders and the ones that fit the business. (Du et al 2010)

2.4 Legitimizing CSR messages

The emerging institutional infrastructure on corporate responsibility has brought into being new rules of the game. These new rules go beyond profit-maximization to encompassing better corporate responsibility on environmental, social and governance issues. The pressure from the company stakeholders has lead to the companies having to

be profitable and at the same time appear responsible to the public. The various attempts from companies to simply look good with very few or no operational changes have led to the public often looking at the corporate communication skeptically, judging it as simply “greenwashing”. In order to be able to legitimize the responsibility message, large corporations are nowadays expected to produce sustainability or triple bottom line-reports, be more transparent, sign on and live up to different principles and standards and engage with a wide range of stakeholders in dialogue, partnerships and action. By participating in the credible institutions within the infrastructure, companies hope to reduce the demands they are facing from different stakeholders. (Waddock 2008)

2.4.1 From self-presentation to external criteria

Corporate social responsibility is most often seen as self-regulatory, because of the voluntary nature of it. However, as discussed in the introduction of this thesis, with the increased pressure from the society and the media’s role as a corporate watchdog, corporate social responsibility has gained importance. Self-regulation can be seen as a preparing strategy to future or possible legal restrictions (Schwartz & Carool 2003).

The great paradox of corporate social responsibility is that corporations are responsible for social and environmental disruption, but at the same time they are considered to be in a fight against it (Moreno & Capriotti 2009). This paradox builds the basis for CSR communication. Internal policies are easy to post on a website but if there is no external point of validation demonstrating that the actions are actually proceeded by the company, there is no way of knowing the true state of affairs. Since internal policies are not always in line with regular business operations they can allow companies to not really be committed to CSR and still present them as committed on their Websites. (Basil and Erlandsson 2008) Because of this, internal CSR policies may be adopted both by the really responsible companies and those who really are not (Moreno & Capriotti 2009).

Assuring the truthfulness of the CSR communication requires external voices on the corporate Websites. Self-regulation does not eliminate the scepticism and means a greater concentration of power on the companies. (Basil & Erlandsson 2008) Adopting specific CSR instruments and initiatives has gained popularity amongst companies during the recent years and may be due to various reasons: Companies may feel that they will gain legitimacy by adopting a practice. Adopting CSR standards is a way for a firm to show that they are committed to meeting the requirements of the standard, and the more a specific practice is adopted by other organizations, the more it becomes taken for granted, making the non-adopters look abnormal. (Ingelblink & Immink 2010) Not adopting a commonly used instrument would perhaps make the company feel they have been left in a competitive disadvantage. A United Nations Environmental program study found that the second most important reason for the adoption of CSR reporting was in fact competitive pressure. (Levy et al. 2010) Integrating structured frameworks may also provide more structure to the CSR activities and give a reason for publicity storytelling (Nikolaeva & Bicho 2010). Therefore, using these external references is beneficial especially to visible companies as they succeed better in self-promoting their accomplishments and defend themselves against negative publicity (Mori & Welch 2008).

According to Waddock (2008, p.93) the need for standardization emerged from reporting, or more precisely, the fact that companies have previously mainly reported what they wanted to, in formats they desired, typically focusing on positive activities. To contend with reporting inconsistencies, the Global Reporting Initiative (GRI) developed a common reporting framework for sustainability reporting that allows cross-company and cross-industry comparisons. GRI, which nowadays is used as a global benchmark, is meant to be comparable to generally accepted accounting principles for financial reporting. In addition to the rise of standardized reporting, another increasingly popular way of pressuring companies to be more responsible is through publication of ratings and rankings that compare one company's performance with respect to a given set of stakeholders, society or nature with the performance of other companies. (Waddock 2008)

As seen in this section, the variety of different actors claiming themselves to be responsible and the lack of a binding legislation and monitoring from the authorities have not only made it more difficult for consumers to differentiate the responsible companies from the less responsible ones, but also for the companies themselves to show that they are telling the truth. This has led to external references of legitimization to be used by the companies to stress their truthfulness. In the following sections, the different means of legitimization are explored in more detail.

2.4.2 The variety of instruments and initiatives

When considering CSR instruments and initiatives, there are several ways of categorizing them. One is simply by dividing them into hard and soft laws, hard laws including national and international laws and regulations whereas soft laws are seen as civil regulations. According to Abbott and Snidal (2000, p. 423) states have often chosen softer forms of governance as a way of facilitating international cooperation because of the costs and limitations of creating legally binding standards. Forms of soft laws range from private and voluntary codes and certification and labelling systems to transparency obligations from the part of governments (Vogel 2008). The soft law approach is said to have many advantages, but they often lack the legitimacy and the enforcement mechanisms of hard laws. The advantages of soft laws can be seen to be that they bypass conflicts about state sovereignty, which has often restricted western governments from using trade policies to affect the domestic regulations of developing countries. The discussion today emerges between the relationship between private regulations and public or state regulations. Private regulations and state policies can interact in many ways. Private standards can for instance be used to avoid additional state regulations, as well as to complement or better enforce state regulations. They can also be used as a substitute or a precursor to more stringent state regulations. (Vogel 2008)

When the above presented hard laws concern legislation, their counterpart, the soft laws, include international declarations and conventions, including guidelines and

standards, and private voluntary instruments and initiatives such as multi-stakeholder initiatives and business initiatives. There are currently hundreds of private initiatives that could be discussed under the section of soft laws. They often offer guidance on social and environmental issues and hope to enhance the contribution that businesses can make to improve social and environmental contributions. Since existing instruments evolve and new ones are emerging all the time, a comprehensive listing is not possible. (OECD 2009, p. 236) There are as well many ways to divide and categorize the different instruments and initiatives. In the following chapters, a general division is however made in order to be able to divide and compare the different kinds of CSR instruments and initiatives used by the 100 largest Finnish companies.

2.4.2.1 Legislation

There is currently no compulsory legislation concerning CSR in Finland. The Finnish government however emphasizes the voluntary aspect of CSR in its public policy. Also many companies have perceived that the most central component of CSR is compliance with the Finnish legislation. (Panapanaan et al 2003) However, although there is no legislation concerning CSR, there are some parts concerning corporate responsibility, namely the Companies Act, Employment contracts Act, Employment Accidents Act, Social security legislation and extensive legislation on environmental protection. Also the Finnish Accounting Act includes a CSR focus and states that the companies' financial accounts need to be accompanied with an annual report containing information about personnel and environment issues that can affect the company's economic performance. (Kourula 2010, p. 153) According to Kourula (2010, p. 153), Finnish environmental and social legislation can be said to be relatively well enforced when considered in a global context.

2.4.2.2 International declarations and conventions

Although most CSR initiatives are not legally binding, there are principles that have become close to laws, due to their universal nature. International declarations and conventions are such generally agreed or recognized guidance. They can be divided into principles, guidelines and standards. Some of them are developed and formally agreed on by the governments and supported by business and labour organisations. Guidelines are not binding but offer the companies guidance in their responsibility work. ILO Declaration and OECD Guidelines are of this type. ILO Declaration is universal and unique in a way that it is the only universal body with a tripartite membership. OECD is not universal but it has been subscribed by 32 countries (Finland being one of them) and is applicable to all enterprises in 43 countries, wherever in the world they operate. (OECD 2010, p. 240)

Some initiatives are developed by intergovernmental bodies, such as the United Nation. The UN Global Compact, signed by 7000 businesses in 145 countries is one of the best known officially recognized initiatives. A number of Finnish companies have also signed the Global compact initiative (Global Compact). Some essentially non-governmental initiatives, such as the ISO standards have later been endorsed by governments. Also national initiatives such as the Ethical trading initiative, founded with the UK government support, have been developed and endorsed by governments. (OECD 2009, p. 240-241)

A standard is a publication that provides rules, guidelines or characters for activities or their results, for common and repeated use (CEN 2012). Finnish companies are normally effected by national, European and international standards. The organisation controlling and co-ordinating the national standardization work in Finland is The Finnish Standards Association (SFS 2012). Standards are closely related to European Union regulations. They are however not compulsory, but voluntary for the members. Unlike standard, a certificate is a proof of that a certain product or process fulfills the requirements of a specific standard. Certificates are authorized by certification

authorities whom of some are accredited. Although standards can be bought from SFS or ISO to use as proof of that a product fulfills the requirements, neither SFS nor ISO are certification agencies but certificates can be bought through a variety of organizations within the private CSR initiatives business (SFS 2012).

2.4.2.3 Private and voluntary initiatives

The grown interest on CSR issues has led to the creation of organisations and agencies that manage several different instruments and initiatives without any unity of criteria. (Marquez and Fombrum 2005) Privately developed principles turn to both business and the civil society (OECD 2009, p. 240), and can address a wide range of issues. They can be related to issues such as human rights and labour rights, community development, consumer rights, bribery, health and safety issues or environmental standards. Some initiatives focus solely on one issue while others address a specific sector, industry or issues that are important to organisations' own operations. While there are privately developed principles that have been wide-spread, like ISO and GRI or Fair Trade label, even companies' own codes of conducts can be classified as private initiatives. Some initiatives have been developed solely for the business sector while others are designed for all organisations, both private and public. (OECD 2009, p. 238)

Private standards may go beyond national and local laws. A proactive strategy on the part companies will make it easier for them to cope with new standards, and will also lead to significant benefits, including competitive advantage, improved efficiency and ultimately more exporting opportunities. Private standards are something other than the technical regulations and national, regional or international voluntary standards might be encountered in trading with any partner. Private standards are often confused with the international voluntary standards that are developed by international standards development organizations, such as the international organization for standardization (ISO 2012). Although the standards developed by these organisations are voluntary, they are not considered completely private since they are prepared by the international

standardization community and are based on international consensus among member bodies, which are governmental, parastatal or nongovernmental. (UNIDO et. al. 2010, p. 14) Private standards can be developed by businesses, such as the H&M's code of conduct, or on a cross-sectoral basis or are more precisely targeted at a specific sector. Some private initiatives have been developed by non-governmental organizations, trade unions and governments. (UNIDO et. al. 2010, p. 23)

As seen in this section, the companies use different kinds of CSR instruments and initiatives to legitimize themselves, and to prove their responsibility to the public. Due to the great variety of different CSR instruments and initiatives, making sense of the different letter combinations can sometimes feel overwhelming. It is therefore important to know and recognize the most commonly used instruments and initiatives to be able to judge the companies real level of responsibility. This is looked into in the following section.

2.4.3 Adoption of different initiatives and instruments

As seen in the previous sections of this thesis, different CSR initiatives and instruments can be used to legitimize the company's CSR actions. Moreno and Capriotti (2009) found, when studying Spanish companies, that as many as 60% of the companies use external references to support the truthfulness of their CSR message. However, in most cases the external references are mentioned without explaining or evaluating their meaning. In only a few cases the companies provide links to the Websites of the reference mentioned on the Websites.

Although companies in Moreno and Capriotti's study seem to be using external references to support their CSR actions, some scholars argue, that these references do not serve to develop the company's CSR activities, but quite contrary, to communicate about the processes that already are successful: A study conducted by King et al (2005) about obtaining ISO14000 certification found no evidence suggesting that obtaining the certification would generate improvements in environmental performance. The authors

therefore concluded that the ISO environmental standard might be seen more as an indicator of an already existing environmental management process, rather than a sign of superior environmental performance. They also showed that before ISO14000 was introduced, companies were looking for certification to communicate their established good performance in a credible way. The results are in alliance with Vogel's (2008) study which concluded that the firms are more likely to accept certifications when public regulatory standards are relatively stringent, which means that such systems will often first gain support in regions where they are needed the least. This, for instance, explains the success of FSC (Forest Stewardship Council) in certifying forests in developed countries and its relatively slow progress in developing ones. (Vogel 2008, p.271)

In Moreno and Capriotti's (2009) study about the Spanish IBEX-35 list, it is noted that most of the external references used are international, supporting the view that large and global companies are better at CSR communication. A whole 95% of the companies studied refer to external agencies on their Websites use international criteria, while 38% use national criteria and 33% combine the two. Nearly half of the companies use more than one external criterion although the majority use only one. The most frequently used criterion is the Global Compact (34%) followed by the Stock Exchange Indexes (21.8%) and GRI (6%). (Moreno & Capriotti, 2009, p. 169)

As there are no national codes for CSR adoption in Finland, Finnish companies and public authorities have promoted the implementation of global CSR codes, such as the OECD guidelines, UN Global Compact, ILO principles, EMAS, ISO standards and GRI. European Union initiatives have also a significant impact on Finnish CSR. (Kourula 2010) The companies in Finland have been some of the most active ones in Europe in becoming members in CSR organisations and networks such as WBCSD and UN Global Compact. Finland is also considered to be among the front-runners in the FTSE4Good and Dow Jones Sustainability Index. (Kourula 2010, p. 153)

2.4.4 Legitimization by external monitoring

While adopting different kinds of CSR instruments and initiatives is relatively easy, a proactive CSR strategy by a company includes also, that the company seeks independent external verification of its social and environmental performance. Simply adopting an initiative does, however, not guarantee that a company is being responsible in its business. This is because while the majority of voluntary codes have been adopted unilaterally by trade associations or individual firms, only few industry and corporate codes are independently monitored. While some contain no monitoring at all, others are monitored by the firms themselves. (Vogel 2008) Internal monitoring is a part of monitoring conducted by brands and retailers, while external monitoring is referred to when the monitoring is conducted by a third-party organization. Verification on the other hand is the independent evaluation of the result of monitoring systems. (O'Rourke 2006, p. 900)

Private standards are often inspired by international norms and initiatives, but can vary considerably in the degree of commitment required (UNIDO et al. 2009, p. 25-26). In addition to monitoring the company's own code of conduct, some companies may join a multistakeholder initiative that conducts additional monitoring. These initiatives include multiple actors and provide independent verification on compliance with the social and environmental requirements. Examples of these initiatives are Ethical Trading Initiative and Fair Labor Association. (UNIDO et al. 2009, p. 36)

Growing public awareness and pressure have led to the establishment of standardized codes of conduct and systems of monitoring that are conducted by accredited third-party auditors. There are currently several initiatives of this type, and these monitoring systems differ from auditing, certification and reporting. (O'Rourke 2006, p. 901) The diversity of current codes and monitoring systems has, however, led to confusion and debate about the benefits and costs of private and voluntary initiatives. Versions of voluntary regulation range from individual factories paying to be certified, to multinational brands internally monitoring their own contractor factories, or NGOs inspecting factories individually. Even more importantly, the systems also vary in their

underlying models of responsible business conduction. (O'Rourke 2006, p. 906) As many large brands have developed their own codes of conduct, it is sometimes hard to determine how much improvement these private codes and monitoring have achieved. Many companies argue that the company itself is the only actor, that has the ability to solve the responsibility problems in their own supply chains. (O'Rourke 2006, p. 901)

While some see CSR initiatives as the key to transforming how we produce, consume and regulate the global processes, critics state that monitoring, like any CSR instrument and initiative, today is often used for external promotion. Costly and ambitious certificates serve as an external communication and marketing tool, demonstrating high social and environmental standards that may attract new customers. (UNIDO et al. 2009, p. 46) Furthermore, some buyers may recognize certain certifications as best practice which enables a company to reduce the number of buyer audits and other external monitoring (UNIDO et al. 2009, p. 50; Vogel 2008). Some critics also believe monitoring and certification make consumers think that all the problems have been solved. This way, the regulation systems would represent a new form of privatized elite regulation, designed to protect multinational brands, rather than to actually solve any problems. (O'Rourke 2006, p. 899)

In the previous sections the pressure that is put on the companies by their stakeholders, which today forces the businesses to try to appear responsible to the public, has been discussed. The studies have shown that because the public often looks at corporate communication being simply "greenwashing", various kinds of instruments and initiatives have been developed to strengthen the believability of the companies' messages. In this section the scope of the different kinds of methods of legitimization and how they can be part of the company's proactive CSR strategy have been reviewed. Also the kinds of instruments and initiatives that are most commonly used among businesses, both globally and in Finland, have been presented. In the next section, a theoretical framework for the study is presented.

2.5 Theoretical framework

Based on the literature presented in the earlier sections, a following theoretical framework for the study is presented. Corporate social responsibility has, according to the scholars, become a 'hot topic' and an activity practiced as a part of the corporate communication by many companies today. Corporate Webpage as the medium for information searching has therefore become the self-evident place for CSR communication, as that is where many of the company's stakeholders also go to search for information about the company. Exactly this is the purpose of CSR communication for most companies – to fulfil the needs and expectations of their stakeholders who, as the awareness of social, financial and natural injustice has grown, perhaps nowadays have a better understanding of their own power than ever before.

Although corporate social responsibility very much seems to be a global issue, there are many variations between the different regions, countries and cultures of the world. The company's origin and where it has its operations clearly affects the CSR communication practiced by it. In the Western world, self-regulation is no longer seen as efficient way of monitoring the responsibility of a company. Although CSR is still seen as largely a voluntary activity, a wide range of different voluntary public and private instruments and initiatives have been developed to guide the companies in their CSR processes, and to act as a means of communicating these actions. These external references are increasingly used to legitimate the truthfulness of the CSR communication of the companies. The purpose of this paper is to study the Finnish companies CSR communication on the corporate Websites and specifically their use of CSR instruments and initiatives as external referents. The theoretical framework for the study is presented in Figure 6, which explains the relationships between these different issues.

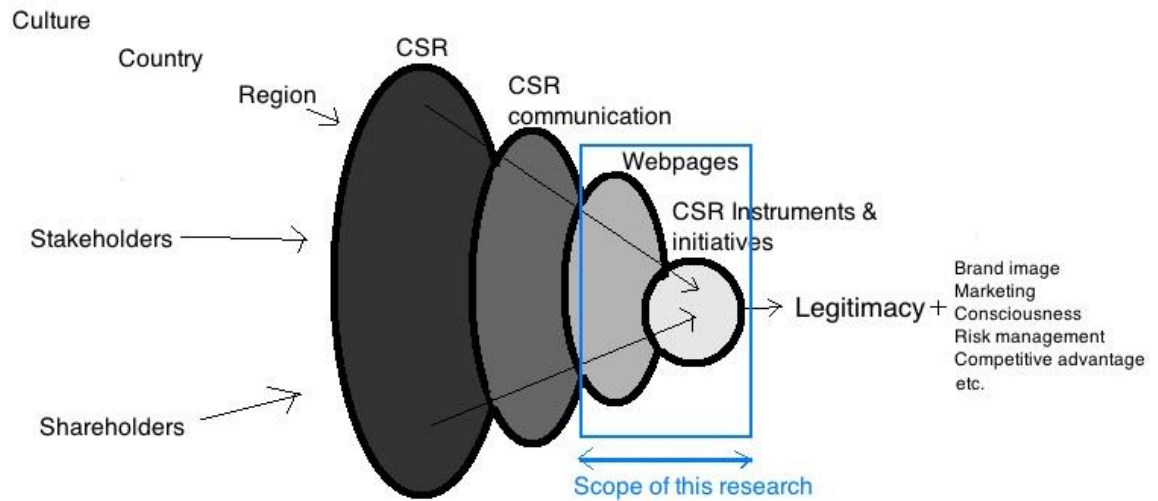


Figure 6. The theoretical framework.

In the figure we see the elements that influence the company's view on corporate social responsibility; the culture, country and region it is operating on as well as its stakeholders and shareholders. In order for the company's CSR actions to lead to the positive effects the companies often aim at, the company's good deeds need to be communicated. A popular channel for CSR communication is nowadays the Internet and the company Websites, where companies are easily able to reach to their stakeholders. The truthfulness of the company's communication is stressed through the use of the various external references such as CSR instruments and initiatives. Corporate responsibility together with the trustworthy communication leads to the company legitimizing its existence from the society. According to various studies CSR also leads to other positive effects such as improved brand image, better marketing, improved consciousness, better risk management and can be a source of competitive advantage. The scope of this thesis is presented within the cube; CSR communication and the use of CSR instruments and initiatives on the company Websites.

3. Data and methods

In this chapter, the data and methods for the study are presented. The methods for this thesis study include both quantitative and qualitative elements. Quantitative methods put attention on measurement of characteristics whereas qualitative research focuses on describing varieties or characteristics of e.g. people and events. In this thesis study, both the measurement of characteristics as well as describing them are combined in the form of *quantitative and qualitative content analyses*. (Thomas 2003) In the following sections, these two methods and their use, as well as the data collection and analysis for this study are explained in more detail.

3.1 Content analysis as research method

According to Jansen (2009, p. 31), content analysis is the analysis of text documents. It can be quantitative, qualitative or a mixed methods approach and its purpose is typically to identify patterns in text. Neuendorf (2002, p. 1) indicates content analysis to be one of the fastest growing techniques in quantitative research.

Content analysis is the analysis of documents and texts that seek to quantify content in terms of predefined categories (Bryman & Bell 2003). The simplest form of quantitative content analysis is conducting a word-frequency-count, assuming that the words mentioned most often are the most significant ones (Weber, 1990). Another method closely related to quantitative content analysis is the web impact method, which is based on the assumption that documents or ideas having more impact are likely to be mentioned more. (Thelwall 2009, p. 9) A simple type of web impact assessment is i.e. to take a collection of ideas or documents and then submit them as a phrase search into a commercial search engine, using the reported hit count as the impact evidence. Although there are nowadays several search tools for these purposes, according to Thelwall (2009, p. 11f.), the best way is however to identify and count all matching pages manually rather than to rely on search engine hit count estimates that can sometimes be unreliable. Simple word-frequency-counting is however not the only

technique to perform quantitative content analysis: With coding and categorization of data, content analysis can go further, as in the case of this thesis study.

According to Hirsjärvi and Hurme (2001) using multiple methods in data collection reduces inappropriate uncertainty. Also, according to Thelwall (2009, p. 17) in order to explain the significance of the quantitative method, qualitative investigations should always be conducted as part of it. Qualitative information about the web citations can be obtained by visiting a random sample of Websites from the study and reading them in order to find out what they are about, and how the context in which the keywords were mentioned looks like. This is best formalized as a qualitative content analysis (Thelwall 2009, p. 17), which is also used in this thesis to reveal us some additional information about the companies CSR communication. The following subsections explain the practical selection and analysis of the data by using both quantitative and qualitative content analysis.

3.2 Data selection

The purpose of this thesis is to study how the 100 largest companies in Finland communicate about corporate social responsibility and legitimate their message. The latest Talouselämä 500 list from 2012 was selected as the base for the data selection. Talouselämä 500 lists the 500 largest companies in Finland based on their turnover, and is freely available online. In this thesis, I chose to look at the 100 largest companies in Finland, as large companies are the most likely ones to be operating on international markets and, this being an IBC thesis, would therefore also be most likely to communicate towards the international audience. The list of companies studied is provided in Appendix 1.

According to Neuendorf (2001, p. 88), there is no universally accepted criterion for selecting a size of a sample, but according to Thelwall (2009, p. 19) a good sample size for this kind of a quantitative content analysis is at least 100, which also seemed appropriate concerning the timeframe of this thesis. For a content analysis to be generalizable to some population of messages, the sample for the analysis should be

randomly selected (Neuendorf 2001, p. 83). However, providing data for over 100 companies would not provide any additional information as the aim of the research is not to make generalizations of all companies in Finland, but rather to simply look at how the 100 largest companies communicate about their CSR activities. Talouselämä 500 list is considered reliable since it is solely based on the companies' turnovers, and does not consider any other factors such as reputation, brand value etc. The other researchers conducting similar studies (i.e. Moreno & Capriotti 2009, PwC 2012) also used a similar kind of list in their study. The top 100 companies selected in this study have a turnover between 599 million and 39 billion Euros.

As background information about the sample of the study, the 100 largest companies consist of eight state-owned companies and 92 privately owned companies. 55 of the 100 companies are listed, whereas 45 are non-listed. Figure 7. illustrates the ownership division and Figure 8. the division between listed and non-listed companies.

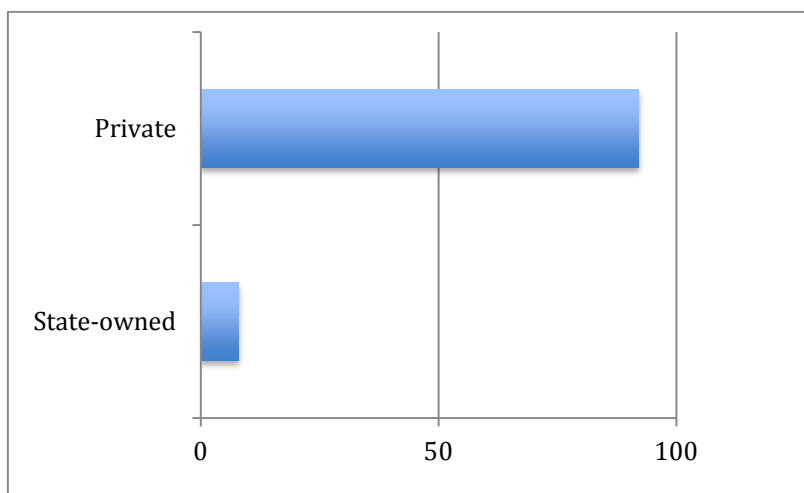


Figure 7. Division of ownership in the sample

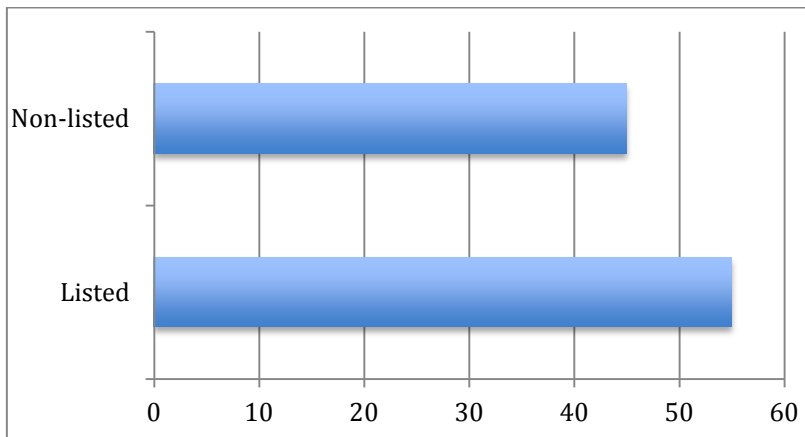


Figure 8. Listed and non-listed companies in the sample

Of the 100 largest companies studied, 10 were non-Finnish. These companies are Nordea, ABB, Telia-Sonera, Noriisk Nickel Harjavalta, Skanska, Sandvik Mining and Construction, Consolis, Yara, Lidl and Schenker East. All of these companies however have operations in Finland and some of them, as in the case of Nordea, Telia-Sonera and Skanska, have a strong foothold in Finland, and quite frankly, are often even thought to be Finnish companies by the great public. Due to this reason, the companies were included in the study. Nordea Pankki Suomi and Nordea Henkivakuutus were presented as two companies on the TE100 list. However, as the company only has one page for the Finnish Nordea, the two companies were analyzed as one. Tapiola Group experienced some organizational changes in 2012, and did not match the companies presented in the TE100 list from 2011. Therefore, a decision to leave Tapiola out of the study was made. Sampo Pankki changed its name to Danske Bank in 2012, and therefore the company was studied through Danske Bank Finland Websites.

There are companies from 26 different industries within the 100 largest companies. The main industries in the sample group consist of retailers, financial services, energy, equipment, metals products, construction and food & beverage industries with the most companies within the 100 largest. Together these 7 industries cover over a half of the 100 largest companies, more precisely 56% (n=100) The different industries covered in the sample are illustrated in Figure 9. These industries are further studied in section 4.3. The division of companies within the industries is also presented in Appendix 1.

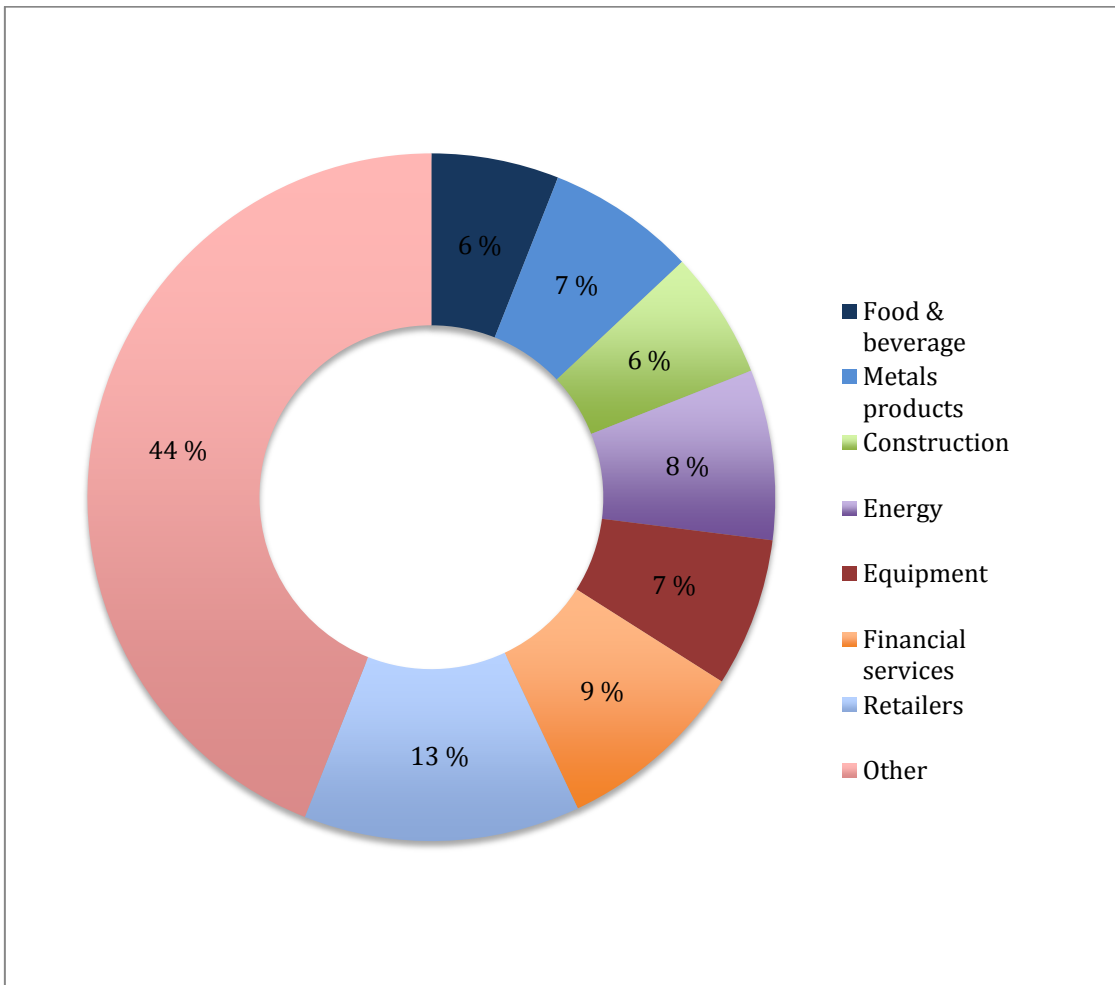


Figure 9. The covered industries in the study

In order to better be able to compare different kinds of industries, a grouping into customer-oriented and business-oriented industries was made based on the primary customer of the companies in question. Within the 100 largest companies there are 55 consumer oriented companies and 45 business-oriented companies. The division was made simply by looking at the companies' Websites and seeing whether they addressed specifically consumers or entrepreneurs. In unclear cases, where a company could be classified as both consumer and business-oriented, it was classified as the one it seemed to underline more in its communication. This division is illustrated in Figure 10.

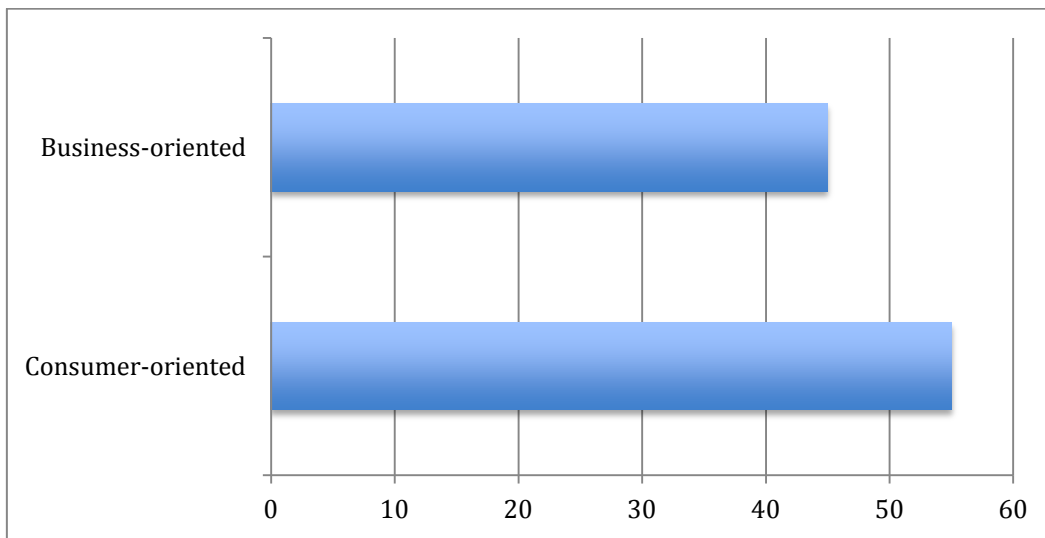


Figure 10. Division of sample companies based on target customer.

Due to the fact that CSR reports are already relatively widely studied, and there are already several broad studies about CSR communication through reports (e.g. KPMG 2011, PwC 2012), it was decided, that corporate Websites would be the communication channel studied in this thesis. According to Thelwall (2009, p. 1, 5), the Internet is a huge and easily accessible source of information that opens limitless possibilities for measuring or counting on a huge scale. Internet has made it possible to nowadays investigate many issues that previously were either not investigated at all, or had to be investigated using totally different kinds of methods. Websites are also continuously updated which gives me access to the most recent set of information, while the reports are often published long after the data for the report was prepared. All the data in my analysis was gathered between August 1, 2012 and November 15, 2012. The data from each company was gathered during one visit on the corporate Websites, in order to be able to avoid any possible updates that may come in between the visits and therefore affect the data sample.

Although the intention is to look at the largest companies in Finland, as already mentioned, the list includes even some companies with their headquarters in a country other than Finland. In these cases only the Finnish country Websites will be explored.

This being said, many of the Finnish companies also have specific country Websites in addition to their global Websites. The global or the English language Websites are used whenever possible, in order to be able to look at the companies' international communication towards the global markets. However, when an English site was not available, the Finnish sites were studied. Nearly all the companies in the top 100 list have an operation abroad, which means that the companies should be expected to communicate towards the international audience.

In this study, the CSR communication on the company Websites is studied to answer the research questions about "to what extent" and "on which issues" the companies communicate about their CSR activities, as well as the question on "which instruments and initiatives" are used to support the company's message. Some of the companies studied have decided to include a whole CSR report on their Websites, often characterized with a content index from GRI or by simply referring to the section as "a corporate responsibility report" or similar. These Websites have, however, been left outside of the study. Websites with a separate link to a CSR report in a pdf-file, or separate CSR web-based reports are also classified as separate reports and therefore not included in the study.

3.3 Data analysis

This mainly descriptive study is conducted by using both quantitative and qualitative content analyses to establish observations on the CSR information on corporate web sites. The quantitative content analysis should according to Stemler (2001) be done using a set of categories that can be based on the categories previously used in similar exercises. The choice of the categories should be related to the objective of the content analysis. However, he points out that the classification categories have to be mutually exclusive, meaning no unit can fall between two categories and each unit is only presented by one category.

According to Bryman and Bell (2003, p. 200), it is common in content analysis that the researcher codes text in terms of certain subjects or themes. This categorization of

themes requires a more interpretative approach than the simple count of specific words in a text. For this study, a codification file with a set of categories that concern the presentation of the content on the Websites was created. After studying a long list of issues based on these sources, initial analysis was carried out on the corporate Websites of 30 Finnish enterprises. This initial analysis of the subject of study allowed grouping the issues according to generic categories and thus checking, whether codification was suitable to the medium and relevant to my research questions. In creating the categories, literature concerning different CSR instruments and initiatives was used and some of the most prominent instruments were included in the data sheet. The aim was to keep the scheme flexible in order to be able to add new categories if needed.

The raw categorization of the data sheet is presented in Table 1. The whole sheet is provided in Appendix 1.

Table 1. The categorization of the data sheet

Category	Answer	Specifying answer
1. Company name		
2. Sector		
3. Private/State-owned		
4. Listed/ Non- Listed		
5. CSR communication on the website	Yes/No	
6. Name of the CSR section	e.g. "Sustainability"	
7. Web report	Yes/ No	
8. Communication about environment	Yes/ No	e.g. carbon emissions, energy efficiency
9. Communication about social issues	Yes/ No	e.g. employee wellbeing, child labor
10. Communication about financial issues	Yes/ No	e.g. responsible investment, transparency
11. External references	Yes/ No	
12. Refers to legislation	Yes/ No	
13. Refers to international declarations	Yes/ No	
14. Refers to ILO	Yes/ No	
15. Refers to OECD	Yes/ No	
16. Refers to UN GC	Yes/ No	

17. Refers to standards	Yes/ No	e.g. ISO
18. Refers to GRI	Yes/ No	
19. Refers to CDP	Yes/ No	
20. Refers to other standards	Yes/ No	e.g. EU ecolabel, Nordic Swan
21. Mentions Code of conduct	Yes/ No	
22. Mentions monitoring	Yes/ No	
23. Refers to certificates	Yes/ No	e.g. ISO, OHSAS
24. Presents logos	Yes/ No	e.g. WWF Green office
25. Presents recognitions	Yes/ No	e.g. Dow Jones Sustainability Index
26. Presents partnerships	Yes/ No	Environmental, Social or Financial? e.g. BSAG, Pink Ribbon
27. Provides links to references	Yes/ No	
28. Provides link to own report	Yes/ No	

The data-file is divided into sections that all contribute to answering my research questions. All the sections and how they contribute to the analysis are explained in the following paragraphs.

In order to be able to analyze the companies and to see whether there are differences between the companies' CSR communication, specific categories were created for the companies. Companies were then placed in these categories according to sector and whether they are state-owned and listed. These data fields do not contribute to the study of the companies' CSR communication but simply provide a means of categorizing the companies in order to analyze and compare them.

In order to be able to answer the first research question, *to what extent do large Finnish companies communicate on CSR issues on the corporate Websites*, the company Websites were visited to see, whether the company communicates about CSR on their Websites or not. The analysis was done using the quantitative content analysis method. If the company did communicate about CSR issues, it was also studied, whether the company communicated about environmental, social and financial issues, this is, the triple-bottom line explained in Chapter 2.2, which relates to the second research question - *Which CSR issues do large Finnish companies communicate on their*

corporate Websites? The company did not need to have included a specific section named “corporate social responsibility”, “sustainability” etc. on their Websites, but if it had done this, this section was interpreted as the company’s view on CSR, and information was only included from this section of the Websites. If the company did not have a specific section for CSR, the Websites were searched manually and using the search engine provided on the company Websites. In addition to simply quantitative calculations of whether the company communicates about the different issues mentioned above, some qualitative information was also collected, i.e. examples of which issues in particular the companies seem to be communicating about, in order to get a better picture of their communication. This was done through qualitative content analysis.

In order to answer the third research question, *to what extent do large Finnish companies use CSR instruments and initiatives in their CSR communication on the corporate Websites*, the company’s use of external references that are related to CSR was studied on the company Websites. As presented in the literature review, there are thousands of different kinds of CSR instruments and initiatives. The fourth research question being *which CSR instruments and initiatives do large Finnish companies use in their CSR communication on their corporate Websites*, I selected the instruments and initiatives which were pointed out as being the most popular ones by the initial study, and studied whether the companies mentioned these initiatives as a reference. The initiatives mentioned were i.e. ILO, OECD, GC or standards such as ISO14000 or ISO26000. Since the scope of this study does not require deep analysis on the ISO standards, both of these ISO standards are hereafter referred to as simply ISO. Other initiatives and instruments mentioned by the companies were also noted, in case some of them seemed to be gaining relevant popularity. The same principles were applied to the private instruments and initiatives such as GRI and CDP and corporate codes of conduct communicated on the Websites. Both quantitative and qualitative content analyses were used to both map out the most common instruments and initiatives communicated by the companies, as well as to qualitatively explore the variety of different kinds of instruments.

In order to answer the fifth research question, *how is the legitimacy of the companies' communication of their CSR activities supported on the corporate Websites?*, there were some additional elements that had to be included in the codification file: As presented in the literature review of this thesis, monitoring is an important part of the companies' proactive CSR strategy. Therefore, monitoring was added to the list of external references, which are studied through the quantitative content analysis. As monitoring and auditing are often treated as synonyms, in the Finnish language, both terms were included in the same category in the codification file. Internet allows several combinations of communication methods, which is why it was also studied, whether the companies stressed their message with the use of specific logos of organizations, and which logos in that case. Information about recognitions such as e.g. the Dow Jones Sustainability Index, FTSE4Good, OMX Sustainability index and partnerships with environmental or social organizations were also reviewed and collected. Finally, a good indication of the company's willingness to transparency is if they provide links to the references or to their CSR report. All the aspects included in the codification file were studied through calculating the number of companies communicating about the different instruments and issues. In addition, the qualitative content analysis was used to further describe the use of these instruments and initiatives.

All the corporate Websites were analyzed and the information was entered into the Excel codification form. The quantitative data was later transferred into figures. From all the data gathered, a simple statistical analysis on the data was conducted and similarities and differences between the companies were studied. This quantitative analysis allows us to see how many percentages of the companies communicate about CSR, which issues they communicate on and whether they use external references or not. In addition, qualitative content analysis was used to describe the communication and to possibly reveal some additional information on the companies' communication, which cannot be seen from the tables.

3.4 The trustworthiness of the study

Objectivity and being systematic are the two qualities that are important in content analysis. Objectivity means that there is transparency in the procedures for assigning the data into categories with as little personal bias from the researcher as possible. Being systematic refers to the application of the rules in a consistent manner, which should result in a study that can be repeated by anyone and in theory come up with the same results. (Bryman & Bell 2003) This repeatability is also referred to as reliability by Saunders et. al (2003). The present chapter has guided the research process through the methodology and data analysis and therefore ensures repeatability of the study. Also, the two types of methods that are used in the study, quantitative and qualitative content analysis, complement each other, and therefore contribute to the trustworthiness of the study.

According to Neuendorf (2001, p. 20) an important issue is the validity of the human judgments used to make the classifications. Since the author of this thesis is conducting the study alone, there is always a slight possibility that the results are affected by disruptions, tiredness, concentration, attitudes etc. Using a single human classifier, according to Neuendorf (2001, p. 20), is however appropriate in the cases where the purpose of the classification is to give context to the results rather than to accurately distinguish between categories. In this study, the categories were created to follow very broad conditions in order to ensure the correct categorization of the information. This is done in order to increase the validity of the study. The codification file was also kept flexible and the additional qualitative data was added to support the quantitative data.

To ensure the credibility of the study, the Websites of the companies were carefully searched and the results were confirmed by using the search engines available on most corporate Websites. During the time this thesis was written, the author was also working in a CSR network and constantly in contact with the sample companies' CSR communication. Therefore, she had also a good knowledge of CSR communication and specifically the different kinds of CSR instruments and initiatives that are used by the sample companies, which also contributed to the trustworthiness of the study.

4. Findings

In this chapter, the findings of the study are analyzed and presented. The presentation of the findings follows the order of the research questions. The aim of this study was to investigate the CSR communication on the corporate Websites of the 100 largest companies in Finland. This was done by answering the following five research questions:

1. To what extent do large Finnish companies communicate on CSR issues on the corporate Websites?
2. Which CSR issues do large Finnish companies communicate on their corporate Websites?
3. To what extent do large Finnish companies use CSR instruments and initiatives in their CSR communication on the corporate Websites?
4. Which CSR instruments and initiatives do large Finnish companies use in their CSR communication on their corporate Websites?
5. How is the legitimacy of the companies' communication of their CSR activities supported on the corporate Websites?

As presented in section 3.2.1, specific comparisons between the different sectors and industries were also made. These are presented in 4.2 and 4.3.

4.1 CSR communication in the 100 largest companies in Finland

The first two research questions concern to what extent the 100 largest companies in Finland communicate about CSR on their Websites, and which issues are covered. The

study reveals that of the 100 companies, 76 have CSR communication on their Websites, leaving 24 who have not. This finding is in line with PwC Finland's CSR barometer (2012) which found that 26 of the same 100 largest companies do not communicate about corporate responsibility at all. The small difference can be explained by the data collection period, or the criteria used in defining "CSR communication". Nevertheless, the finding that 76 % of the largest 100 companies communicate about CSR is significant and supports the view presented in the literature review about large companies being amongst the forerunners of corporate social responsibility.

Of the companies who did communicate about CSR, 50 were listed companies. This is 66% of all the companies that communicate about CSR. This signifies that, within the 100 largest companies in Finland, the listed companies seem to communicate more actively on their CSR than the non-listed. The study also suggests that six out of eight state-owned companies communicated about CSR, which is a high number from a state that does not have any legislative regulations on CSR. As a whole, the most active communicating industries were construction, commercial services, consumer durables, forest and paper, healthcare products, media, metals products industry, technology hardware and telecommunications, in which all the companies within the 100 largest were communicating about CSR.

Of the companies who did not communicate about CSR at all, 79% were non-listed companies. Only two of the companies were state-owned. The single largest group of industries not communicating about CSR were retailers, who made a whole 27% of all the non-communicators. However, retailers also formed the largest group of industries in the top 100 companies list, which influences the result. However, over half of the retailers did communicate about CSR (53.8%). Other industries which did not present CSR information on their Websites were automotive industries, conglomerates and real estate. The full list of industries' CSR communication is presented in Figure 11.

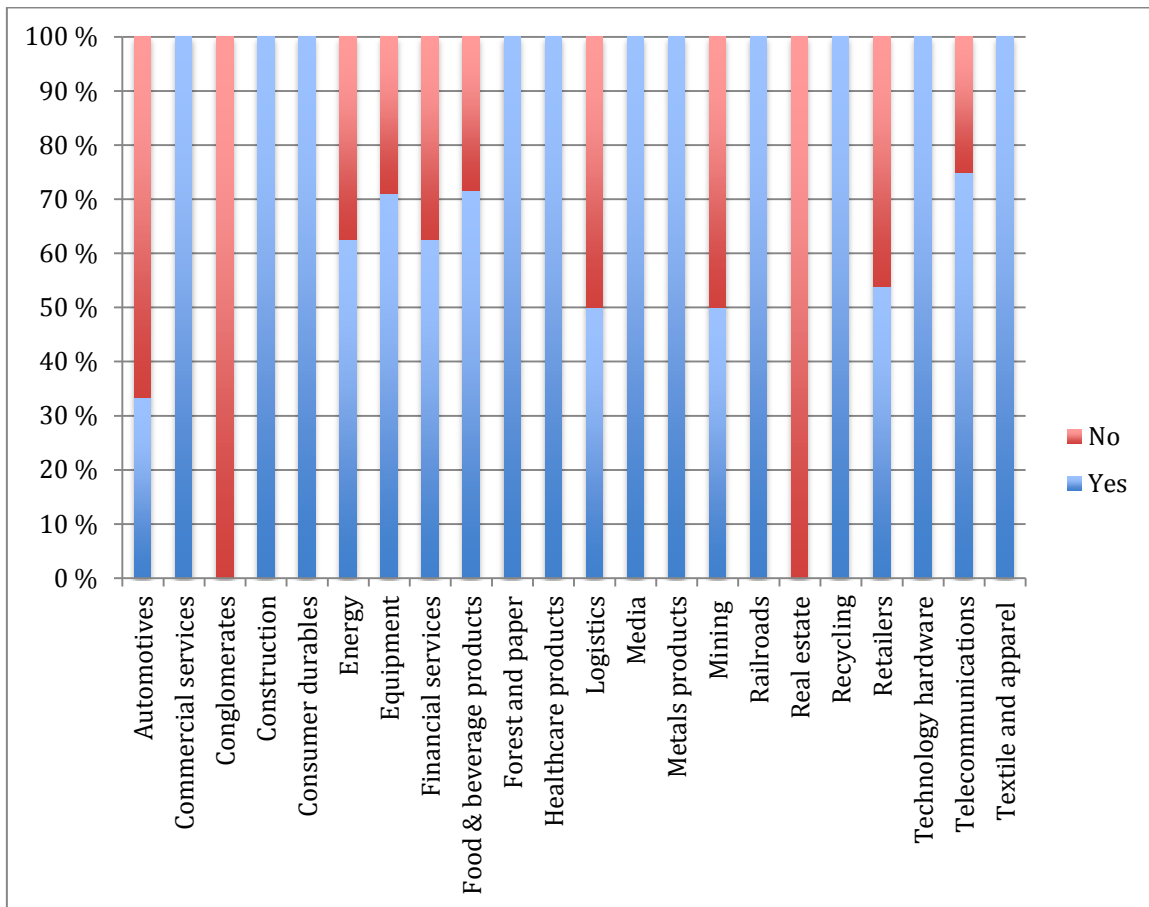


Figure 11. CSR communication based on the industry.

The most common name used by the companies to describe their CSR communication on the Websites was “Responsibility”, which was used by 30, 3% (n=23) of the companies. The second most popular headings were “Corporate Responsibility” with 27,6% and “Sustainability” with 19,7%. The variety of headings was quite large, with a total of 14 different kinds of names for corporate social responsibility used by the companies. To name a few, “Environment”, “People and Planet”, “Philosophy”, “World around us” and “Environment and energy” were mentioned by the companies. The names used by the companies naturally also refer to the content of the companies’ CSR communication, which is discussed in more detail in section 4.2. Figure 12. illustrates the different proportions of the three most common naming for CSR section on the Websites.

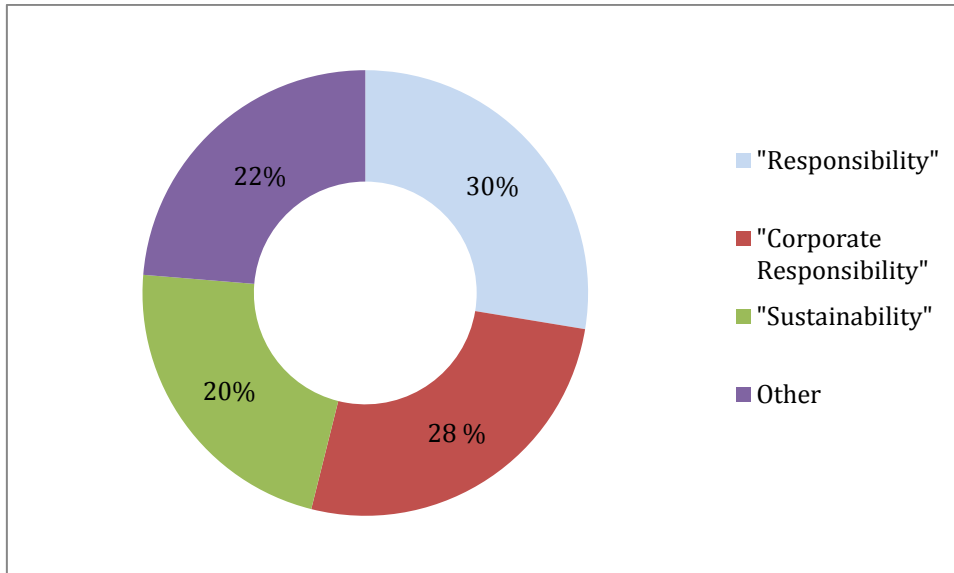


Figure 12. The headings of CSR information on corporate Websites.

Contrary to what was previously assumed, only 7,9% (n=6) of the companies used a web-based CSR report while the rest still used traditional Websites possibly linking to a separate report. It seems therefore that, although web-reports are getting popular, most Finnish companies are still using the traditional, separate CSR report.

4.1.1 Issues communicated

To continue further with identifying the CSR issues communicated on the corporate Websites, the study shows that the most common issue companies were communicating about was the environment. The issues communicated on the corporate Websites are presented in Figure 13. and explained in more detail in the following paragraphs. The figure shows the companies communicating on environment, social and financial issues as a percentage of the total number of companies. The blue represents the amount of companies not communicating about any CSR, while the green represents the companies that are communicating about CSR but do not mention the specific topic of

environmental, social or financial responsibility. The red colour represents the amount of companies from the total 100 companies that do communicate on the specific CSR issues studied here.

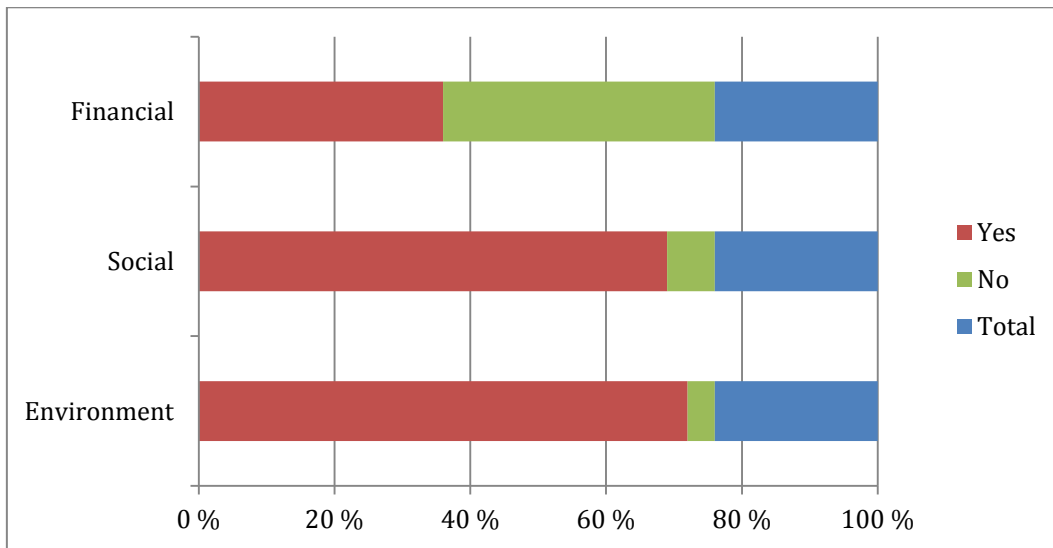


Figure 13. CSR issues communicated on the corporate Websites of the 100 largest companies in Finland.

A total of 94.7% of the companies communicating about CSR mentioned environment as an issue on their Websites. This study shows that the issues mentioned, when communicating about the environmental responsibility of the 100 largest companies were e.g. carbon emissions, carbon footprint and climate change, energy efficiency and recycling. These issues seemed to be mentioned in almost all of the companies' Websites, regardless of what kinds of companies they were; state or privately owned, listed or non-listed, or which industries they represented.

Social issues were mentioned by almost as many companies as the environmental ones, 90.8% of the companies. Some of the companies concentrated on charity projects and human rights, whereas others saw employee well-being and safety as the most important issues. Responsible sourcing was also mentioned by many companies, as well as diversity and equal opportunities by a few companies.

Issues related to financial responsibility were mentioned by 47,4% of the companies that were communicating about CSR. Of all the 100 largest companies this is only 36%. Of the companies mentioning financial responsibility, the top issues mentioned concerned profitable growth and creating value to the company’s shareholders and stakeholders. Some companies also mentioned paying taxes as a form of financial responsibility. Other issues were responsible investments, financing, transparent accounting and optimizing operations. One company mentioned “not growing too much” as a form of financial responsibility. Figure 14. summarizes the issues found in the TE100 companies’ CSR communication on the corporate Websites.

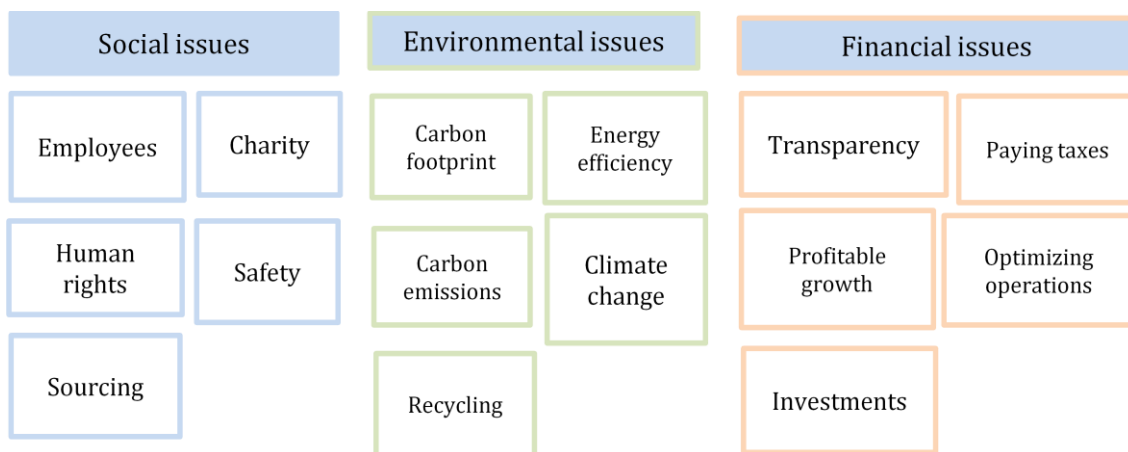


Figure 14. TE100 companies’ focus on CSR communication on the corporate Websites.

Compared to the other two components of the triple bottom line, environmental and social responsibility, financial responsibility is not seen as a part of corporate responsibility in majority of the 100 largest Finnish companies, at least judged by simply examining their corporate Websites. It needs to be noted, however, that many companies have a specific section for financial information, where even responsibility related issues might be communicated without the companies’ thinking about it as a part of corporate responsibility.

4.1.2 The use of CSR instruments and initiatives

The third and fourth research question concerned to what extent and which CSR instruments and initiatives large Finnish companies communicate about on their Websites. The study suggests that almost all of the companies communicating about their corporate social responsibility used CSR instruments and initiatives or other external references of some kind. In total, 88.2% used some kind of external reference to legitimate their own CSR communication. Clearly, one of the most commonly used CSR instruments and initiatives were the legislation of either EU or Finland. A total 58.2% of the companies mentioned following legislation on their CSR Websites, which indicates that hard laws still have a strong position as external references. Other popular public authorities' instruments were international public incentives and initiatives such as the International Labor Organization (ILO), mentioned by 31.3%, United Nation Global Compact by 34.3% and OECD's guidelines for MNEs by 19.4%. Only 7,6% mentioned the EU Ecolabel.

Looking at non-governmental instruments and initiatives, the most popular one was the ISO certificate, which was mentioned by 62.7% of the companies. Another prominently mentioned certificate was the OHSAS certificate, related to social responsibility, which was mentioned by 33.3%. Either ISO or OHSAS were mentioned by a majority of the companies, namely 71.2% of them. A private code of conduct was mentioned by 50.7% of the companies and Global Reporting Initiative's (GRI) framework for reporting by 40.3%. Of the other well-known private initiatives 22.4% mentioned the CDP (Carbon Dioxide Project). Figure 15 illustrates roughly, how the proportions of different kinds of instruments were divided within the 100 largest companies. The most popular initiatives and instruments used by the 100 largest companies are placed in two categories, public and private, based on the description given in 2.4.2. The two initiatives on the border of the two categories are placed there because they are originally private initiatives, which have later been endorsed by governments. The size of the balls indicates the popularity of the initiative and shows that, at least to some extent, the weight seems to be on the

right hand side of the Figure, indicating that private sector instruments and initiatives are used more in the sample companies' communication.

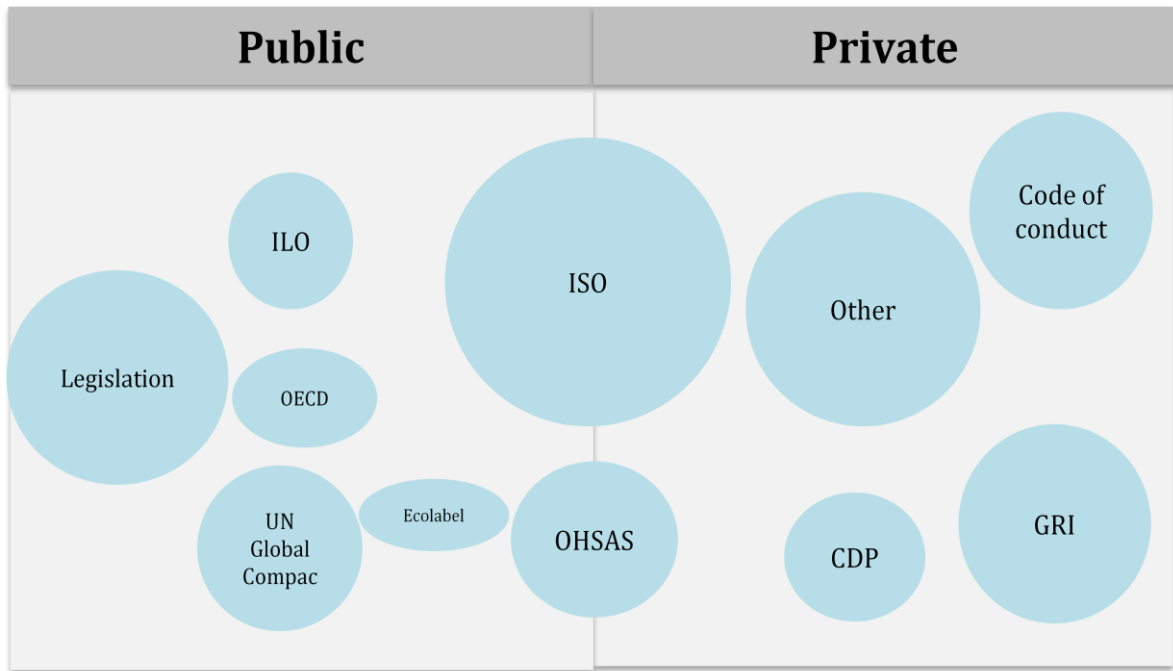


Figure 15. Public and private instruments and initiatives in the 100 largest companies' CSR communication.

As seen in Figure 15., “Other” instruments and initiatives form a large circle compared to many of the well-known instruments and initiatives. As many as 58.8% of the companies mentioned some other private instrument, than the ones originally studied in the codification sheet. Other private instruments mentioned were WWF Green Office, BSAG, the Nordic Swan label, the German Blue Angel, FSC – the Forest Stewardship Council, PEFC as well as several industry specific associations' labels and initiatives. The CSR instruments and initiatives used by the 100 largest companies in Finland are further presented in Figure 16.

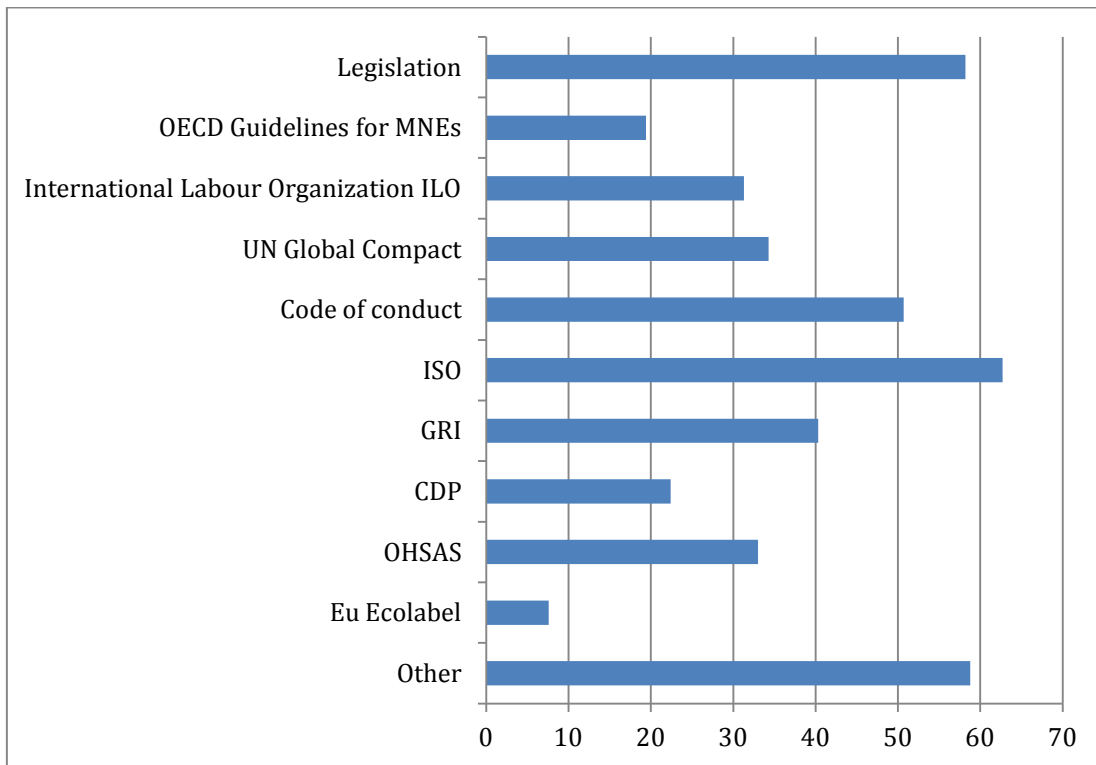


Figure 16. The most used CSR incentives and initiatives by the TE100 companies

These findings suggest that the private standards, certificates and company codes of conduct are becoming more and more popular among the large Finnish companies. The companies seem to, despite belonging to different industries and therefore having different emphasis on CSR, choose the same instruments and initiatives, which might indicate that certain instruments have become an industry “norm” rather than a way to genuinely communicate about the company’s responsibility and to differentiate itself from its competitors.

4.1.3 Other ways of legitimizing the message

The fifth research question concerned the other ways, besides the widely used CSR instruments and initiatives, which were used to legitimate the company’s message.

The study shows that auditing or monitoring were used by 50.7% (n=34) of the companies, which makes it an important external reference in the companies' CSR communication. Nearly as many (42%) companies also showed different kinds of logos in the context of corporate social responsibility. The logos were mostly used to present the recognitions received by companies about their CSR work, such as OMX Sustainability Index logos, Dow Jones or FTSE4Good – logos, but also logos of well-known non-profit partnerships such as Plan, WWF or UNICEF. A total of 30.2% of the companies devoted space on their CSR website for presenting the recognitions received by the company, which can be interpreted as a way of showing the company's good deeds to the general public. The most popular recognitions were the OMX Sustainability Index which was presented by 57,9% of the companies with recognitions while Dow Jones Sustainability Index and FTSE4Good were both mentioned by 28.4% of the companies with recognitions. Other popular recognitions that were mentioned on the company Websites were Ethibel Sustainability Index, KEMPEN SNS SRI Universe Index, Oekom's index as well as SAM Group.

Concerning the partnerships presented by the sample companies, the study found that 45% of the companies mention partnerships. Most of the social partnerships were formed together with research institutions, such as universities, but also with non-profit organizations such as Plan or Pink Ribbon, which were mentioned by some companies. The companies also mentioned innovation and industry cooperation in the context of corporate social responsibility. Clearly, most of the partnerships presented on the companies' Websites were of the charitable kind, or had to do with product monitoring, and therefore were not solely concentrating on CSR. Also, in most of the cases the partnerships were simply presented with a logo or mentioned by name, not explaining the quality or the content of the partnership any further.

As a final remark of the companies' use of external references, the study investigated whether the companies link to the references or to their own report. Only 25.4% of the companies provide links to their external references and therefore do not support the transparency of these references (incl. the different standards, recognitions, logos,

partnerships etc.), while 59.7% of the companies link to their own CSR report on their Websites.

4.2 Sector specific findings

One aim of this study was to be able to compare the industries and sectors with one another. In this section the findings relating to specific sectors are revealed. As presented in 3.2.1, a total of seven industries make more than half of the companies studied in this study. Therefore these seven industries are specifically studied in this section.

Firstly, as the division between private and public sector findings was already explained in 3.2.1, there is room for one more division within the 100 largest companies in Finland. The division between consumer-oriented and business-oriented companies in the study was quite even – 55 out of the 100 companies studied market their products and services to the general public and therefore had consumers as their end users, the consumer-oriented businesses, while 45 companies merely sell their products and services to other companies, which makes them business-oriented companies. The division of all the sample companies is presented in Appendix 1. This division allows us to study and compare the two industries and their CSR communication on the company Websites. In following sections 4.2.1 and 4.2.2 the most important findings within these two sectors are presented.

4.2.1 Consumer-oriented companies

Of the 55 consumer-oriented companies in the study, half (51%) were listed. Most of the state-owned companies also belong to this group of companies. Consumer-oriented companies communicated about CSR in 76% of the companies, which was also the average within the 100 largest companies.

Of the consumer-oriented companies communicating about CSR only two did not communicate about environmental issues or social issues. Also, 62% of the companies in this group actually communicated about financial issues, which is clearly higher than the average percentage within the list of 100 largest companies in Finland. Of the consumer-oriented companies communicating about CSR, 88% were also using CSR instruments and initiatives to support their message. The most widely used instruments were legislation, used by 60% of the companies, ISO standard used by 51% of the companies, as well as other certificates which were used in nearly 57% of the cases. Over half, that is, 54% of the companies also mentioned different kinds of partnerships and 62% linked to a CSR report. All these numbers, except for the use of legislation, partnerships and linking to company's own report, were lower than the average of the TE100 studied in this thesis. Since half of the companies are listed and half are not, it seems like the stock listing does not have a significant influence on the activity of CSR communication on the company Websites for the consumer-oriented companies.

4.2.2 Business-oriented companies

Almost a half of the companies, that is, 45 of the companies on the list of 100 largest companies in Finland are business-oriented. Two of these companies are state-owned and 27 are listed. This is 60% of the business-oriented companies.

Of the business-oriented companies, a whole 76% (n=34) communicate about CSR. This is the average percentage of the companies on the list of 100 largest companies in Finland. 94% (n=32) of these companies communicate about environmental issues whereas 85.3% communicate on social issues. Financial issues are not communicated as actively as in the customer-oriented companies, only 29.4% of the companies communicate on them. This is a significantly lower percentage than the average and business-oriented companies seem to be communicating about all the triple-bottom line issues. Instead of communicating about the traditional triple-bottom line, the study found that the business-oriented companies had more company specific CSR topics on their corporate Websites, e.g. the sustainability of the products concerning energy

efficiency or safety and quality. As the companies did not mention any specific responsibility topics and as some of the topics addressed were difficult to place within the framework of triple bottom line (e.g quality), their communication about these issues therefore seems lesser than in the case of consumer-oriented companies. Consumer and business-oriented companies CSR communication by issues in the sample are illustrated in Figure 17.

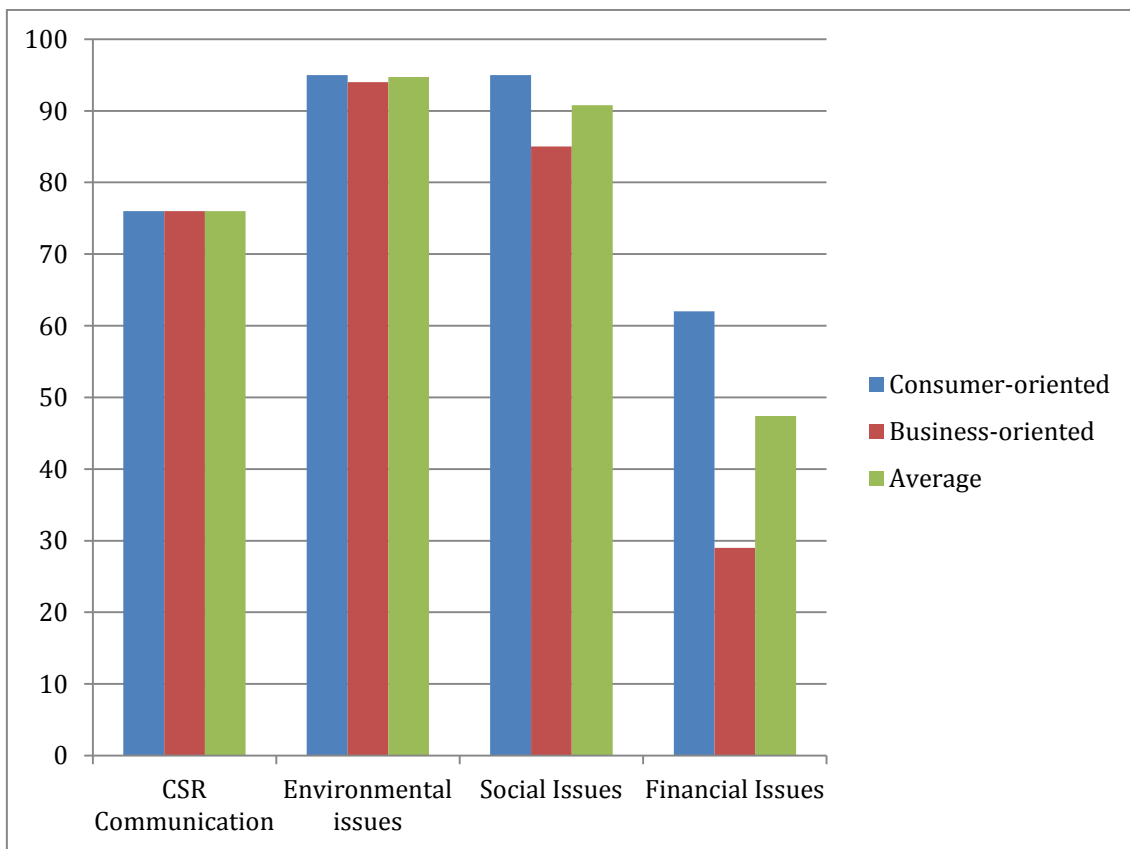


Figure 17. Consumer and business-oriented companies CSR communication by issues.

The study also suggests that 88% of the companies communicating about CSR use different instruments and initiatives, which is around the average of the total 100. The business-oriented companies tend to use more references towards the public CSR guidelines, such as ILO (40%), UN Global Compact (50%) and OECD Guidelines for MNEs (26.6%), than the consumer-oriented companies do. Also, in the case of business-oriented companies, ISO standard is used by 77% of the companies and is

therefore even more popular than legislation, which is used by 57% of the companies. The overall differences and the average of the companies' use of external references are presented in Figure 18. The figure illustrates consumer- and business-oriented companies' use of different external referents and the average between the whole sample group.

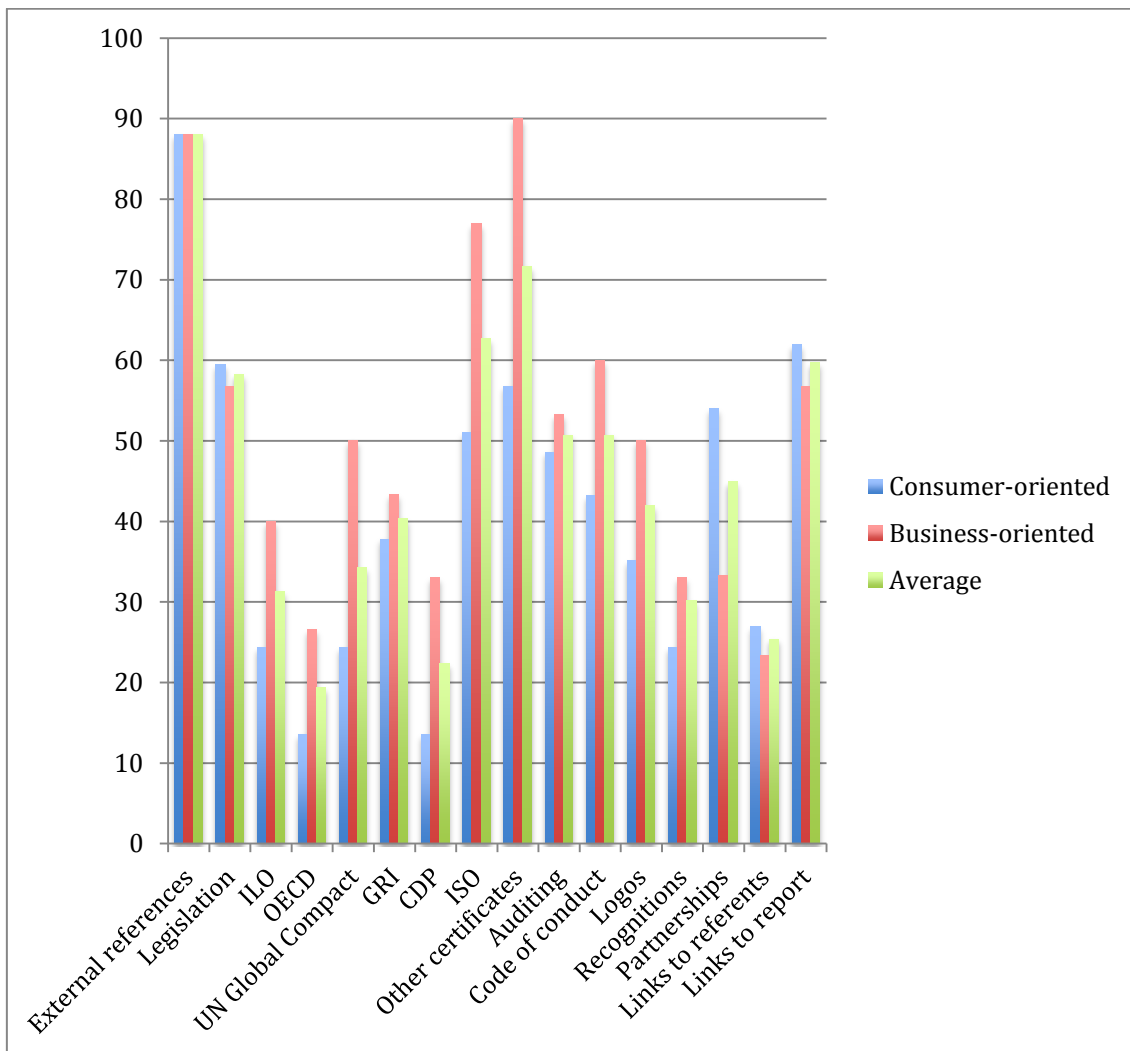


Figure 18. Consumer and business-oriented companies' use of external references.

A significant difference to the average score is also that 90% of the business-oriented companies mention different kinds of certificates. The references to auditing and GRI (43.3%) as well as the company codes of conduct (60%) are also more commonly used

than the average and the customer-oriented companies. In fact, although the customer-oriented companies use as many external references as the business-oriented ones, the only categories in which these companies show more activity are when linking to external referents (27% for customer-oriented against 23% for business-oriented), providing links to the company's own report (62% against 57%) and partnerships (54% against 33%). The findings suggest that although consumer-oriented companies communicate about CSR on their company Websites as much as the average companies in the 100 largest list, and use external references equally as often as any other kinds of companies, they do not seem to favour any specific standards, at least to the same level as the business-oriented companies, but instead highlight their partnerships with other organizations. They also seem to guide the visitors interested in CSR to a separate CSR report. It is the business-oriented companies that use external referents of a more specific type to stress their communication. Business-oriented companies use more public and private standards and other certificates than the consumer-oriented businesses. They also present their own codes of conduct to a larger extent (60%).

4.3 Industry specific findings

In this section, the qualitative findings of the different industries within the list of 100 largest companies are presented. The largest industries were retailers, financial services, energy, equipment, metals products and food & beverage products.

Retailers

Retailers on the top 100 list of the largest companies in Finland make the largest group of companies with 14 companies within the 100 largest ones. The CSR communication of this group varies significantly: while some retailing companies such as Kesko and Stockmann are very active in their CSR communication, others have no CSR communication. There are even big differences within the two large competitors, Kesko and S-Group. The industry seems to be somewhat divided into two, where the other half communicates effectively and uses many different kinds of external referents; labels such as Fair Trade, the Nordic Swan label, the Nordic environment labels, tells about

the systematic reporting and monitoring of the company's supply chains and their thrive to source ethically as well as to diminish the emissions of transportation – while the other half either does not communicate about CSR at all, or does it very shallowly by presenting a short description of the charities the company is supporting.

Financial services

Although many of the companies on the top 100 list do not seem to communicate about the financial responsibility, financial industry does communicate about corporate social responsibility. In fact, over half of the companies communicate about environmental responsibility and especially issues such as the carbon footprint. About a half of the companies also communicate about the social aspect of responsibility, merely concentrating on the employee well-being. The financial responsibility of the financial services industry is however surprisingly low – only 4 out of 9 companies communicate about the issues of responsible financing and investing their clients' money in a responsible and profit-yielding way. Instead of concentrating on the issues close to their own business, the financial sector companies seem to be concentrating on the environmental responsibility of the company, which is why many of them mention WWF Green Office certificate as an external reference to their environmental responsibility.

Energy

The energy industry includes many state-owned companies and as mentioned in 4.1, the state-owned companies did relatively well in the comparison to others when it comes to CSR communication. Over half of the companies in the energy industry communicate about CSR and pay special attention to communicating about environment, merely from the emissions point of view. They also communicate extensively on work safety and cooperation with various charities. The ones communicating about the financial responsibility mention cost efficiency, paying taxes to Finland as well as responsible investments as specific topics. The energy industry companies using external references stress their responsibility in following legislation, but also GRI and different industry certificates are popular amongst this group of companies.

Equipment

The companies within the equipment industry are not very well known to the average consumer – names such as Huhtamäki, Ahlström, Rettig, Dynea and Planmeca, are most likely not familiar to most people not working within the industry. However, these business-oriented companies communicate about CSR more than the average companies. Still, none of the companies in the equipment industry communicate about the financial responsibility of the company. The topics range from eco-efficiency and health and safety to traditional charity projects.

Metals products

The metals products industry is especially active in their CSR communication. All the companies within the industry communicate about CSR in terms of both environmental and social responsibility. The issues at stake are energy efficiency, water consumption, employee safety and local communities. However, once again, only a third of the companies mention financial responsibility issues. The industry however uses many external references and especially legislation, ILO and OECD are mentioned. All of the companies also mention ISO certificate, which indicates that this certificate is important to metals products industry. Providing external references such as GRI, company codes of conducts, auditing and other certificates as well as linking the own report also suggest that the industry is very much at the core of CSR and is doing great efforts to communicate about the issues expected from them.

Construction

All the construction companies communicated about CSR on their Websites. Topics of interest for these companies were especially industry specific issues, such as material efficiency, energy efficiency and recycling. Also the topic of climate change was mentioned. From the social responsibility point of view, the companies again stressed the importance of personnel wellbeing and safety. Surprisingly many companies also mentioned the financial responsibility and the industry specific issues of grey economy. The most important issue within the financial responsibility for the construction companies was however profitability. External references were much restricted to the

use of ISO certificate and the industry specific Green Building Initiative, which is a network aiming to promote environmentally friendly building.

Food & beverage products

Food and beverage products industry consists mainly of the well-known Finnish brands such as Valio, Fazer, Atria, Alko and Paulig. All in all, the food and beverage industry communicates about CSR extensively and thoroughly. All except for one company mention industry specific environmental issues, such as recycling, animal wellbeing, energy efficiency, packaging, ethical sourcing and nutritional responsibilities as being in the interests of their company. Half of the companies mentioned financial responsibility. They all shared an interest to personnel wellbeing. References were also used actively, especially concerning product labels such as Fair Trade or the Heart Symbol and most of the companies provided a link to a more extensive CSR report.

4.4. Summary of the findings

The findings of the study clearly show that the large majority of the 100 largest companies in Finland do communicate about CSR on their corporate Websites. Of the companies who communicate about CSR the majority were listed companies and of the companies not communicating about CSR, a great majority were non-listed companies. Of the few state-owned companies, the majority is communicating about CSR on their Websites. The most common issue communicated on the corporate Websites was environmental responsibility. This includes issues such as climate change, energy efficiency etc., which were mentioned by all kinds of companies, regardless of industry or ownership-structure. Social issues were mentioned by nearly as many companies as the environmental ones while issues related to financial responsibility were only mentioned by under half of the companies. Compared to the other two components of the triple-bottom line, financial responsibility was not seen as a part of the companies' CSR communication on the Websites. Almost all of the companies communicating about CSR use external referents. The most commonly used referents were legislation as well as different certificates, such as ISO and OHSAS. Privately developed CSR

instruments and initiatives were found to be used somewhat more than the public ones, however, this varied between business- and consumer-oriented companies. Both business- and consumer-oriented companies communicate equally as much about CSR and use as much external referents. However, the kind of references used by the companies' differed: While business-oriented companies trust in certificates and standards, the consumer-oriented companies use partnerships and the company's own CSR report to support their communication. Consumer-oriented companies showed to be communicating somewhat more about financial issues than the business-oriented.

In addition to different CSR instruments and initiatives, possible other ways of legitimizing the company's CSR communication were studied. The findings suggest that monitoring, partnerships and different kinds of logos as well as links to the companies' own CSR reports and external referents all are widely used to support the companies' message.

In the last section concerning industry specific findings, specific issues about the largest industries in the study were lifted. Although there are many companies communicating about CSR, there are big differences between the industries as well as the companies within one industry. Retailers, being the largest group of companies in the sample communicated about CSR in about half the cases. There were many industries that did not communicate about CSR at all, or to a very small extent, e.g. automotive industries, conglomerates, mining as well as real estate.

5 Discussion and conclusions

In this Master's thesis the CSR communication of the 100 largest companies in Finland has been explored. The findings related to the five research questions presented in the introductory part are summarized and conclusions drawn from them are further discussed in this part.

5.1 Research summary

The aim of this study was to investigate the 100 largest Finnish companies' CSR communication on their corporate Websites. The main motivation for the study was the lack of previous quantitative studies about the use of CSR instruments and initiatives in Finnish companies' communication as well as the increasing interest in responsible business and the negative side-effects that come along with the increased communication, such as greenwashing. The study focused on five research questions:

1. To what extent do large Finnish companies communicate on CSR issues on the corporate Websites?
2. Which CSR issues do large Finnish companies communicate on their corporate Websites?
3. To what extent do large Finnish companies use CSR instruments and initiatives in their CSR communication on the corporate Websites?
4. Which CSR instruments and initiatives do large Finnish companies use in their CSR communication on their corporate Websites?

5. How is the legitimacy of the companies' communication of their CSR activities supported on the corporate Websites?

The literature review of the study presented an overview of corporate social responsibility, CSR communication, as well as the different methods of legitimizing the truthfulness of the communication. From the literature review, a theoretical framework was developed to visualize the connections of the different topics and terms presented in the literature review.

The research questions were answered through both quantitative and qualitative methods. All five questions were answered by first conducting a quantitative research and thereafter qualitative notes were made to further deepen the understanding on the issues. A total of 100 largest companies from the Talouselämä 500 list from 2012 were analyzed manually and their Websites were studied to find out about their CSR communication. The information found was transferred to a codification sheet.

The main findings of the study indicated that most of the large companies in Finland communicate about CSR on their corporate Websites and even use different kinds of CSR instruments and initiatives as well as other external references to further stress the truthfulness of their communication. Listed companies were seen to communicate more about CSR than the non-listed ones, but there were no significant differences between the levels of communication of business- and consumer-oriented companies. The most commonly communicated issues were environment and social issues, whereas financial responsibility was communicated by under a half of the companies. The use of CSR instruments and initiatives was found to vary depending on whether the company was business- or consumer-oriented. This was found to apply even for the use of other external referents that support the company message.

5.2 The outcomes of the study

In the literature review it was concluded that there now is a growing interest from companies to get involved in corporate social responsibility activities (e.g. Nikolaeva & Bicho 2010). According to some studies, the number of companies making CSR reports has been growing steadily and businesses around the world now recognize the importance of acting responsibly (e.g. PwC 2012, p.11). Although the previous studies about Finnish companies placed Finland in the group of countries “Starting from Behind” (KPMG 2011, p. 4), the current study showed that Finnish companies in fact do communicate about CSR related issues on their Websites. Naturally, this can only be said to concern the 100 largest companies in Finland, whereas the state of the smaller companies remains unstudied. The current study was, however, in line with the previous study made by PwC (2012, 12) about the listed companies being more active in their CSR communication compared to the non-listed ones. It is not surprising, that the listed companies need to communicate more about their responsibility as the share prices may be affected by any misconduct or ugly rumors. Consequently, it is possibly even more important for these companies to try to convince their stakeholders and the great public about the company being responsible.

When comparing the different industries with each other, the study indicates, that although the sample size for different industries varied, and the findings therefore are not generalizable, there are differences between the industries’ grade of CSR communication on the corporate Websites. The industries with the most active communication amongst the 100 largest companies were construction, commercial services, consumer durables, forest and paper, healthcare products, media, metals products, technology hardware and telecommunications industries. These results were not in line with KPMG’s international study about the industries communicating most actively about CSR. In fact, most of the mentioned industries were placed in the category of worst communicators. (KPMG 2011, p. 5) It can therefore be stated, that the findings of the Finnish industries, of which many are traditional heavy industries, do not

follow or represent a global tendency for certain industries to communicate about their responsibility. It can be suggested that the industry could be following what the market leaders are doing. This being said, it should also be noted, that many of the companies on the TE100 list are in fact among the market leaders of their own industry, which might put some additional pressure on their communication. It appears that these specific industries may have had to deal with growing stakeholder expectations, which they now need to answer through extensive CSR communication (Nikolaeva & Bicho 2010).

It was interesting to notice, that the industries not communicating about CSR included industries that deal with customers on an everyday basis. Although most of the companies within the food & beverage industry did some kind of CSR communication, even this industry had great differences in the activity between the companies. According to the findings of this study, it does not look like all the companies within the 100 largest feel pressure to seem responsible on their corporate Websites. The absence of CSR communication in the food industry was noted also by KPMG (2011, p.). However, on the contrary to the findings of the international survey, the Finnish retailers do communicate about CSR. While over half of the retailers were communicating about responsibility issues on their Websites, many of the real manufacturers of food & beverage products seem to be merely avoiding the issue. However, the ones communicating about CSR were found to communicate about issues related to the actual core business of the companies, e.g. animal welfare, transportations etc. The study was conducted before the “horse meat scandal” in Europe, and it should be interesting to see, whether the food & beverage companies have added more CSR communication on their Websites.

While the CSR communicating food & beverage companies seemed to be communicating about issues at the core of their business, some industries were surprisingly far away from their core. A lack of logical connection between the CSR topic and business reduces positive stakeholder reactions (Dawkins 2004). For instance, the financial industry companies communicated about environment and social responsibility, but not about financial, which raises questions about the true state of

responsibility in the companies providing financial services. It is rather surprising that the industry still has not activated, despite of the recent discussions about tax paradises and about the origins of the European financial crisis. Presenting labels of charity organizations, such as a WWF Green office can be seen to be a long way from the companies' core business and its impacts on the society. One would think that the companies could, if they so wanted, to find CSR issues related to financial responsibility relatively easy.

Some of the most actively communicating industries, such as the energy and the metals industries are often seen as potentially dangerous and environmental polluting industries. The active CSR communication therefore is very much expected and needed from the companies in question. In these companies, CSR obviously serves against potentially negative media attention (Lewis 2008). As these industries are among the companies that are probably most blamed for especially the environmental problems, these companies have a fairly easy task in collecting CSR instruments and initiatives counterspeaking this negative image. Also the fact that the industries are more regulated than most others increases the companies' need to communicate more about responsibility. Even more, many of these companies are also state-owned, which according to the study, increased the companies activity in their communication.

Conclusion 1: The 100 largest companies in Finland communicate about corporate social responsibility actively, although there are great and often even surprising differences in the activity and level of the communication of different industries.

While the differences between business- and consumer-oriented companies' levels of CSR communication were nonexistent, there were differences within the issues communicated on the corporate Websites. The study found that while some companies still had not understood the importance of communicating about corporate responsibility at all, other businesses were communicating about various CSR issues extensively. When comparing the business-oriented companies with the consumer-oriented ones, the study found that the consumer-oriented companies communicated more about the issues

in the triple bottom line: environment, social and financial responsibility. The level of CSR communication between the two groups of companies being the same, it could therefore be suggested that the business-oriented companies communicated more about other specific CSR-related topics, such as quality, which often are difficult to place within the frames of the triple bottom line-model. In fact, this being told, it seems like the business-oriented companies, although being slightly less active in the communication of the issues best known to the general public – climate change, energy efficiency or air pollution, do in fact communicate about the issues they find important to the industry. The findings indicate a more specific use of CSR instruments and initiatives by business-oriented companies, while consumer-oriented companies concentrated on more shallow and “trendy” ways of legitimizing their message.

When further investigating the contents of the companies’ CSR communication, the study found that the companies on the TE100 list used names such as “Responsibility”, “Corporate social responsibility” and “Sustainability” when referring to their CSR section on the corporate Websites. While the first two headings are relatively unsurprising, the third one “Sustainability”, indicates that environment as an issue is important for all the companies. This conclusion was further emphasized by the finding that a whole 93.4% of the companies communicating about CSR mentioned environment as an issue on their Websites. Understanding CSR as mainly environmental responsibility was also found in the previous studies presented in the literature review of this thesis (eg. Kim et. al 2010) as well as the notion that Western companies saw issues such as climate change and waste management as the most important CSR topics. This study shows that the most commonly mentioned issues when talking about the environmental responsibility of the 100 largest companies were e.g. carbon emissions, carbon footprint and climate change. These issues seemed to be mentioned in almost all of the companies’ Websites, regardless of what kinds of companies they were. The results are therefore also in line with the study by Kim et. al (2010), presented in 2.3.3, about the dominance of “climate change” in European and North American corporate Websites.

As also the previous studies state that environment and especially climate change are on the top agenda of the Western large companies', one might ask, why is that? When all the companies, regardless of the business they are dealing with, mention the same environmental issues, actions and goals, it is a sign of either a true concern about the way these things are handled today, or perhaps an oblige from the stakeholders of the companies to address the issues. When the corporate social responsibility theories today speak for embedded sustainability, that is, embedding the CSR in the company's core business and addressing the issues the company truly can affect with its own everyday practices, the findings of this study indicate that this cannot be seen in the companies' CSR communication today – It is hardly believable that all kinds of companies from different industries should deal with exact the same CSR agenda, such as climate change, while if this was the case, climate change would not even be a problem! It is therefore more likely, that even the 100 largest companies in Finland are in their CSR communication following the global trends of CSR, and trying to detect the expectations of their key stakeholders. The companies are therefore communicating about the issues that are on everyone's lips today rather than about the perhaps more "boring" issues that are closer to the company's core business. Naturally, good CSR communication indeed is balancing between what is interesting and important (Du et. al. 2010).

While the study also suggest that social responsibility is an important part of the CSR communication of almost all the companies in the top 100 list of Finnish companies, this is not surprising. Maignan and Ralston (2002) already concluded that companies from different countries emphasize different things in their CSR communication. As in the study of PwC on reporting, some of the companies concentrated on charity projects and human rights whereas others saw employee well-being and safety as the most important issues. Including issues such as employee wellbeing and safety into the CSR agenda of a company serves not only transparency of the CSR communication, but also enhances the corporate image as a responsible and good employer. Whereas the section for these issues previously has been situated in another part of the corporate website, many companies are now including the same actions into their CSR communication.

All in all, the study confirmed the previous studies' findings (e.g. Gill, Dickinson & Scharl 2008; Collison & Lorraine 2003; Moreno & Capriotti 2009) of that CSR communication nowadays is merely double bottom line communication, instead of triple bottom line as presented by the original theorists (Cornelissen 2011). Also, as seen in previous studies from other parts of the world and even in the study of PwC (2012) on reporting in Finland, financial responsibility is not seen as a part of corporate responsibility in the 100 largest Finnish companies, of which under a half communicated about financial responsibility on their Websites. This might indicate both ignorance as well as an old-fashioned, rather out-dated, way of looking at CSR, where financial responsibility, that is, being profitable, is seen as the underlying basis that enables the focus on other issues, such as environmental and social responsibility, as originally presented by Carroll (1991). Viewing CSR in this way, the companies would not see a need for communicating about financial responsibility, it being a self-evident part of the company's business.

As seen in the literature review of this study, financial responsibility today is however much more than simply just being profitable. Why the different aspects of financial responsibility are not highlighted on the corporate Websites has not been studied and would therefore need further research. It is perhaps not seen as something that might interest the general public, nor does it have the same appeal than saving endangered species or rainforests. It is neither as concrete as the actions on environment and people, which might make it more difficult for even companies to understand and communicate. The issues concerning financial responsibility might have been embedded in e.g. the investor relations section of the corporate website, where the companies often mention that their goal is to grow profitably. However, if that is the company's only message concerning financial responsibility, it is hardly worth its own webpage. As financial responsibility is starting to attract more attention from especially the media, maybe in the future there are more companies communicating about these issues as well.

Conclusion 2: The issues communicated by the companies do not vary significantly based on the kind of industry or business in question, but instead, follow a common global trend of certain issues being seen as more important than others.

Most of the companies in the list of 100 largest companies concentrate on environmental and social responsibility in their CSR communication, whereas financial responsibility is still not recognized as a part of a company's responsibility agenda.

One of the main research objectives of this thesis was to study to what extent the companies used different CSR instruments and initiatives to legitimate their communication. The findings of this study suggest that nearly all the companies that communicate about CSR do stress their own communication by using different kinds of external references on their Websites. On average, the legislation, followed by ILO, UN Global Compact and OECD Guidelines for MNEs were the most commonly mentioned public instruments and initiatives. It is interesting to note, that although there currently is no binding legislation concerning CSR in Finland, such a large amount of companies mention "following the law" as a way of being responsible. Of the private instruments, either ISO or OHSAS standards were mentioned by over two thirds of all the companies communicating about CSR, and other certificates were mentioned by over a half, which indicates the popularity of these private standards today. As indicated also in the literature part of this study, these findings support the speculations of that the number of private standards is increasing and that many companies use them instead of the public instruments and initiatives. (Vogel 2008) The public instruments and initiatives, still being very few, relatively badly monitored and general in their view on CSR, might cause the companies to find private instruments and initiatives answering their needs to a larger extent.

As discussed in the literature part of this paper, adopting specific external references might be a way of differentiating the company from its competitors or trying to avoid competitive disadvantage. (Levy et. al 2010) The findings of this thesis suggest that, as mentioned by e.g. Levy et. al (2010) and Moreno and Capriotti (2009), the private standards, certificates and company codes of conduct are becoming more and more popular among the companies. The companies seem to, despite of the different industries and their different emphasis on CSR, go for the same instruments and initiatives. This finding might, in fact, indicate that, as certain instruments have become

an industry “norm”, rather than a way to genuinely communicate about the company’s responsibility and to differentiate itself from its competitors. It can be asked, whether this kind of shallow way of communicating about corporate responsibility is any better than not communicating at all. The same discussion goes to the communication about partnerships, which were mentioned by nearly half of the companies. Besides partnerships with research institutes and universities, all the other partnerships presented by the companies were with charity organizations. These partnerships were in most cases not opened up in more detail, which might indicate that the partnership logos were bought by the organizations for image benefits, and instead of a deep partnership, are more related to brand benefits gained through e.g. sponsoring.

Perhaps due to the previous accusations of greenwashing, and in order to avoid the paradox of CSR communication, presented in 2.4.1 by Moreno and Capriotti (2009), half of the companies specifically mentioned monitoring in acquaintance with CSR communication. This links with the traceability of the company’s CSR activities. In the TE100 list, only one fourth of the companies communicating about CSR actually provide links to the external references and make them easy to access for a webpage visitor. Most companies however provide links to their own report as a source of more information. The companies therefore seem to still want to preserve the control in their own hands and avoid leading the visitors to external sources and Websites. Also different kinds of CSR related logos and partnerships were used by the majority of companies to show the companies’ rewards and good deeds. Most of the logos placed on the Websites were the ones assumedly recognized by the great audience, such as WWF, UNICEF or Plan. Although this was not specifically studied in this paper, the logos most often presented well-known charity organizations that were not very closely related to the companies’ core business, and therefore represented a traditional charity-work done by the company.

Conclusion 3: Using CSR instruments and initiatives in the CSR communication on the corporate web page has become more of a norm than an exception for the 100 largest companies in Finland.

Conclusion 4: Of the external referents used by the companies to communicate CSR, a few CSR instruments and initiatives, logos and charity-based partnerships dominate the CSR communication of the 100 largest companies in Finland.

Finally, although the study found that measured by the quantitative study, most companies on the 100 largest companies in Finland seem to be communicating about corporate social responsibility actively, the qualitative study revealed that the truth about the companies' CSR communication really is not that straight forward. The study showed that the CSR communication of most of the companies studied was shallow and lacking a deeper thought. Not even the largest companies are communicating about the CSR issues that are truly in the hands of these companies to affect on. This raises questions about the companies' aims of CSR communication – whether it is a question of communicating the company's true actions, goals and achievements, or whether it is simply a concern of reputation management and brand protection, as explained by Mori and Welch (2008). The initiatives and instruments, when used superficially, therefore pose a new problem to the trustworthiness of the CSR communication of the companies. It seems like, as the number of different kinds of external referents gets bigger, they have simply become a new means of greenwashing. Although some of the instruments and initiatives are highly valued and supervised, this is not always the case, and it might be difficult for a novice visitor of the corporate website to recognize the “good instrument” from an attempt of greenwashing. Although it was not studied in this thesis, it is generally known that certificates can be for sale, or it is even possible to invent a new certificate to suit a company's needs, that makes its customers believe it's being responsible. So far, the legislation on CSR is lacking behind even in the forerunning countries, and with the growing business of private standards it is clearly not responding to the needs of the companies. However, it is important to point out that there is no good CSR communication unless there are true actions behind the communication.

Conclusion 5: The CSR communication of even many the 100 largest companies is lacking a deeper thought of the companies' true goals, possibilities and actions concerning corporate social responsibility and therefore remains largely a marketing and brand protection tool.

In the literature review it was stated that use of CSR instruments and initiatives, logos, partnerships and recognitions helps companies to gain legitimacy in the eyes of the great public (e.g. Waddock 2008; Basil & Erlandsson 2008). However, due to the finding suggesting that many of the companies seem to be using these references in a shallow way, and because of the steady increase of different kinds of CSR instruments and initiatives that are not controlled or monitored in any way, it cannot be stated for sure, that the companies gain legitimacy by using the different instruments and initiatives in their CSR communication. Therefore, legitimacy gained through CSR instruments and initiatives as well as other external referents remains a question to be studied. Appendix 2. presents a modified version of the theoretical framework presented in 2.5, summarizing the findings of this study in the research framework.

Conclusion 6: As the number of different kinds of external references used by the companies increases, without no-one controlling the reliability of them, the different CSR instruments and initiatives may turn against the original purpose, gaining legitimacy.

5.3 Limitations and indications to future studies

The study has shown to reveal more than I could imagine, and many questions have arisen during the process that unfortunately could not be answered within the sphere of this master's thesis. Naturally, conducting the study has also included many challenges. Conducting a quantitative content analysis manually, without any special tools, included both challenges and opportunities for my study. For example, using a search engine tool to find out whether a specific CSR initiative was mentioned on a corporate web page might have made the search more reliable compared to a "human search engine". However, it would have limited the flexibility of the study – sometimes I could find CSR instruments and initiatives that I was not aware of before, and would therefore not have been able to find had I used an automatic tool. Also, due to the manual codification and analysis, the sample size of the study was restricted to 100 largest

companies. The small sample size makes the study ungeneralizable to all large companies in Finland, however, this was never the intention of the study either. The categorizations of the companies to different industries and sectors posed also a challenge, as there are naturally many ways to do this. However, the study aimed to study the 100 largest companies' CSR communication, and the results only concerning this specific sample of companies, the different styles of categorization are simply unimportant to the findings of the study.

Clearly, the study could not answer all the questions concerning CSR communication on the corporate Websites. Simply repeating the study in other countries, especially in different kind of cultures would enable a comparison between the CSR issues the companies find important as well as the level and types of CSR instruments and initiatives that the large companies are using. Scaling up the present study either to include more large Finnish companies or perhaps Western companies would also allow the quantitative study to be generalized to all the large companies in Finland or Western world. A longitudinal study to follow the changes in the CSR communication of the 100 largest companies in Finland would definitely show the trends in CSR and how the development of the companies' communication looks like. In order to be able to look at the industry differences more closely, the framework of the study could also be used to explore a single industry in Finland and how e.g. the metals industry communicate about CSR and use external references.

As many different kinds of categories of external references were studied mostly quantitatively in this study, it would therefore be of great interest to expand this study to the content of these external references. This would be worth studying in order to find out whether the companies today are truly following the trend of CSR communication and simply mentioning a list of different kinds of CSR instruments and initiatives to hide any accusations of greenwashing. This being said, the quality of CSR communication still being an unexplored field in Finland, it would surely be of interest to both the academia and the businesses to be able to differentiate between "good" CSR communication versus the shallow or non-existing kind of communication.

As pointed out in this final section, this study was merely a starting point for seeing how CSR is communicated by the largest companies in Finland and has almost raised more questions than answered. Being relatively new phenomena, the CSR field has not been extensively explored in Finland, and the opportunities for future studies are therefore endless.

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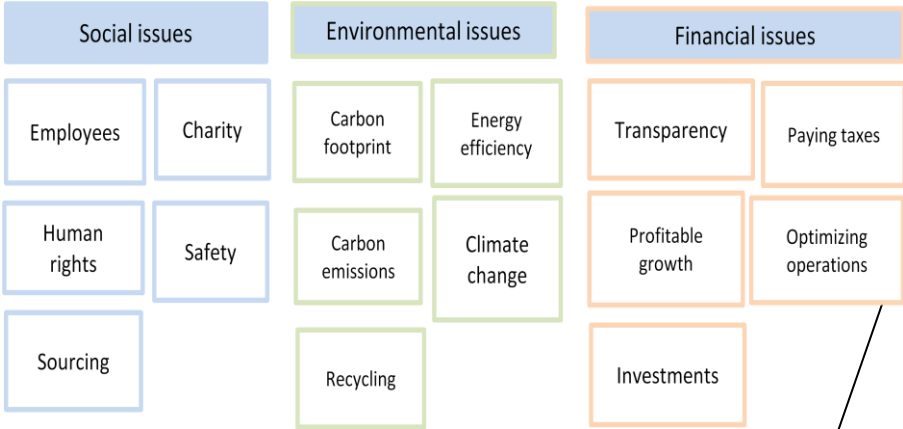
Appendices

Appendix 1. The data sheet used in the study.

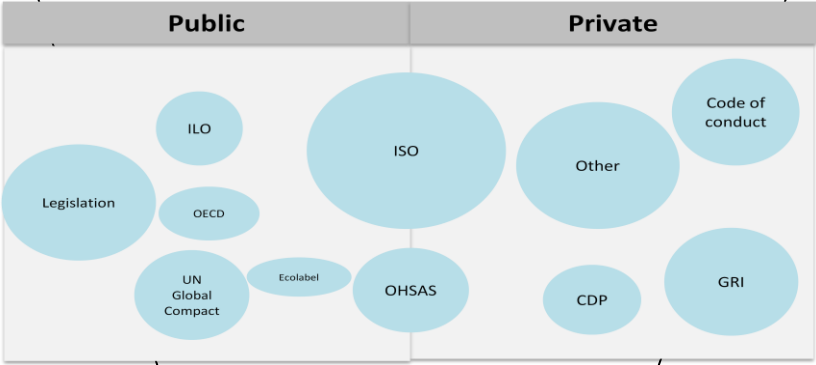
Appendix 2. CSR communication of the 100 largest companies in Finland on the corporate Websites.

The Figure presented in Appendix 2. looks deeper into the blue square of the theoretical framework, “The scope of this study”, summarizing the findings of this study in the research framework. The figure shows the issues communicated by the 100 largest companies on their Websites as well as the already presented Figure 16 about the most popular CSR instruments and initiatives used by the companies placed in the original context.

CSR COMMUNICATION ON CORPORATE WEB PAGES



CSR Instruments and initiatives



Other external referents



Legitimacy?