Aalto University
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The Corporate Responsibility Management System of the Finnish Glasshouse Growing Industry

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ABSTRACT
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THE CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM OF THE FINNISH GLASSHOUSE GROWING INDUSTRY

This thesis presents an analysis of the corporate responsibility (CR) management system of the Finnish glasshouse growing industry and suggests areas of development based on the analysis. In order to succeed in this, the thesis also develops a framework to analyse CR management systems.

The literature review shows that there are no comprehensive frameworks established for analysing corporate responsibility management systems, and therefore a new framework designed specifically to analyse CR management systems is developed. The framework includes three main analytical parts adapted from Rasche (2009); the content of the system, the processes within the system, and the system's relation to the context.

The CR management system of the Finnish glasshouse growing industry is quite unique; there are a couple of national horticultural organizations, which guide the CR of the individual glasshouse growers with a CR guideline, audits, internal and external communication and development support. Hence the industry has a cluster approach to managing CR, which is found beneficial in this case, because the growers are all small or medium-sized. The content encompasses all areas of corporate responsibility with a focus on ensuring food quality and safety, preventing risks and ensuring legal compliance.

Potential areas of development are also found. The current system does not completely please the growers, who are supposed to pass the CR audits in the near future, due to several reasons. One main area of development is to increase the perceived benefits of the system and the processes, for example by focusing on those areas of CR that bring both financial and sustainability-related improvements. The thesis also introduces the difficulties related to the management of a system for a heterogeneous group of companies albeit within one specific industry.

The thesis concludes that the improvements of corporate responsibility amongst Finnish glasshouse growers are highly dependent on the same factors as they are elsewhere in the world; the economic situation allowing the investments for increased sustainability and the demands posed by the food retailers and the consumers. Still, it is noted that the horticultural organizations, which control the CR management system, are in a central position in supporting the individual growers. Perhaps one day the Finnish vegetables and flowers will be known not only for their quality but also the high ethical standards used by the growers.

KEYWORDS: Corporate responsibility management, glasshouse growing, SMEs.

AALTO-YLIOPISTON KAUPPAKORKEAKOULU
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SUOMALAISEN KASVIHUONEVILJELYN YHTEISKUNTAVASTUUJÄRJESTELMÄ

Tutkimus tarkastelee suomalaisen kasvihuoneviljelytoimialan yhteiskuntavastuujärjestelmää ja esittää siihen parannuskohtia havaintoihin perustuen. Uusi yhteiskuntavastuujärjestelmien arviointiin hyödynnettävä viitekehys kehitettiin osana tutkimusta, jotta yllä mainitut tavoitteet saavutettaisiin.

Kirjallisuuskatsaus osoitti, ettei yhteiskuntavastuujärjestelmien tarkasteluun ole entuudestaan olemassa sopivaa viitekehystä, joten uusi viitekehys kehitettiin erityisesti yhteiskuntavastuujärjestelmien tarkasteluun. Viitekehyksen pääkohdat ovat järjestelmän sisältö, järjestelmän prosessit sekä järjestelmän suhde sen toimintaympäristöön, mikä seuraa Raschen (2009) kehittämää mallia.

Kasvihuoneviljelytoimialan yhteiskuntavastuujärjestelmä on melko erityinen, sillä sitä hallinnoivat muutamat kansalliset puutarha-alan keskusjärjestöt. Ne ohjaavat yksittäisiä viljelijöitä muun muassa yhteiskuntavastuuohjeistolla, auditoinneilla, sisäisellä ja ulkoisella viestinnällä sekä neuvonnalla. Toimialalla on siis käytössä niin sanottu klusterilähestymistapa, mikä vaikuttaa järkevältä, sillä viljelijät luokitellaan pieniksi tai keskisuuriksi yrityksiksi. Kaikki yhteiskuntavastuun osa-alueet sisältyvät järjestelmään, mutta sisältö on keskittynyt erityisesti ruoan laadun ja turvallisuuden varmistamiseen, riskien toteutumisen estämiseen sekä lainmukaisuuden varmistamiseen.

Järjestelmään löydettiin useita mahdollisia kehityskohtia. Tämänhetkinen järjestelmä ei täysin miellytä viljelijöitä, joiden tulee lähitulevaisuudessa läpäistä auditointi. Yksi tärkeä kehityskohta on järjestelmän havaittujen hyötyjen lisääminen, esimerkiksi nostamalla esiin niitä yhteiskuntavastuun alueita, jotka tuovat sekä taloudellisia että yhteiskunnallisia hyötyjä. Tutkimuksessa tulevat yleisesti ilmi yhteiskuntavastuujärjestelmän hankaluudet, kun järjestelmä on tarkoitettu moninaiselle joukolle yrityksiä, joilla on samasta toimialasta huolimatta erilaisia tarpeita.

Tutkimus toteaa, että yhteiskuntavastuun tason parannukset suomalaisessa kasvihuoneviljelyssä riippuvat pitkälti samoista asioista kuin muuallakin maailmassa; yhteiskuntavastuuinvestoinnit mahdollistavasta taloudellisesta kehityksestä sekä kuluttajien ja päivittäistavaraketjujen asettamista vaatimuksista. Toisaalta puutarha-alan keskusjärjestöillä on tärkeä rooli tukea yksittäisiä viljelijöitä. Kenties jonakin päivänä suomalaiset vihannekset ja kukat ovat tunnettuja laatunsa lisäksi toiminnan korkeista eettisistä standardeista.

AVAINSANAT: yhteiskuntavastuujärjestelmä, kasvihuoneviljely, pienet ja keskisuuret yritykset.

Table of Contents

List of Tables and Figures

1. INTRODUCTION

1.1. Background

The public interest on the ethicality of products and companies is increasing in Europe and overall in the developed world. All kinds of stakeholders, including consumers, governments and the media have started to put more pressure on companies to consider the stakeholders' demands. Some companies have also found that developing new, more ethical practices and products has brought them more success. Also the academics have during the past couple of decades turned their focus to corporate responsibility as an interesting topic of study.

The environmental, social and economic impacts of the agricultural sector have become a target of more scrutiny as part of this development. The importance of sustainability within the agricultural industry on the global scale was emphasized already in 1987, when The World Commission on Environment and Development set up by the United Nations published the report "Our common future", also known as the Brundtland report (Engström et al 2007). The aim of the Commission was to examine the most critical environmental and developmental problems in the world and formulate solutions to them in order to ensure the sustainability of development in the future decades. The report highlights food security as one of the key areas globally in addition to for example energy, population and biodiversity issues. The report concentrates on ensuring that food is available to everyone in the world and highlights the need to mitigate the detrimental impacts of agriculture to the environment.

Considering the globalization of agriculture and the long distances that fresh products sometimes need to travel, the issue of food safety has gained importance. Food is subject to the threats of going bad, carrying diseases or even becoming a tool for terrorism. Therefore the food retailers have started to demand certificates from their suppliers to prove that certain quality standards are adhered to within the production.

Despite the efforts, sometimes accidents occur causing large public scandals. Perhaps the biggest scandal within the glasshouse growing industry erupted in Germany on the 27th of May 2011, when the European media reported that coliform bacteria named 'ehec' had been found in Spanish cucumbers and that it had made a couple hundred people sick and also caused several deaths (Baer & Lappalainen 27.5.2011). Within a week the cucumbers were announced by the German officials to be not guilty for spreading the bacteria, but significant damage had already been made for the industry (Pulkkinen & Lappalainen 1.6.2011). The German producers had to throw away vegetables worth 2-3 million euros on a daily basis (Baer 2.6.2011), and the Spanish cucumber growers made losses of 200 million euros per week (Kippo 2.6.2011), because the German officials had warned the consumers not to eat fresh glasshouse vegetables (Pulkkinen & Lappalainen 1.6.2011). Also for example Russia had stopped the importing of Spanish and German cucumbers, tomatoes and salads completely (Ibid). Hence, the attention of the public has very recently been drawn to the glasshouse growers' production methods and their level of responsibility.

The Finnish glasshouse vegetables and flowers have traditionally been seen as very safe, clean and of good quality. However, within the Nordic context there have been discussions about other elements of corporate responsibility. There has been a growing debate about the environmental impact of the products such as glasshouse vegetables and flowers. With the cold Finnish climate, significant amounts of energy are needed for the heating and lighting of the glasshouses, and that creates a noteworthy amount of carbon emissions. And this has with the global climate change discussion been criticized heavily (see for example Hautamäki 3.3.2011). It is possible that some consumers decide not to buy Finnish tomatoes or cucumbers during wintertime because of this. And if consumers on a large scale would decide to switch the Finnish vegetables to other food products, in other words if the demand is reduced significantly, it would have serious consequences for the Finnish glasshouse growers (Jalkanen 8.2.2011).

Then again the Finnish glasshouse products can be more sustainable than same products from other countries when measured with other aspects. For example, a large proportion of tomatoes imported to Finland come from Spain, where many of the farm workers are

illegal immigrants, for whom the growers have been found to sometimes pay less than legal minimum wages (Juntunen & Tietäväinen 2005). Also, according to the research done by the laboratory of the National Board of Customs, the tomatoes, cucumbers and salads that are imported to Finland can sometimes contain alarming amounts of pesticide traces, whereas the Finnish products do not (Siivinen 2010).

Regardless of the advantages and disadvantages, it is important that with the increasing public interest in the sustainability issues, especially at a time when the production methods of growers in another European country have been questioned, the glasshouse growing industry in Finland puts an effort into improving its sustainability. And this is a progress that the industry has already started; the Finnish Horticultural Products Society has together with related national organizations such as the Finnish Glasshouse Growers' Association created a corporate responsibility guideline called Laatutarha and is auditing the member growers to ensure the sustainability of their practices. (Jalkanen 8.2.2011)

The disease scandals, amounts of carbon emissions or the treatment of workers are results of how corporate responsibility is viewed and managed within the companies. Therefore this report examines the current situation of the corporate responsibility (CR) management of the glasshouse growing industry in Finland, and seeks to find ways to improve it.

1.2. Research problem and gap

With the growing interest and doubt towards the products, the Finnish glasshouse growers need to prove not only that their products are ethical and sustainable, but also that they have taken the matter seriously and are actively working towards improving the situation on the industry level. The CR management system has been developed within the past 15 years, and hence now is a suitable time to examine the system, see its results and analyse the suitable means to bring the system forward. The auditing of companies has been a part of the system only for the past four years, and only a part of the growers have been audited and certified. This allows the researcher to examine the

reasons why some companies have wanted to become audited and others have not. In addition, the system has until now concentrated on specific types and elements of CR, and therefore it would be beneficial to develop it towards a more complete corporate responsibility management system.

Overall there are not many studies that would aim at analysing a corporate responsibility management system thoroughly. There is a clear research gap in the literature, although the number of studies related to corporate responsibility is rising. Blowfield and Murray (2008: 111) state that "in corporate responsibility literature, there is much more discussion of the aims of these systems (e.g. that they are inclusive, responsive, and engaged with stakeholders), than there is of what they look like in practice". One of the aims of this study and its contributions to existing literature is to describe carefully the practical CR management system of one particular industry in a particular country.

Another gap is that a significant portion of the corporate responsibility studies concentrate on large corporations or multinational enterprises. There is literature on small and medium-sized enterprises (SMEs), but on the other hand it often does not concentrate on the practical matter of actually managing the companies' corporate responsibility. Hillary (2004: 562) argues that "there is a scarcity of quality studies into SMEs and the adoption of formal EMSs". Consequently, the academic pleads for studies that look at smaller sub-groups of SMEs, divided by their size or industrial sector, to be able to generalize more about the characteristics of those particular SMEs, and this study answers her quest in that sense by limiting the study to a specific industrial sector.

A third gap is about the research of CR within the agricultural sector. Engström et al (2007) point out that agriculture has been an object of studies about emissions and resource usage; that the life cycle of agricultural products has been examined and that organic growing and traditional growing have been compared. In addition, the part of agricultural CR literature that looks at guidelines and CR management has concentrated on the developing countries, especially in Africa, where the challenges are quite

different from Finland (see for example Asfaw et al 2010a and 2010b, Bagumire et al 2009, Jaffee & Masakure 2005). Therefore, this study will bring interesting new information to the area of corporate responsibility management, from the perspective of SMEs by analysing an existing, unique system within the agricultural sector in a developed country.

To clarify the topic of this paper, it does not attempt to evaluate the sustainability of the glasshouse growers on a detailed level, although it would be of high interest to for example the Finnish consumers. This is because it would require expertise on the specifics of the different evaluation mechanisms of each element of social and environmental responsibility, for example how to measure the amount of waste and recycled materials or the equality of pay between male and female workers, and also it would require the definition of the boundary between sustainable and unsustainable results of these measures, which the author of the paper does not attempt to gain. Instead, this study tries to find the most challenging areas of social and environmental responsibility with regards to their management, and the most cost-efficient and acceptable ways of managing them, within the geographic context of Finland and the business context of glasshouse SMEs.

1.3. Research objective and questions

The objective of the research is to analyse the corporate responsibility management system of the Finnish glasshouse growing industry and find out its possible shortages and the perceived strengths and weaknesses related to the system, from the point of view of the growers and of relevant stakeholders, such as the horticultural organizations, the auditors and the customers. The aim is hence to understand the different actors and their attitudes towards the system. The ultimate objective is to create suggestions for improvements to the system, so that it would satisfy the needs of all stakeholders.

The research questions are:

- What are the characteristics and the main strengths and weaknesses of the corporate responsibility management system of the Finnish glasshouse growing industry?
- How could the system be improved?

1.4. Definitions and limitations

Glasshouse growers or *glasshouse growing industry* – in this paper, the official terms of the industry – glasshouse instead of greenhouse, and growing instead of farming – will be used throughout the paper. The term 'glasshouse growers' includes here those glasshouse growers in Finland that are members of the Finnish Glasshouse Growers' Association. These include both regular growers and organically producing growers. The products vary from vegetables, mainly cucumbers, tomatoes, salads and herbs, to flowers including both cut flowers and pot plants. There are around 1600 glasshouse entrepreneurs in Finland, out of which currently 381 belong to the Association. Hence, around 25 % of glasshouse growers in Finland belong to the Association, but those 25 % account for over 65 % of the industry's sales volume, which means that the growers that do not belong to the association are relatively small in size. (Jalkanen 8.2.2011)

Corporate responsibility (CR) – this paper focuses on the three elements of corporate responsibility following Elkington's (1997) triple bottom line: economic, social and environmental responsibility. The environmental element is emphasized in the guideline of the glasshouse growers, but a closer look on the requirements reveals that it includes social and economic elements as well, and therefore the broader term of corporate responsibility is used throughout the paper. There is vast amount of different terms describing similar issues in the literature, but in this paper the term corporate responsibility or acronym CR is used, since some researchers suggest that it is becoming the standard (Halme & Laurila 2009, Fougère & Solitander 2009). The result

of the successful management of social and environmental elements of the business in addition to the economic side is considered to be sustainability.

Corporate responsibility management system – the focus of this paper is the complete CR management system of the glasshouse growing industry. Often academics examine CR *standards*, which can be defined as "voluntary predefined rules, procedures, and methods to systematically assess, measure, audit and/or communicate the social and environmental behavior and/or performance of firms" (Gilbert et al 2011: 24). A management system is here considered to potentially include all of these elements, whereas the academics have noted that often a standard includes only one element, for example a broad collection of principles, without assessment or audits, or an auditing system only for the social behaviour (Ibid). In addition a CR management system is understood to include rules, procedures and methods to support and enhance the CR of firms, which is not a part of standards. In this paper, these elements amongst others are examined: the Laatutarha guideline; the auditing visits and the process of ensuring compliance; the communication about the members to external stakeholders, including the use of the Sirkkalehti quality logo; and other means used by the horticultural organizations to improve the corporate responsibility of the growers.

Horticultural organizations – the industry has a specific structure in Finland and there are three national interest groups that support the glasshouse growers and their business. These three organizations, the Central Organisation for Finnish Horticulture, the Finnish Glasshouse Growers' Association and the Finnish Horticultural Products Society, are meant when using the term horticultural organizations.

The most significant potential limitation to this paper is that the study has been initiated by the Finnish Glasshouse Growers' Association. Although the researcher does not have previous work experience within the Association or related organizations, the perspective of the Association could still affect the researcher's viewpoint and hinder the objectivity of the study. This limitation is accepted from the beginning and the researcher seeks to keep a critical view towards the Association, and will encourage critical comments also from the interviewees and survey respondents.

The paper will also be limited with regards to being able to study the whole glasshouse growing industry of Finland. In order to be able to provide a complete picture of the industry, also those growers who are not members of the Association and do not participate in the national collaboration should have been examined. This was however found impossible, because none of the national horticultural organizations have records or contact details of these growers, and the researcher does not have access to them through other means. It is known that the growers who have intentionally excluded themselves from the collaboration are on average smaller in size in comparison to the members of the Association, and therefore the viewpoints gathered in the survey from the smaller companies are highlighted.

A third limitation of the study is that the situation of the glasshouse growing industries in other countries could not be examined and compared to the Finnish context in great depth, although that would have brought useful new perspectives to the study. Only secondary material on the country-level differences in CR management was utilized due to not gaining access to primary information sources. The Finnish glasshouse growing industry is quite special in the sense that for example in other Nordic countries with similar climate there is practically no glasshouse growing activities during wintertime. Even during summer the domestic production accounts for only a minor share of sales, whereas in Finland the majority of consumers prefer to buy Finnish products, which can be found in all regular grocery stores. Also, the Finnish context differs from the more southern regions in Europe and globally, for example in terms of climate, the different regulative environment and the amount of markets to which the growers sell their products. This signifies that completely different corporate responsibility elements should be the focus of glasshouse industry CR in Finland in comparison to other countries. (Jalkanen 8.2.2011)

2. LITERATURE REVIEW: CORPORATE RESPONSIBILITY (CR)

The literature review begins with the introduction of the current academic context of corporate responsibility and continues with presenting what CR can be considered to be within companies. The aim of the chapter is to show the variety of perspectives and opinions found in the literature, and to show the standpoint and specific focus of this study.

2.1. CR in academia: history, definitions and theories

History of CR

Academics argue that the roots of the CR discussion date back to years before the 20th century. Epstein (2007) points out that the idea of corporate responsibility from the ethics point of view is already quite old; Western and Eastern philosophy and religious traditions have pondered the question of what is considered to be ethical behaviour for an individual in the economic context. But several researchers (for example Carroll 2008), argue that the Industrial Revolution of the late 1800s was the starting point for CR, because that was the transformation in the economy that brought about the organizational form of doing business. The first large-scale business organizations were established and these multinational enterprises (MNEs) have since then become major actors not only economically but socially, culturally and politically as well (Epstein 2007).

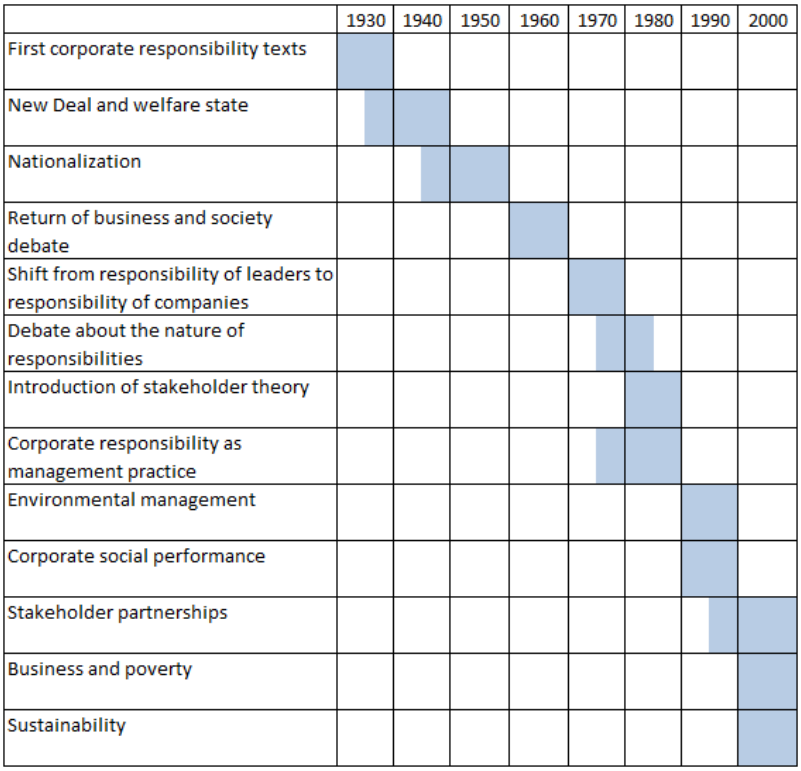
In the 1950s new interest and awareness in corporate responsibility began to grow and the topic was established in academic literature (for example Van Oosterhout & Heugens 2008, De Bakker et al 2005). Carroll (2008) argues that Bowen (1953) can be given the title 'father of CSR', because he was one of the first to define social responsibility, in the following way: "it refers to the obligations of businessmen to

pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (1953: 6).

Since then, several societal and technological changes have been reflected in how the CR concept was viewed. Epstein (2007) emphasizes globalization, the energy crisis, technological advancements and social transformations. People and capital move more freely across borders, the dependence on fossil fuels has stayed strong, new communication and transportation innovations have shortened geographical distances, and the MNEs have started to control a variety of resources around the world and therefore the ethicality of their actions has received increasing attention. The globalization phase in the latest decades has also drawn attention to the developing world and the challenges of global free trade, such as combating corruption and fighting poverty (Blowfield & Murray 2008).

These changes made CR even more popular as a research topic in the 1990s and the 2000s (Halme & Laurila 2009, Blowfield & Murray 2008). Waddock (2008) points out that in the past five years the amount of academic articles discussing some aspect of corporate responsibility has grown exponentially. The relationship between CR and the firm's financial performance started to attract attention and at the same time businesses have started integrating CR fully to their strategic management (Carroll 2008). Figure 1 below describes one take of the development of corporate responsibility.

Figure 1. The development of corporate responsibility.



(Blowfield & Murray 2008: 57)

Definitions of CR

As a result of the history of CR, corporate responsibility has gained ground as an idea, a potential strategy and a practical tool for organizations to contribute to sustainable development (Dobers 2009). Porter and Kramer (2006) argue that companies and society are interrelated, and both benefit from the success of one another. A society that is well-off creates more and more demand for companies as the needs of the citizens are satisfied and future ambitions increase. On the other hand healthy societies need companies that are well-off, because they are better able than any other organizations to create jobs and wealth and ultimately increase the living standards in the society.

Although the CR research has been mostly based in the US and in Europe, it is nowadays a global phenomenon with Asian, African and Latin American companies as well as companies ranging from large to small manifesting their standpoints. CR consultancies and service organizations have been established and all kinds of CR

standards have popped up with the aim to institutionalize and harmonize CR practices on a global level. Also the national governments and intergovernmental organizations have begun to encourage CR, and numerous activist groups and NGOs have pursued to criticize companies about their behaviour. (Crane et al 2008)

Still, academics agree that corporate responsibility's rise to prominence has not been smooth (Fassin et al 2010, Halme & Laurila 2009, Crane et al 2008, Van Oosterhout & Heugens 2008). Many researchers lament how even after decades of research there are competing labels such as 'corporate citizenship', 'sustainable business', 'corporate social responsibility' (Crane et al 2008), 'corporate sustainability', 'corporate social performance' and 'corporate social responsiveness' (Blowfield & Murray 2008), or 'corporate responsibility' (Waddock 2008). And these terms are commonly confused with one another, with different definitions from different researchers (Fassin et al 2010).

Waddock (2008) has formed a more precise opinion on the different terms. CSR is commonly defined as "contributions that companies make to better society" (2008: 29). The author views CSR as something narrower than CR or corporate citizenship – the philanthropic and volunteering undertakings that are sometimes titled "greenwashing" or "window dressing", and that are often used to draw attention away from for instance mistreatment of workers in the value chain. Sustainability on the other hand is viewed by Waddock (2008) as a term with a dominant focus on environmental elements of responsibility. The author concludes that CR is the most useful term, when discussing "the inherent duties and responsibilities associated with all corporate actions and impacts" (2008: 30). Therefore although corporate social responsibility is used quite often in academia, here the term corporate responsibility is used, also because of anticipation of the term becoming the standard (e.g. Fougère & Solitander 2009, Halme & Laurila 2009).

Crane et al (2008: 5) argue that "few subjects in management arouse as much controversy and contestation as CSR". And this argument is already very prominent when looking solely at the variety of definitions of the concept. Salazar and Husted

(2008) write that it is about the duty of responding to externalities created by the actions in the marketplace, whereas Dunfee (2008) sees it as discretionary spending to attain a specific measurable social objective. CR can also be considered to include a political responsibility of companies to take part in the development of global governance (Scherer & Palazzo 2008). De Bakker et al (2005) analysed over 500 articles on CR and concluded that there is a lot going on in the field, which is developing constantly, but that a clear refinement and operationalization of the general concepts cannot be found. Quite the contrary; the researchers found that there are constantly new constructs and linkages between the constructs being proposed. Hence, the field is broad and diverse, and is located in an intersection of many disciplines, which can be seen in the multitude of perspectives and ideological positions (Crane et al 2008).

Using a definition given by an international intergovernmental organization is quite common for academics. According to Dobers (2009), the most often used definition of corporate responsibility, written originally by the Commission of the European Communities in 2001, is: "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". Another often used definition with a bit different approach is from the World Business Council for Sustainable Development (1999) as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life". Also the definitions given by the WBCSD and EU Commission in 2006 have been used (Fougère & Solitander 2009).

One debate is about which responsibilities belong to the definition; are the legal and philanthropic responsibilities of companies, as suggested by early research, included in corporate responsibility? Carroll (1979, in Blowfield & Murray 2008: 21) originally recognised four different types of corporate responsibility, which are economic, legal, ethical and discretionary responsibilities. The economic responsibility naturally is the responsibility to create profits and the legal responsibility is about complying with legislation. The ethical responsibility includes all activities that go beyond legal compliance, whereas the discretionary responsibility means philanthropic acts. Fassin et

al (2010) point out that in the European Commission's version, philanthropy was excluded from the definition of CR, although other aspects of the so-called Carroll's pyramid were understood to be CR. Many researchers also argue that CR "begins where the law ends" (Blowfield & Murray 2008: 12, Halme & Laurila 2009), hence excluding the legal responsibility from the corporate responsibility concept. Then again Halme and Laurila (2009) highlight that in some local contexts the legislation is not strongly enforced, and in these contexts companies can be said to be acting responsibly if they comply with the law.

The perspective taken in this paper is that Elkington's (1997) 'triple-bottom-line' of CR – social, environmental and economic responsibility – is the most convenient categorization. This is because from the Nordic perspective, complying with legislation is not a sign of being particularly responsible – it is something that is expected of all organizations. Also, the discretionary responsibility of giving donations to other organizations is not understood as an activity that needs to be exercised to be considered responsible in this paper. A responsible company from the viewpoint of this paper takes care of its own impact on the society, and does not attempt to mitigate its negative impacts by donating money to a charity devoted to something completely different.

Theories of CR

The perspective of this paper is hence in line with the *stakeholder theory*, as described by Melé (2008) amongst others. The theory focuses on understanding the interests of groups that have a 'stake' in the firm. A stakeholder is defined by Freeman (1984) in his seminal work as someone who is affected by the company and/or who affects the company. The key stakeholders typically include at least employees, customers, communities, investors, suppliers and sometimes also related NGOs. This theory was first introduced as a managerial theory, helping executives to implement strategic management, and therefore it fits with the aims of this paper.

There are however several different 'contemporary mainstream theories' in CR, including for instance shareholder value theory and corporate citizenship theory (Melé

2008). Again the academics do not agree on the content of different theories, which makes their usage problematic (see for example Melé 2008 in comparison to Windsor 2006). One impactful theory is the *shareholder value theory*, sometimes called 'economic responsibility theory' (Windsor 2006), which assumes that the only social responsibility of businesses is to increase the shareholder value by making profits. The person usually cited for this view is of course the Nobel laureate Milton Friedman, who argued that in a capitalist economy, the only responsibility of business is to increase profits obeying the rules of the game, in other words engaging in open competition without fraud or deception. This perspective emphasizes not only creating wealth for shareholders but how this is the best way to achieve economic performance for the whole system.

There are strengths and weaknesses linked with each of the theories. The strength of the shareholder value theory is that the aim of companies is after all to provide economic wealth, and there are other types of organizations meant for ensuring that societies and the nature are doing well. On the other hand economic performance is not the only measure of public good; simultaneously workers might be exploited and natural resources exhausted or spoiled. The stakeholder theory conversely can be criticised because it cannot give an objective perspective for decision-making; what happens when the interests of different stakeholders clash? (Melé 2008) Then again there have been tools designed to prioritize between stakeholders, such as the one developed by Mitchell et al (1997, in Dunfee 2008), which differentiates stakeholders depending on their power, legitimacy and urgency.

Therefore the stakeholder theory is seen more applicable for this paper, especially since it overcomes the vagueness of CR by addressing tangible interests and practices towards precise groups of people. From an ethical perspective this theory is superior to the shareholder value theory, because it considers other aspects in addition to those required by law. (Melé 2008) The theory is not opposing the importance of shareholders, but instead pointing out the importance of the opinions of some other stakeholders in ensuring business performance. The theory also proposes a perspective on firms as an integrated part of society and not a separate entity. (Blowfield & Murray 2008)

To conclude, the theoretical and practical development of corporate responsibility through the past decades forms the basis on which also this study is constructed. Following the current trends of studying the link between CR and financial performance and the integration of CR into the strategic management and everyday practices of companies, this study will examine those matters amongst others. The theoretical approach of the paper follows Elkington's (1997) triple-bottom line and the stakeholder theory, overall understanding CR as the companies' obligation to not only create wealth but also mitigate the risks that exist within their operations, and to alleviate negative impacts to the society.

2.2. Critique and challenges of CR

Despite the generally positive attitude of this paper towards CR, there is a lot of criticism towards the concept as well. Although nowadays corporate responsibility or CR is a widely discussed topic, it is still "ambiguous and contested on various grounds" (Dobers 2009: 186). The following discussion presents three of the grounds on which to criticise corporate responsibility: in terms of its position in academic research; in terms of its underlying motivations; and in terms of the practical operations of companies.

Within academic research, CR has been loaded with high expectations, but at the same time the term continues to be loosely defined, with the definition changing all the time to suit the needs of each researcher (Fougère & Solitander 2009). Although CR includes the addressing of the concerns of several stakeholders, various societal issues and multiple elements of corporate behaviour, researchers often do not include all of these in their work (Van Oosterhout & Heugens 2008). It is noted that many researchers start their definition of CR by telling what CR is not (Van Oosterhout & Heugens 2008), which reflects the way how the nature of CSR can vary between different societal contexts (Halme et al 2009) and how CR includes a different agenda and receives different amounts of attention and resources in different geographical parts of the world (Dobers 2009). Van Oosterhout and Heugens (2008) write that since there is no clear definition of CR, its causes and consequences cannot be determined and therefore it

does not provide any value in researching the business-society interface. In the 50 years of CR studies the field has been unable to build a theory on the relationship of theoretical concepts and empirical operationalization (Fougère & Solitander 2009, Van Oosterhout & Heugens 2008).

There are also some critical perspectives to the underlying perspective of CR within both academic and business worlds. Several researchers point out that CR has been welcomed as best practice and critical perspectives have been marginalized (e.g. Fougère & Solitander 2009). Hanlon (2008: 157) argues that CR "represents a further embedding of capitalist social relations and a deeper opening up of social life to the dictates of the marketplace". Fougère and Solitander (2009: 217) write along the same lines that "within business studies, corporate responsibility (CR) is increasingly accepted as an uncontested broker between sustainable development and free market liberalism". Hanlon (2008) goes as far as stating that CR is a symbol of post-fordism; an attempt to reduce the recently increased bargaining power of the labour force, and to enthrone companies back to their position as the leading power in the society. Also Dobers (2009) argues that CR is a potential instrument of companies to control and exert power over individuals and groups.

The practical approach of companies to CR receives a lot of suspicion from the academics as well. Fougère and Solitander (2009) emphasize that there is always a tension between responsible behaviour and business rationality, which is based on the ultimate goal of companies to maximize the value of the shareholders. In other words, CR is heavily limited because the social and environmental problems are only then tackled if there is a 'business case' – if the overcoming of the problems will also increase the value created for the shareholders. Salazar and Husted (2008) agree; from Friedman's (1962) Shareholder value theory perspective, business managers are the agents of the owners of the company, and therefore have a duty to invest the money of the owners as the owners wish. Therefore, only that amount that they want to put in CR activities should be put there by the managers and this requires the 'business case', a possibility to financially benefit from CR. Hanlon (2008: 157) views CR similarly as not a driving force of change but instead an "outcome of changes brought on by other

forces". Since profitability is ultimately the reason behind decisions, the ethically behaving companies only engage in CR for self-interested reasons, which basically pulls the rug from under the whole idea. The criticism towards the business case approach is summarized by Hanlon (2008); CR is held in companies as a commodity, and thus only produced if its exchange value is higher than the cost of production.

The stakeholder approach is also criticized; CR as a concept does not provide any basis for prioritizing between the needs of different stakeholders, even though interest clashes are bound to happen (Fougère & Solitander 2009). Another problem is that those representatives of stakeholder groups that are chosen to be listened to might not represent the wider social interests of the stakeholders correctly (Salazar and Husted 2008). CR is used to convince stakeholders of the legitimacy of the companies; not to actually listen to the desires and needs of the stakeholders (Hanlon 2008).

Perhaps the most commonly presented criticism towards the CR activities of companies is about the lack of actual content and the scale of insignificant and irrelevant public relations material. Fougère and Solitander (2009) highlight that since CR has been defined to be voluntary for all organizations, even tiny improvements above the legal requirements are considered as CR. Kuhn and Deetz (2008) point out that both the motivations behind decisions and effects of the actions by companies can be questioned, because after all companies are political objects in which there are power struggles and dominant groups which dictate the use of resources. The institutionalized power relations, asymmetric information sharing and different ideologies prevent the establishment of CR.

Therefore the whole concept of CR becomes a pure public relations initiative. Fougère and Solitander (2009) argue that it seems that the majority of companies, especially the large multinational ones, have adopted CR only as a response to crises that have negatively affected the image of the companies. Most CR is reactive, and aimed at anticipating potential financial risks. It seems that the most popular CR activity is reporting – thick and colourful reports containing a lot of pretty images and anecdotes are published yearly, without clear factual content about the ways in which the legal

requirements have been exceeded. Porter and Kramer (2006: 80-81) agree by writing that "the most common corporate response has been neither strategic nor operational but cosmetic: public relations and media campaigns, the centrepieces of which are often glossy CSR reports". And these reports often lack explicit and clear statements on the targets that the company commits to in the near future. According to Fougère and Solitander (2009), companies in addition demand that the reporting guidelines take their specific circumstances into account, thus letting the companies themselves decide what to report on and what information to leave out. Overall, companies lobby for having as little mandatory involvement of external parties as possible, not only in reporting but in CR operations in general (Halme & Laurila 2009).

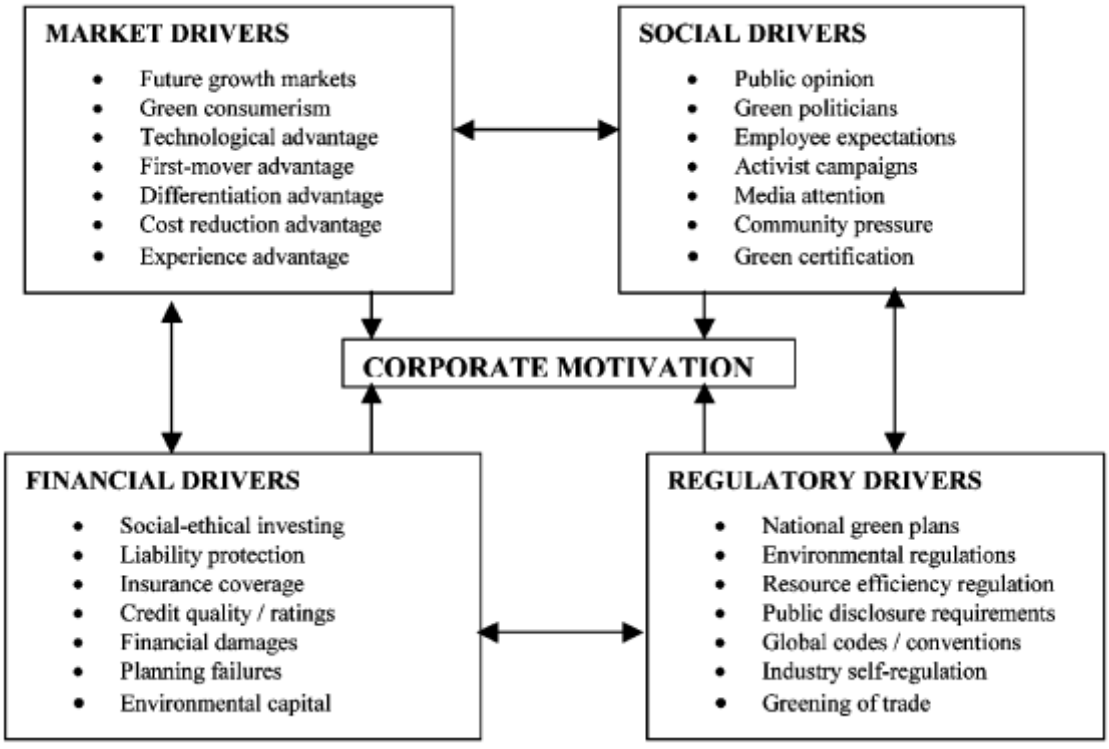
The solutions that the critics suggest vary significantly. Fougère and Solitander (2009) demand more international regulation to take place. Then again Halme and Laurila (2009) point out that currently the hopes have been placed on voluntary CR, the self-regulation of companies, specifically because the international regulatory institutions have not been able to come to a conclusion on stricter regulation. Still, Owen and O'Dwyer (2008) argue for some kind of a governance structure where the stakeholders could partake in the decision-making, to be able to have a dialogue about the CR impacts instead of the firm-led monologue. The authors note that as long as reporting is decided by companies themselves, no progress will be made. Van Oosterhout and Heugens (2008: 217) definitely have the most radical solution, since they consider that CR is "a largely insignificant by-product of other conceptual schemes that can safely be removed from all future theorizing in management and organization. We propose that business and society scholars do so without further ado."

The criticism presented in the literature is taken into consideration in this study, and the case will be examined with a critical point of view. Corporate responsibility is however thought to be something from which both companies and societies can benefit if the difficulties presented in this section can be avoided, and if CR becomes something more than additional meaningless practices.

2.3. CR and financial performance

On the more practical side of corporate responsibility, there are many sources of pressure for companies to become more sustainable and ethically responsible nowadays. Bansal and Howard (1997, in Zutshi and Sohal 2004) have divided the pressures into four broad drivers: the market, which is basically the other companies in the close environment; social drivers, which include pressures from many different stakeholder groups; financial drivers, which are related to the financial institutions and insurance companies; and regulatory drivers, including both national and international voluntary and compulsory regulations. Waddock (2008) mentions also that it is often so that leading companies exert strong peer pressure which forces their competitors and partners to establish CR. Below is the more detailed categorization of pressures and motivations for companies to act responsibly.

Figure 2. The drivers of corporate responsibility.



(Bansal & Howard 1997, in Zutshi & Sohal 2004)

Despite the identification of all these pressures, empirical researchers have not come to a conclusion on whether corporate responsibility is good for a company's financial performance or not (for example Crane et al 2008). Orlitzky (2008) has noted that researchers often conclude that the literature is too mixed for any solid, reliable conclusions, which according to Halme and Laurila (2009) is due to the lack of good research. The industry, national and cultural context have not been taken into account, and the different types of CR have not been examined separately. Imperfect methods have been used and an overly simplistic research question, "is CR profitable or not", has been used. Halme and Laurila (Ibid) also emphasize that one shortage in the academic literature is that surprisingly the societal outcomes of CR have not been widely researched, although they can be said to be the major rationale of conducting CR.

Then again Orlitzky (2008) has conducted a meta-analysis of studies researching the CR-financial performance link, and found a positive correlation between CR and financial performance. The researcher notes the potential bias of the study; that studies failing to show any relationship between the two concepts would not be published. But the concerns were shown unnecessary with a file drawer analysis, which indicated that as much as 1000 unpublished, contradicting studies would be needed to change the conclusion.

The causality of the relationship between CR and financial performance was found to be going towards both directions; financial performance predicted positive future CR and vice versa. There is evidence of CR reducing business risk, the relationship of which is mediated by organizational reputation. The reputation especially from the customers', suppliers', investors' and employees' viewpoint has been found to be a significant mediator. Other academically supported mediators include internal resources and skills, which with CR can lead to better internal efficiencies, to better know-how and information scanning by the top management and to raising the costs of competitors by making their new technology the industry standard or by encouraging government legislators enforce stricter regulation with their example. Companies with highly regarded CR can in addition attract better employees, and decrease business risk by proactively tackling potential problems that otherwise could turn into lengthy lawsuits.

(Orlitzky 2008) All of these findings fit well with the drivers introduced by Bansal and Howard (1997, in Zutshi & Sohal 2004), particularly with the market drivers related to internal advantages and social drivers related to external stakeholder pressures.

These ways in which CR can become beneficial also for the financial performance of a company are motivating for this study and will be reflected upon also in the empirical section. What is especially interesting about Orlitzky's (2008) research from the point of view of this study is that the researcher's analysis does not support the hypothesis of the size of the organization affecting the link between CR and financial performance. Although larger companies have more slack resources and are able to invest more on CR initiatives, it does not mean that the investments that smaller companies do would result in lesser performance gains. This is a very interesting argument that will be discussed more in the later sections about SMEs and the case.

Another perspective from which to look at the relationship between CR and financial performance is the idea of finding *business cases*. According to Kurucz et al (2008) there is literature supporting the business case thinking; that companies are able to perform financially better by attending both to their core operations and also to the needs of the society in certain ways. Often it is difficult to know what the value of CR activities truly is because of the uncertainties and measurement challenges (Blowfield & Murray 2008: 114-116), but Kurucz et al (2008) argue that they have managed to identify four general types of business case for CR, which should be generalizable across companies: cost and risk reduction, profit maximization and competitive advantage, reputation and legitimacy, and synergistic value creation.

In the cost and risk reduction view, the stakeholders are considered to present potential threats to the company, which should be mitigated by responsible behaviour. For example CR standards are established to build confidence and trust among stakeholders, which is considered to lead to lower costs to the firm on the long run. CR is exercised to avoid consumer boycotts, liability suits and excessive labour costs due to high turnover. (Kurucz et al 2008)

In the competitive advantage business case, CR is used as an advantage over industry rivals. The value of CR comes through the company adapting to the external context; allocating resources toward the supposed demands of stakeholders. An example of this is the bottom-of-the-pyramid approach, in which a company seeks ways to serve the individuals suffering from extreme poverty. (Ibid)

The third approach, building a responsible brand and maintaining reputation and legitimacy, is about aligning the stakeholder interests. For instance having ethically produced or green products can provide reputational gains and marketing differentiation and consequently improve financial performance. A good CR reputation has amongst others been found to increase the attractiveness of a company as an employer in the eyes of prospective employees. (Ibid)

The last approach of synergistic value creation, in other words looking for win-win situations aims at connecting stakeholder desires and creating value for several stakeholders at the same time. The idea is that relating common interests can open up unforeseen opportunities. The authors include networks, 'virtuous circles' and societal learning within this approach. Kurucz et al's (2008) approach is clearly one of the large multinational companies, and the disadvantages of the approach on the part of the small and medium-sized enterprises (SMEs) will be discussed in the coming chapters.

Blowfield and Murray (2008) also argue that a new kind of business case is being proposed; that CR has a critical link with learning and innovating, which does provide clear benefits for the performance of a firm. In finding these places to innovate, the mapping of social, environmental and economic impacts as proposed by Porter (1985) could provide new perspectives. The same argument of creating new innovations as a type of CR to be emphasized has been presented by Halme and Laurila (2009), whose way of categorizing CR activities is presented in the next chapter.

There seem to be clear similarities between the CR business cases presented by Kurucz et al (2008) and the mediators which Orlitzky (2008) defined to affect CR and financial performance positively. Although there has been criticism towards the business case

thinking as mentioned before (e.g. Salazar & Husted 2008, Hanlon 2008), business cases are in this study considered as a positive part of CR. After all, companies are expected to make a profit, and the business cases could be a good way to introduce CR particularly to small and medium-sized companies (SMEs), which do not have slack in their resources to spend on CR activities that do not bring financial benefits.

2.4. A categorization of CR types

There have been many kinds of approaches to categorizing corporate responsibility to different types. Following the previous discussion on the business case of CR, the classification of Halme and Laurila (2009) is presented. The scholars discuss the idea of categorizing CR based on the company's underlying motivation – whether it is altruism, enforced egoism or strategic intent. Another possible approach according to the researchers has been to distinguish economic and ethical CR and corporate citizenship. Division has been also made based on the responsibilities – the legal, economic, ethical and philanthropic responsibilities. It has also been hypothesized that companies are on different stages of CR; on a defensive awareness level or a more strategic and transformational level. For example Nidumolu et al (2009) and Blowfield and Murray (2008) propose five chronological phases that companies should go through to become responsible. But these categorizations are not sound enough to act as a base for research on the financial outcomes of CR, for example (Halme & Laurila 2009).

Halme and Laurila (2009) have as a response created a framework for differentiating between the types of corporate responsibility that are used in companies. They distinguish between philanthropy, CR integration and CR Innovation. The types differ on the basis of the closeness of their relationship with the firm's core business; with the aim of the activities; and with the expected benefits of the activities.

Philanthropy includes activities such as charity, sponsorships and employee voluntarism, which do not belong to the core business of the organization. They are not applied in order to seek direct business benefits, but to improve the public image and to minimize potential negative publicity. CR Integration on the other hand is about attempting to

integrate the CR aspects to the everyday business operations; hence it is closely related to the core business. It can include activities such as reducing the environmental impact of operations, ensuring the high quality of products and paying fair wages. CR Innovation is also closely linked to the core business, but these activities aim at developing new products or services that solve a problem related to the environment or the social context. This should according to Halme and Laurila (2009) lead to a win-win situation; the society wins from because it gets a solution to one of its problems, but the innovation also generates revenue for the firm. CR Innovation includes also activities targeted to entering into new markets, such as the bottom-of-the-pyramid business of serving the poorest populations of the world. Although both CR integration and Innovation can be seen as strategic – types which are recommended by Porter and Kramer (2006) – the difference between them is that the former seeks to improve current business operations, whereas the latter targets the creation of completely new business.

Naturally, the three types of CR activities are not mutually excluding, actually the opposite – most firms engage in several types of activities. Companies might have a CR portfolio, or a CR agenda (Porter & Kramer 2006), which includes activities belonging to all of the three types. Also, by deciding to engage in one type of activities, a firm might realize the potential in the other types of activities and move between the types. For example a company that has integrated CR to its current operations can with the new experiences suddenly realize innovation opportunities. Therefore the classifications are about the firm's dominant CR methodology. (Halme & Laurila 2009) More detailed descriptions of the CR types can be found below in Table 1.

Table 1. The comparison of three types of CR activities in organizations.

TABLE I

Comparison of CR action types

Dimension of action	CR action type		
	Philanthropy	CR Integration	CR Innovation
Relationship to core business	Outside of firm's core business	Close to existing core business	Enlarging core business or developing new business
Target of responsibility	Extra activities	Environmental and social performance of existing business operations	New product or service development
Expected benefit	Image improvement and other reputation impacts	Improvements of environmental and social aspects of core business	Alleviation of social or environmental problem
Example	Microsoft's software donations for charity groups. Merck employees build timber houses for poverty-stricken people[a]	Certifying facilities with e.g. ISO14001 or SA8000[b]	CEMEX's new business model: Housing for the poor with savings and micro-credit scheme

(Halme & Laurila 2009)

The classification into the three types can be used in examining which kind of corporate responsibility activities usually have a positive impact on both the financial situation of the firm and the welfare of the society. Halme and Laurila (2009) point out that for example increased employee loyalty, higher customer retention rates and improvements in efficiency can all lead to economic benefits. The Philanthropy type of CR is the only one that has been clearly linked with negative economic results. What could be surprising is that also the social benefits have been found to be higher in the 'strategic' types of CR – Integration and Innovation. According to Halme and Laurila (Ibid), the evidence is clear in the research of the developing world: charitable donations have not resulted in improvements due to corruption and the short-term outlook of the donation recipients. Figure 3 below pictures the position of the three CR types with regards to the expected benefits and their relationship to the core business.

Figure 3. The level of business integration and potential financial and social benefits of different CR actions.

(Halme & Laurila 2009)

For some reason the Halme and Laurila (2009: 336) argue that the suggestions described here "are most applicable to large instead of small and medium-sized companies", but no clear explanations are given. From the point of view of this paper, it could be seen that the rationale developed by the researchers applies to SMEs too – philanthropy is probably not economically beneficial for small firms either, whereas it could be argued that small firms could benefit from for example improving their environmental efficiency with the same ratio as the larger companies. It is assumed that the researchers refer to the significantly smaller resources that SMEs have in comparison to MNEs, but it does not mean that the division of CR into three types would not be as valid for SMEs. Therefore, the categorization will be used later in this paper when analysing the corporate responsibility activities of the glasshouse growers.

3. LITERATURE REVIEW: CR MANAGEMENT

3.1. Introduction to CR management

Although earlier research has focused on many aspects of corporate responsibility, nowadays studies are more and more focused on what kind of management and methods would integrate best both social and environmental elements, or integrate corporate responsibility into the organization's daily management and business activities (Dobers 2009). Blowfield and Murray (2008: 107-116) agree that CR is becoming its own area of specific management expertise.

Generally CR management can be considered to be about managing a firm's impacts to its stakeholders and the natural environment (Waddock & Bodwell 2004). Blowfield and Murray (2008: 107-116) emphasize though that there are many different takes on what is good corporate responsibility management. Several authors have created handbooks for CR management and seek to advise business managers on how to manage CR. Common advice on managing CR includes communicating about the matter to and building close relationships with different stakeholders, joining global or regional inter-firm initiatives, gathering information on where the business has a significant impact on the surrounding environment and society, and lobbying for preferred policy changes. Management of CR should also include processes for monitoring results and making improvements consequently, and all of this should be an outcome of a vision and leadership built on CR values (Waddock & Bodwell 2004).

But although the suggestions are often based on experience, they are not all-encompassing truths. The advice can potentially be beneficial, but following it too closely can be detrimental, since there are always differences between industries, firms and countries. (Ibid) Consequently many companies have resorted to establishing their own internal CR management systems, including codes of conduct and some sort of responsibility monitoring (Waddock 2008).

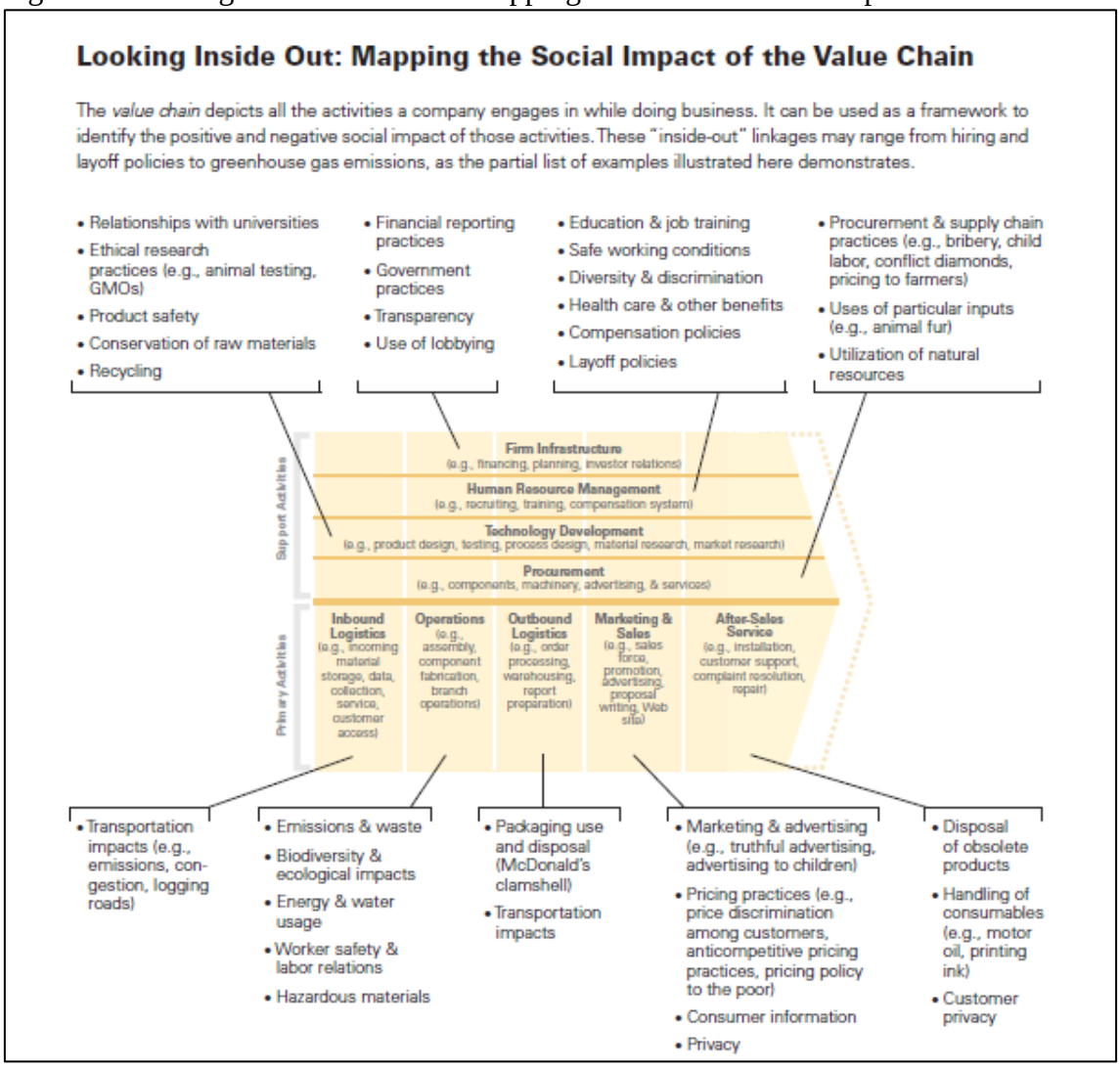
Thus, this literature review chapter will first look at the common ways to manage corporate responsibility across different industries and company types. After that, the study concentrates on the more specific and more relevant areas for this study; the agricultural sector and small and medium-sized companies (SMEs). Finally, some tools for evaluating management systems are introduced and as a summary of the whole literature review, a new framework for evaluating CR management systems is developed. The Finnish context is only briefly touched upon in the literature review, due to the lack of academic research of the CR of the agricultural industry in Finland. The Finnish context is fully presented in the empirical section.

3.2. Making CR strategic

Porter and Kramer (2006) have amongst others (for example Blowfield & Murray 2008) proposed that companies should take a strategic perspective to corporate responsibility, so that it is managed in the same way as other operational elements. According to the scholars, many companies have already improved their position a lot, but the individual efforts have not been as productive as they could have been.

Porter and Kramer (2006) propose the following to make CR a strategic element of operations. A company should firstly identify all the different impacts it has to the surrounding society, both environmentally and socially, and both the positive and the negative impacts. Porter (1985) has developed a tool for mapping the social effects that companies have, categorized by the stages in the value chain and the company's functions. A closer look to the tool can be made below in Figure 4.

Figure 4. Utilizing the value chain in mapping the different social impacts.



(Porter 1985, in Harvard Business Review, 2006)

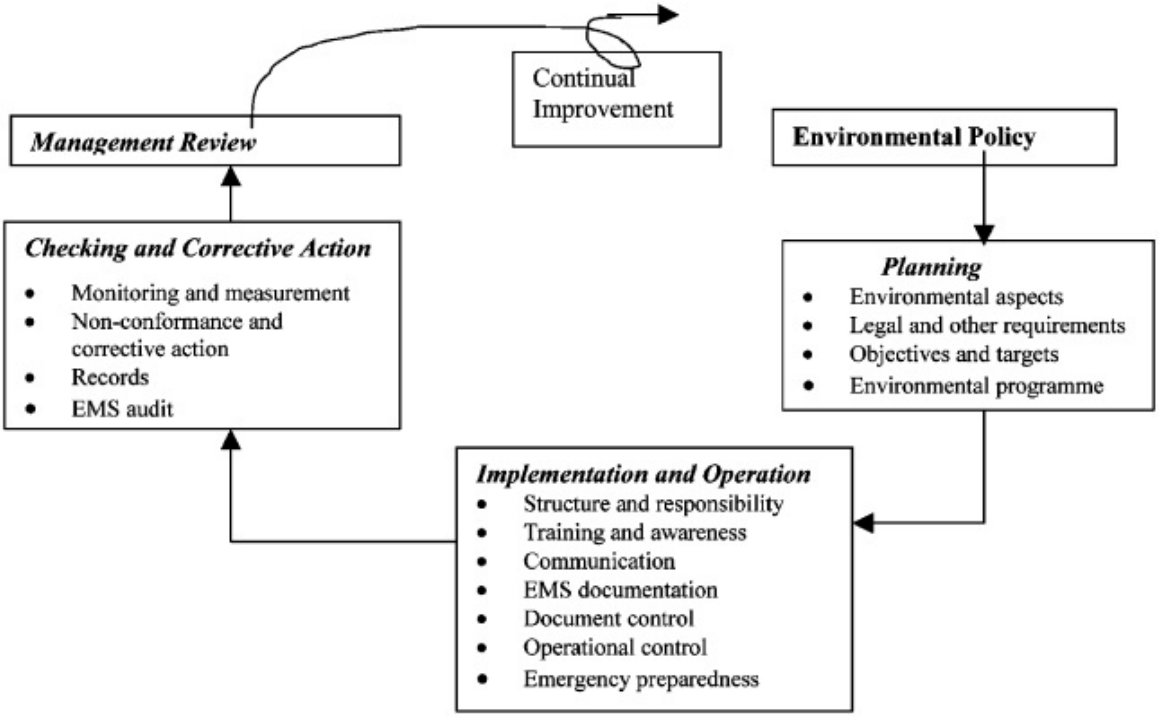
Secondly the company should determine which of these elements to improve, because the resources of the company are naturally not enough to solve all of the problems in the society. The proposition by Porter and Kramer (2006) is that the impacts or dimensions should be evaluated based on whether they present an opportunity for the company to create value for both the society and the business. Both the directly influenced stakeholders and the ones that are indirectly affiliated with the company's business and can also influence the company's competitiveness, as well as the generic social issues not directly related to the company's business, should all be considered.

Thirdly, the company is encouraged to establish its own corporate responsibility agenda. Overall there should be initiatives to respond to the issues that the stakeholders are particularly worried about, and there should also be initiatives to mitigate the possible negative impacts of the company's activities in the future. All of the projects should have clear and measurable goals and the results should be monitored over time. But this kind of responsive CR is not enough – the company should also have strategic CR, which includes going beyond best practices and seeking new competitive advantage from CR. This could mean for example innovations that base their newness on distinctively new social or environmental benefits. (Porter & Kramer 2006)

The agenda should be then transferred into the daily practices of the organization, and the new strategy should be also seen in what is being offered to the customers. The CR aspect of the business should also be reflected in the performance evaluation of the managers. Also in the communications side the emphasis on image should be switched to an emphasis on substance. The authors emphasize that the goal should not be on satisfying all of the stakeholders, but instead on the amount and depth of the positive social and environmental impacts. (Ibid)

Other academics highlight also the importance of the continuity and structure of managing corporate responsibility, once the system is in place. One quite thorough management model is the management of the ISO14001 standard of the International Organization for Standardization (ISO). Zutshi and Sohal (2004) explain that the ISO14001 standard has five core dimensions: policy, planning, implementation and operation, checking and corrective action, and management review. For an organization to be able to implement an effective environmental management system, all of these elements need to be in place. The elements should enable the organization to manage the CR issues, to maintain the positive image of the organization amongst stakeholders, to limit the risk of incidents happening, to assist in promoting due diligence and in the long term possibly reduce the need for staff because of better efficiency. Figure 5 below shows the different stages in the improvement cycle of ISO14001, which should start from the beginning every time the cycle has been finished.

Figure 5. The elements of ISO 14001.



(Zutshi & Sohal 2004)

Another management element that has been emphasized in literature is the measurement of results. It is needed to be able to define whether the management system has brought changes and where improvements need to continue. The possible measurements for assessing the results of CR activities that have been used in SMEs include reputation and social recognition, staff turnover, working atmosphere, accident rate, training costs, productivity, profit growth and waste reduction. (Murillo and Lozano 2006) Also, there is a lot of literature on how to assess the environmental impacts of companies. For example Engström et al (2007) have examined the environmental impacts of Swedish agriculture, and utilized the categories of the Swedish Environmental Quality Objectives, but the researchers note that there are several categorizations that could be used, including for instance Eco-tax, EPS and Eco-indicator. Thus, there are many kinds of tools also to support companies with impact measurement.

The strategic management of CR, the continuity of its improvement and the measurement of results are considered to be central for the management of CR. Therefore these perspectives proposed by academics will be reflected in developing the framework for evaluating management systems.

3.3. International CR guidelines

To turn from the internal development of companies to the externally established tools, Waddock (2008: 33) highlights that the development of different standards, guidelines and codes of conduct has been "one of the striking developments" in the CR field. The tools have become without a doubt an important part of the current CR management, although it might seem strange since corporate responsibility has been defined to be voluntary by nature (Blowfield & Murray 2008: 166-176). A differentiation has widely been made between codes of conduct, which are company-specific and have been established by the companies themselves, and standards, which have been developed by third parties, often by utilizing a multistakeholder dialogue (Rasche 2009). Following Blowfield and Murray (2008: 166-176), standards and guidelines are used in this paper as synonymous terms for the guiding tools for CR.

There are so many such guidelines that keeping track of them is difficult (Waddock 2008). Researchers' opinions on 'the most often used' standards differs considerably, perhaps due to differing standards being used in different industrial sectors and for different focuses. Rasche (2009) mentions SA8000, the Global Reporting Initiative, the UN Global Compact and the FLA Workplace Code as some of the widely known standards, whereas Waddock (2008) highlights the common use of the OECD Guidelines for Multinational Enterprises, the Caux Roundtable Principles, CERES Principles and the Equator Principles. Dobers (2009) on the other hand emphasizes the UN Global Compact, the Global Reporting Initiative, ISO14000, ISO26000 and SA8000 as the most popular ones, with a growing interest on voluntary guidelines by different think-tanks such as SustainAbility, World Council for Sustainable Development (WCSD) and the Organization for Economic Co-operation and Development (OECD). Hence, the variety of guidelines is immense.

Gilbert et al (2011) classify standards into principle-based, certification, reporting and process standards. The UN Global Compact is an example of a principle-based standard; it includes broad principles to act as a starting point for discussion and does not have a compliance-based guideline. Certification standards such as SA8000 include also a verification process. Reporting standards are meant for assisting companies in communicating about their CR, and the Global Reporting Initiative is a widely known example. Process standards like the AA1000 on the other hand aim at defining methods for companies to develop their own organizational CR frameworks.

Stakeholders are often mentioned as the main driver for adopting standards or guidelines. Companies have a need to meet and exceed the expectations of external stakeholders (Dobers 2009), to which all companies are increasingly responsive, to maintain their competitive position (Rasche 2009). Guidelines are used to identify the concerns of stakeholders about various business activities (Kuhn & Deetz 2008). Many interest groups such as other businesses, NGOs and governments are also more and more often involved in the creation of a guideline, to find a consensus on the key values and principles (Waddock 2008).

In addition to addressing the demands that the stakeholders of companies might have, the second aim of the guidelines is to hold companies accountable for their actions (Rasche 2009), in other words to act as a tool for NGOs and intergovernmental organizations to put pressure on companies (Kuhn & Deetz 2008). Rasche (2009) writes about *organizational accountability* as a driver for international guidelines, and defines it as the preparedness of organizations to explain and justify their decisions, intentions and actions to their different, relevant stakeholder groups. In this sense the guidelines force organizations under a lens of examination against the predefined requirements, and possibly lead to penalties if the expectations are not met. The guidelines also provide more transparency of the organization's operations to the stakeholders. With the guidelines the stakeholders can demand answers from companies and judge whether they have lived up to the expectations.

Blowfield and Murray (2008: 166-176) point out that the most important part is not who has developed the standard but instead how it is used to improve the impacts on the society and the auditing or verification of the situation on a systematic basis. Usually a written guideline states the underlying principles, the criteria, and indicators of performance and verifiers of the reliability. The authors propose that the guideline should in addition be comprehensive, comparable and credible, in other words it should cover enough important areas to describe the most significant parts of the business, thus enabling the comparison between firms. Moreover, at least the following criteria for a standard to be considered comprehensive:

- clarity and conciseness
- references to other standards made explicit
- content that is relevant for the industry but goes beyond the broad statements
- most often mentioned challenges
- continuing improvement to the performance criteria
- description of with whom information is to be shared and published
- implementable elements that can be measured over time
- availability in the relevant languages, and
- inclusion of the stakeholders in its development.

The existing guidelines receive quite a lot of criticism, partly due to their shortages in comparison to the list above. Epstein (2007) argues that it is very difficult to holistically put into words what a responsible company is. There are several international standards and guidelines that attempt to do that, but their conclusions are usually very general and lack enforcement mechanisms that would ensure the compliance of the firms. Thus the guidelines are "aspirational precepts rather than operational" (Epstein 2007: 215).

Leipziger (2003) points out another challenge: the field of corporate responsibility in particular is suffering from a vast information overload. It is difficult for academics and especially for individuals to distinguish between the internationally used guidelines, because of the multitude of firm-specific and sector-specific guidelines. Blowfield and Murray (2008: 166-176) add that despite similar names, the content of these guidelines

can differ greatly, and just the notion of having a standard says only very little of the CR performance or strategies of a company. Different issues can be covered or left out if the firm has developed the guideline itself, or then the firms seek the guideline that is most suitable for them from the sea of international guidelines.

And in addition to the written standards, there are also challenges related to the mechanism attached to the standards. Kuhn and Deetz (2008) highlight that the guidelines alone are insufficient for encouraging companies to accept stricter self-regulation. Hence some kind of an enforcing mechanism such as auditing is needed for change to take place. And even if an auditing mechanism is in place, another challenge is that non-compliances, especially those related to social issues, can be difficult to spot during short auditing visits done only at one single point in time. In general, the degree to which the company actually changes the nature of its activities as a result of joining in a CR initiative can be questioned.

To summarize, guidelines and the interlinked auditing mechanisms are a core part to the management of CR. There are however many challenges linked to them, and furthermore they are not sufficient as the only means to manage CR within a company.

3.4. Management of CR within the agricultural sector

The developments in corporate responsibility management in the agricultural sector follow quite closely the general developments found in the field as described above. But the agricultural sector has been affected by a specific driver for CR: the need for safe food (Cafaggi 2010). García Martinez and Poole (2004) argue well that food safety is a sensitive issue especially to the fresh food produce trade, including vegetables as well as fruit, seafood and fresh meat. The whole supply chain of a product needs to be of high quality, because the product is in fresh form all the way from the farm through transportation and still when consumed, and therefore the product is very susceptible to damage and diseases.

The traceability of products is thus an aspect that retail chains, which are the ones responsible for potential problems in the eyes of the consumers, are specifically worried about in their value chain. Traceability means the tracking of spoiled products and the accountability of each supplier. (García Martinez & Poole 2004) The retailers therefore wish to involve the whole value chain in ensuring the safety of food (Cafaggi 2010).

Food safety and traceability of products gained a lot of media attention in the mid-1990s when the mad cow disease broke out (Lindner 2008), and also later for example with the avian influenza and the debate about genetically modified food (Amekawa 2009). The glasshouse industry suffered its setback in the recent ehec-bacteria case of Germany which resulted in substantial financial losses for vegetable growers around Europe, although in that case the growers were falsely accused (Pulkkinen & Lappalainen 1.6.2011). Otherwise there have been only smaller mishandlings, such as an individual grower using a forbidden pesticide in red peppers in Turkey (García Martinez & Poole 2004).

However to avoid any food safety incidents, the retailers especially in Europe and the United States have demanded certification and clear guidelines (Dörr 2009). According to Dörr (2009: 217), "certification systems play an important role in any market that is burdened with a high degree of information asymmetry and quality uncertainty". The results of Fulponi's (2006) study about food retail chains operating in the OECD countries confirm that for the retailers, the most important reason for having guidelines was food safety and quality. Failures in food safety was an aspect that the retailers wanted to avoid completely, because they can damage reputation and diminish consumer confidence in the products, therefore posing a big risk to the future sales of the companies. For all of the companies interviewed, the aim was zero tolerance on safety defects.

Still, the development has not been driven only by the retailers; global and regional legislation was also developed to ensure food safety. According to Amekawa (2009), already in 1995, as the World Trade Organization (WTO) was established, it included the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS

Agreement), which bound the WTO member states to take measures to ensure food safety. Even though national governments could enforce the food safety measures they see appropriate; the measures needed to be based on scientific principles, not discriminate any WTO members, and not used to protect the domestic markets. The European Union participated in regulation as well by crafting the White Paper on Food Safety in 2000, and the General Food Law in 2002, including the establishment of the European Food Safety Authority (EFSA) (Lindner 2008). An additional driver for ensuring safe food supply chains was established in January 2005 when traceability became a legal requirement within the European Union for businesses in all tiers of European food supply chains (Souza Monteiro & Caswell 2008).

The regulations did not however clearly standardize how food safety was to be ensured in practice. Therefore a complex system including public and private, national and international modes of regulation was established. Probably the globally most often used certified guidelines within agriculture nowadays are GlobalGAP, Fairtrade and Integrated Production (IP) systems (Dörr 2009). But there are also guidelines called Global Food Safety Initiative (GFSI), British Retail Consortium certification in the UK, HACCP or ISO certification in the Netherlands, IFS certification amongst German retail chains and SQF2000 in the United States and Australia (García Martinez & Poole 2004). Guidelines similar to GlobalGAP were also developed in other parts of the world, for example KenyaGAP in Kenya and JGAP in Japan (Dörr 2009).

Cafaggi (2010) separates three recent, distinctive changes in the sector. Firstly, the element of regulation has shifted from the national level to the international level. Second, the control of the development has been to a large extent reallocated from the public sector to private actors. Because of the increasingly global food production systems, it is increasingly difficult for national governments to regulate and monitor the supply chains of food products and trace the roots of potential quality problems (García Martinez & Poole 2004), and private guidelines have gained an increasingly important role globally (Henson et al 2011). Thirdly, the regulatory responsibility has been transferred from the dispersed suppliers to the larger and more concentrated retailers.

The retailer consortiums have with their strong market position been able to demand contracts that require the suppliers to comply with strict guidelines (Cafaggi 2010).

Hatanaka et al (2005) point out that the shift from public to private governance can also be seen in the way that third-party auditing and certification has become popular. The idea of having so called third parties do the auditing is to ensure the independence, objectivity and transparency of the system to get trust and legitimacy which the retailers desire. The academics (Ibid) have researched the benefits that the participants of the global food trade – retailers, suppliers and consumers – get from the third-party certification systems. The system clearly benefits retailers, who can force their own standards through the supply chain, reducing their own liability in case problems should occur, and reducing their monitoring requirements by giving it to the third parties. This means that the growers have to bear the financial burden of the system. Therefore those growers who have the technical and financial capabilities to implement the systems can benefit whilst some of their competitors – often the smaller companies – falter. Also, producers utilizing non-conventional processes such as organic growing can benefit from the independent assurance, which should raise consumer confidence in the products. Consumers also benefit, as the safety of the food they eat is being ensured in a systemic way. However, some critics have according to Hatanaka et al (2005) pointed out that initiatives such as GlobalGAP are clear messages of retailers to suppliers and also to governments that the retailers are the directors of the food chain.

Although the aim of the retailers is good – to ensure the safety of consumers – and there are other parties that benefit also, the complexity of regulation poses great challenges to the companies supplying the fresh food produce. Cafaggi (2010) agrees with Hatanaki et al (2005) that the development has shifted the cost of regulation and monitoring to the food suppliers, as they will need to participate in costly certification schemes to be able to sell their products to the retailers. The certificates add costs without adding many benefits especially in cases where the producers need to certify for several standards. Cafaggi (2010) points out that having these new and often overlapping regulative instruments affects other stakeholders than suppliers negatively as well. Firstly, towards the consumers the multitude of labels does not bring clarity; quite the opposite.

Secondly, the validity of the standards can be questioned, since their development process often has not included the involvement of different stakeholders such as consumer and environmental organizations, and this can affect consumers as well as the retailers themselves. Lastly, the internal procedures of the private certifying associations might not always be as effective and transparent as needed.

Several studies have found that the complex and often overlapping guidelines and certification systems negatively affect especially the fresh produce suppliers in developing countries. There are studies looking into African countries such as Kenya and Uganda (Asfaw et al 2010a and 2010b, Bagumire et al 2009, Jaffee & Masakure 2005), Brazil (Dörr 2009), more broadly the African, Caribbean and Pacific regions (Sterns & Busch 2002) and even more broadly the influence of standards on the Global South (Amekawa 2009). These researchers agree that the complexity of guidelines and cost of certifying has become a big obstacle to many producers in the low-income countries. García Martinez and Poole (2004) highlight that the development affects especially the small-scale producers in those countries; these formerly voluntary codes of conduct are increasingly becoming mandatory, and the food retailers have such great bargaining power due to their size and limited numbers that they can easily impose certain product specifications even on small producers.

An interesting gap in the literature that needs to be noted here is that at the time of writing this thesis, it seems that there are no studies published in the scholarly journals about the effects of the increased certification within the agricultural sector in the high-income countries. Only one exception was found: the research conducted by Souza Monteiro and Caswell (2009) on Portuguese pears. And even that study does not concentrate on the CR management system or the standards enforced by organizations such as GlobalG.A.P, but on the traceability of the products.

Another trend with the CR guidelines is harmonization. Academics debate however whether there actually is a need to harmonize standards. According to Dörr (2009), several researchers have argued for the harmonization of guidelines by integrating different international standards. Fulponi (2006) mentions that most retailers would

prefer one global standard, to decrease transaction costs to both retailers and suppliers, and to make the switching of suppliers easier for them, so that they could source products from all parts of the world. Gilbert et al (2011) point out that the negative effects of the overall global proliferation of CR standards are the decreased legitimacy of each standard and the increased uncertainty of which standard will become dominant.

But on the other hand, the World Trade Organization (WTO, 2005) has made a counterargument that harmonization might also lead to smaller product variety, which is not desired. Another noteworthy point made by the WTO (Ibid) is that the advantage of local guidelines is that they reflect the specificities of both the local technical requirements and also the social values and cultures of the specific locations. An example of geographic differences from the vegetable growing industry is that in Finland there are not as many pests because of the cold climate and the plants therefore do not need as much protection as they do in the more southern countries (Rautio 23.2.2011). Gilbert et al (2011) add that different guidelines can be utilized for different causes, for example one guideline for environmental management and another for social. Hence some local or topic-related adaptation in guidelines can be a positive thing.

In addition to the global trends, the approaches of food retailers in different European countries towards the CR standards also differ from one another due to varying business contexts. In the UK, it has been common for large retailers to have their own labels and systems for ensuring the ethicality of their products and suppliers, because the government enforced strict regulations for food safety early on. (Dörr 2009) In comparison, in France the situation has developed differently, mostly due to the importance of importers over the retailers in the supply chain. Therefore the French retailers have not developed their own labels, except for domestic products. In Germany on the other hand the situation is again different, because the marketplace is dominated by food discounters – retailers that focus on low price and narrow product variety. These companies have found compliance with EU standards sufficient for suppliers, as their main concerns are logistical; how to meet strict deadlines. (García Martinez and Poole 2004) Hence, the management of CR has developed a bit differently even between the European countries despite the global trends.

3.5. GlobalGAP

It appears that the agricultural industry's best effort to create a globally relevant CR management system has been the GlobalGAP. The consortium formerly known as Euro-Retailer Produce Working Group (EUREP) was created by 13 European retail chains, mostly Dutch and British ones (García Martinez & Poole 2004). Its aim was to harmonize the minimum standards in 1997, and in 1999 the first version of Good Agricultural Practice (GAP) guidelines on food safety, pesticide usage, traceability of produce and environmental and worker protection was published (Henson et al 2011, Amekawa 2009). The goal was to avoid a situation where suppliers would have to be certified for several standards due to supplying for several food retailers in Europe, and another aim was to prevent the use of food safety as a marketing tool differentiating the retail chains (García Martinez & Poole 2004). Already in 2004 EUREP had 30 large retail chains from 12 European countries as members (Henson et al 2011).

With the growing international interest in the standards created by EUREP, the organization renamed itself to The Global Partnership for Good Agricultural Practice, GlobalGAP, in 2007. The GAP-guidelines of other countries were harmonized with EUREP and nowadays the organization has both retail representatives and growers in its board and sectoral committees, and the members represent Africa, Asia and Latin America in addition to Europe. (Henson et al 2011)

The GlobalGAP guideline is defined in its Membership package (2011a: 1) as "a global partnership of voluntary members, bringing together like-minded parties with the shared vision of harmonising Good Agricultural Practice (G.A.P.) worldwide". The good agricultural practices in the guideline include nowadays aspects of environmental protection, worker welfare, food safety and animal welfare. Any organization that agrees to the terms of the guideline can join the initiative, but there are four specific membership types: retail members which sell agricultural products, individual supplier member and group supplier members which produce the agricultural goods, and associate members, which are usually certification, consulting, plant-protection or fertilizer-producing organizations. For example the two largest Finnish retailers as

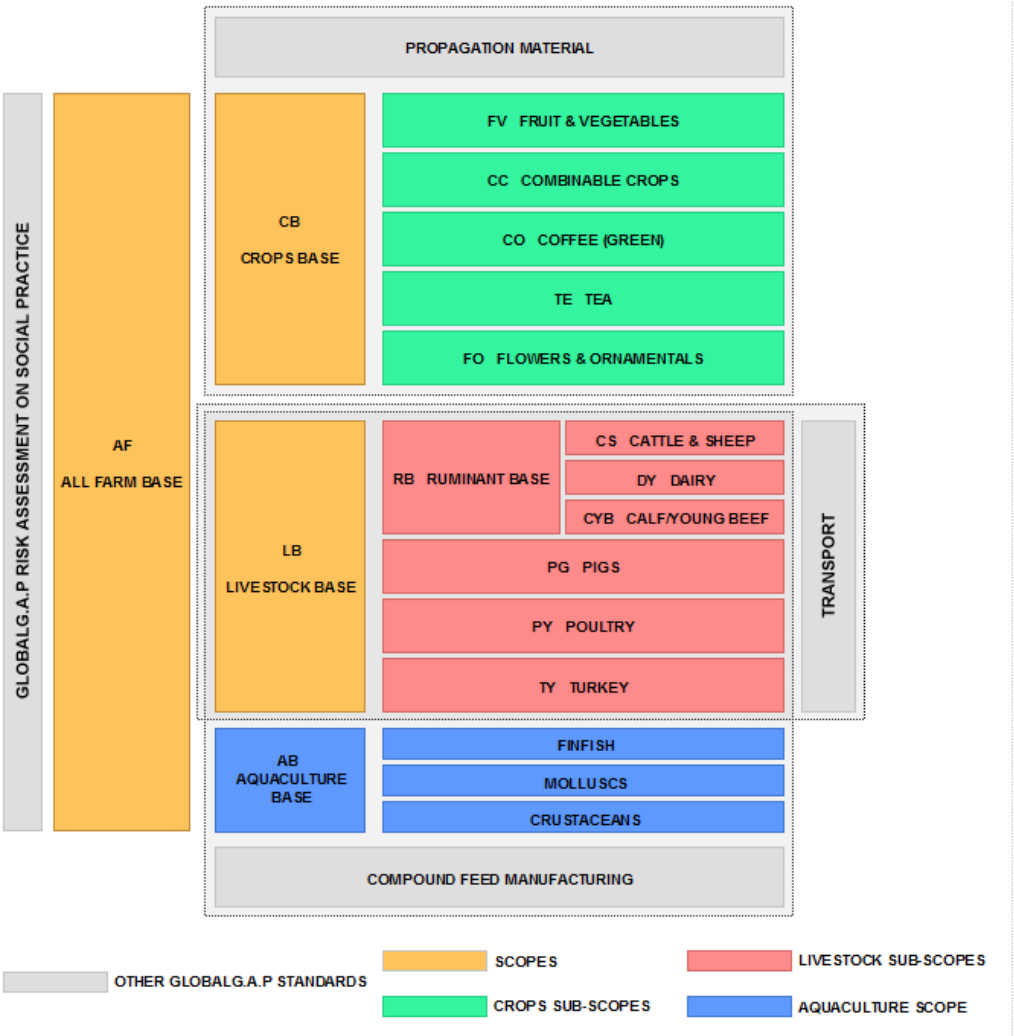
measured by market share (Lehtinen 2009), Inex Partners and Kesko, are members of GlobalGAP.

There are several ways in which the members benefit from GlobalGAP, according to the Membership package (GlobalGAP 2011a). They can contribute to the governance of the partnership by participating in the drafting of the standards, they are informed about the developments in their sector and they have access to customized knowledge. The members also get many kinds of services and discounts from a variety of related businesses and get their logos displayed in GlobalGAP publications and conferences. In exchange for the benefits, the members are be obliged within the partnership to encourage the adoption of the Farm Assurance Schemes; to develop a Good Agricultural Practice framework; to give guidance to its members to improve continuously and understand best practices; and to communicate with consumers and stakeholders such as producers and importers to ensure open exchange of information.

The content of the standard is customized for the users by having certain requirements for all and certain requirements depending on the agricultural sector (Amekawa 2009). The standard titled *All Farm Base* (GlobalGAP 2011c), which is meant for all kinds of farms in the GlobalGAP guideline package, gives advice on how to keep records and do internal self-assessments; how to ensure the health and safety of employees; how to treat subcontractors; how to identify and manage waste and pollution; how to take environmental conservation into account; and how to handle complaints and recalls. It also guides GlobalGAP members on assessing potential risks and preparing action plans for the possible realization of the risks. For the glasshouse growing industry, the GlobalGAP standard has more specific compliance criterions on the traceability of the products; the propagation materials used; soil management aimed at conserving soil; optimizing fertilizer use and storage; efficient use of irrigation water; pest management including the most suitable pest control techniques; plant protection in cases of severe pest attacks; and on the maintenance of equipment. Figure 6 below describes the different categories of GlobalGAP guidelines for different producers.

Altogether the standard consists of over 200 control points and their compliance criteria (Dörr 2009). The individual control points are either “major musts”, which all need to be fulfilled, “minor musts”, out of which 95 % need to be complied with, or “recommended”, which do not need to be complied with necessarily (Amekawa 2009). Certified companies are annually inspected and they agree to accept possible unannounced inspections as well (Dörr 2009).

Figure 6. The GlobalGAP guidelines for different agricultural producers.



(GLOBALGAP 2011b)

Nowadays GlobalGAP is more accessible than ever before. The organization has according to its website (GlobalGAP, 2011d) translated the guideline to be suitable for over 100 countries situated on all continents. GlobalGAP has also trained the

representatives of over 100 independent local bodies in certifying agricultural companies. The needs of the small-scale growers have also been tried to accommodate. For small-scale businesses there is an option to have a group certification, which means that these small growers form a group and together acquire the certification, which will reduce the costs of the certification process with annual audits (Souza Monteiro and Caswell 2008).

Almost all of the academic literature looking at GlobalGAP concentrates on its impacts on the agricultural industry in developing or low-income countries (Asfaw et al 2010a, 2010b, Amekawa 2009, Bagumire et al 2009, Dörr 2009, Mausch et al 2009, Vagneron et al 2009, Jaffee & Kasakure 2005, Sterns & Busch 2002). As described before, the critique is on how the costs of certification are pushed by the retailers to the poor suppliers. GlobalGAP is said to diminish the opportunities of small-scale growers especially by giving a financial edge to large farms (Amekawa 2009). The costs to growers come not only from the annual certification procedure but also from investing to technical training, hygiene practices, more costly pesticides and structures such as disposal pits and pesticide storage facilities (Ibid). Both Henson et al (2011) and García Martinez and Poole (2004) argue that this can easily lead to the exclusion of the small-sized suppliers from the chains.

But the certification has also been found to benefit companies regardless of size; instead depending on the timing of standard adoption. Henson et al (2011) researched the effects of GlobalGAP certification in sub-Saharan Africa, and conclude that financial and technical assistance as well as being situated in a country with well-established exporting is a benefit in becoming GlobalGAP certified, but that ultimately all companies that have been certified were found to generate higher export revenues. The results of their study suggest in addition that there is a first-mover advantage; the companies in the study that had gained certification first enjoyed greater increases in export sales than the certified companies in general. The gains of a late adopter might be significantly smaller. The same has been noted by García Martinez and Poole (2004), who point out that the first movers often gain a position as the preferred suppliers.

Literature suggests also some improvements to GlobalGAP. An interesting study by Sterns and Busch (2002) is a comparison between EUREPGAP and another initiative called COLEACP, which is more of a bottom-up standard developed in collaboration with exporters and importers of Europe, Africa, the Caribbean and the Pacific to harmonize the standards of several countries in those regions. A clear difference to the advantage of the individual growers in the COLEACP standard is that it supports the implementation of the requirements by providing the training for the adoption of the system to the growers, whereas in EUREPGAP or nowadays GlobalGAP, the growers are not to be advised before audits. The COLEACP is also more participatory in the development of the standard, encouraging participation of different interest groups such as retailers, other standardization organizations, NGOs, trade associations and regulatory authorities. Although the representation of different geographical regions and interest groups within GlobalGAP has increased since the time of the paper by Sterns and Busch (2002), it could be assumed that GlobalGAP could benefit from a more supportive and open approach.

For Finland the importance of GlobalGAP has not been high on the part of the growers; only a few growers have so far gotten the certificate (Itä-Savo 22.11.2010). This is due to the wide adoption of the industry's domestic guideline Laatutarha, which satisfies the needs of the retailers. Then again from the retailers' perspective GlobalGAP is a central guideline, because it is commonly demanded from the foreign suppliers of vegetables and other agricultural products.

3.6. Other CR guidelines relevant in the agricultural industry in Finland

GlobalGAP is not the only common guideline, as mentioned before. There are also several other CR guidelines and systems, which are perhaps currently even more relevant in the Finnish context. One guideline that could possibly be researched more thoroughly in this literature review is Fairtrade. It is a globally recognized label which concentrates on ensuring the ethicality of the producers' working conditions, and

guarantees fair prices for the consumers but also a monetary premium for the producers (Dörr 2009). The elements of the Fairtrade guideline will however not be presented here in more detail for two reasons. Firstly, the Fairtrade certification is intended for producers in the developing countries and it is not relevant for the Finnish growers. Secondly, the label can be given to producers ranging from plant growers to cotton product manufacturers, whereas this research focuses on glasshouse growing. (Reilun kaupan edistämisyhdistys ry 2011)

Another CR system that could be discussed more thoroughly is the organic produce system, in Finland, Luomu. The system has internationally harmonious guidelines, which include compliance requirements and prohibitions on amongst others the development of an organic system, the processing and handling of the products and social justice. (Dörr 2009) Organic production is a specific method in agriculture, which is monitored by the public authorities and which is regulated by the regulations of the European Union. Each member state monitors the quality of the production individually, whereas the principles of the production are decided by the International Federation of Organic Agriculture Movements, IFOAM. The reason why the standard of organic products is not focussed on here is that it is a specific method of growing plants, which only applies to a limited part of the whole industry, and will most probably never be the sole method of the glasshouse growing industry (Luomuliitto ry 2011)

A third CR system that needs to be shortly introduced is the Svenskt Sigill, which is a system similar to the GlobalGAP, but which has been developed specifically for the Swedish agricultural industry. According to the organization's website, the system has been developed to ensure food safety, to minimize the negative impacts of agriculture to the environment and to enable the traceability of products from farms to the grocery shops. Similarly to the other standards, the Sigill is targeted at all kinds of agricultural producers, including both growing of plants and animals, and it includes a guideline and a certifying process. The consumers perspectives are taken into consideration when developing the requirements and the retailers and government representatives take part in the decision-making. (Svenskt Sigill 2011a) Svenskt Sigill has been a benchmark for the Finnish CR system and therefore it will be discussed more in the empirical part.

The explanation why these three CR systems or other systems relevant for the agricultural sector are not more carefully presented here is the lack of academic research about them. This reflects the importance of GlobalGAP as the most internationally relevant CR system within agriculture, and also the lack of academic studies about CR amongst European agricultural producers. The guideline most commonly used in Finnish glasshouse growing, Laatutarha, will be presented together with the case in the empirical part of the paper.

3.7. CR Management systems of SMEs

Academics (e.g. Fassin et al 2010, Fisher et al 2008, Blowfield & Murray 2008, Murillo & Lozano 2006) have noted that the clear majority of academic research on CR has focused on large companies. Jenkins (2004: 51) argues that "when it comes to discussing the relationship between business and society, the vocabulary, the rationalisations for change, the examples cited of problems and of good practice, and the suggested solutions, are dominated by larger companies". Also the emergence of so many different standards can be linked to the growing number of multinational enterprises (MNEs), as the MNEs gain control of more and more resources and assets worldwide (Rasche 2009). One example of an academic not including SMEs in the discussion of CR is Epstein (2007), who argues that the core aspect of corporate responsibility is not only that it needs to go beyond compliance with legislation, but that firms should actually raise the standards themselves and actively participate in the drafting of public policy – and this cannot be realistically expected from SMEs.

Although academics concentrate on MNEs, the vast majority of companies in the global economy are SMEs (Fisher et al 2008). Approximately 99 % of firms in Europe are SMEs (EU 2011), and thus they are an important part of the commercial world, and in total can contribute significantly to sustainable development (Hillary 2004). SMEs also employ between 50-60 % of the global workforce (Jenkins 2004). The numbers of course differ depending on the way that an SME is defined, since there are differences between countries and subjects of study; SMEs can be categorized based on turnover,

amount of employees or market share (Fisher et al 2008). In this paper, the definition of the European Union (2011) for an SME is used, because of the Finnish context of the study. An SME has less than 250 employees, and its turnover is at maximum 50 million euros, and/or its balance sheet is worth maximum 43 million euros. Below is a table summarizing the enterprise categories.

Table 2. The definitions of small and medium-sized enterprises.

Enterprise category	Headcount	Turnover	Balance sheet total
medium-sized	< 250	≤ € 50 million	≤ € 43 million
small	< 50	≤ € 10 million	≤ € 10 million
micro	< 10	≤ € 2 million	≤ € 2 million

(EU 2011)

An interesting CR aspect is that although the environmental impact of SMEs is not known, estimations have been made that SMEs might make up as much as 70 % of industrial pollution (Hillary 2004). A fact of the SME sector is though that their heterogeneous nature, size and structure make it difficult to generalize about their environmental impacts or strategies (Battaglia et al 2010). Still in the European Union, improvements in the environmental impact of the SMEs are considered to be an important part of the region's aspiration to a more sustainable future (Hillary 2004).

Although SMEs are all unique, there are some aspects in their daily management practices that differentiate them from larger companies. Battaglia et al (2010) characterize that SMEs are not very hierarchical or bureaucratic, since they are often managed by the owner. Their ways of communicating with stakeholders are often informal and based on the needs of different situations. They interact closely with the local community and value informal interpersonal relationships. Often SMEs situate in some local network, or the supply chain network of a larger enterprise. This means that the SMEs are often under the market forces of some larger business (Murillo and Lozano 2006). The SMEs can also be considered spontaneous; they have a day-to-day problem solving focus, and since the employees do not have much time for strategic planning, big decisions can be made often in an ad hoc way (Fisher et al 2008, Murillo

and Lozano 2006). Multitasking and overlapping responsibilities are common, and SMEs often have a participatory and open culture (Fisher et al 2008).

Jenkins (2004) highlights that the main differences of large versus small companies are in fact about their culture; in small companies the ownership structures are different, the geographic location of the company might not be similar to larger companies (which are often located in large cities), the companies are quite often short on cash and the characteristics of the owner-manager significantly determine the direction and culture of the company. The differences in the management cultures between large and small companies are summarized below in Table 3.

Table 3. Cultural differences between large and small companies.

Corporate (seeking to achieve)	Small Business (often characterised as)
- order	- untidy
- formal	- informal
- accountability	- trusting
- information	- personal observation
- clear demarcation	- overlapping
- planning	- intuitive
- corporate strategy	- 'tactically strategic'
- control measures	- 'I do it my way'
- formal standards	- personally monitoring
- transparency	- ambiguous
- functional expertise	- holistic
- systems	- 'freely'
- positional authority	- owner-manager
- formal performance appraisal	- customer/network exposed

(Jenkins 2004)

Because of the differences in management cultures between large and small companies, also the approach of small companies to CR is different from the large companies' approach. The researchers agree that SMEs often cannot afford to take up expensive management systems (Blowfield & Murray 2008: 123-126). Therefore tools for SMEs should be different from the much formalized tools meant for MNEs (Murillo & Lozano 2006). Jenkins (2004) argues that in SMEs CR is more local in scope, its benefits are often intangible, and the activities more unplanned and smaller in scale. Large companies are usually very aware of their CR initiatives, whilst smaller ones could be conducting CR without realizing it (Fisher et al 2008).

Jenkins (2004) continues that SMEs can be rather difficult to regulate because don't regularly adopt voluntary regulation, but they also don't trust bureaucracy. They are less responsive to institutional pressure stemming from competitor benchmarking, government agencies and private interest groups than larger companies. In addition, SMEs are often specialized in a specific element of CR, for example quality management or social benefits for employees, and this specialization can drive SMEs further to finding other relevant areas of CR (Murillo & Lozano 2006). The particularities of CR conducted in SMEs are summarized in Table 4 below.

Table 4. The differences in CR theory for large and small organizations.

Corporate CSR	Small Business CSR
Who	Who
- responsible to wide range of stakeholders - perceived responsibility to society at large - importance of shareholders	- responsible to fewer and/or different stakeholders - perceived responsibility to the local community - SMEs often don't have shareholders
Why	Why
- protection of brand image and reputation - pressure from consumers - shareholder pressure, the SRI movement - the business case	- protection of customer business - pressure from business customers down the supply chain - pressure from money lenders? Unaffected by SRI movement - proven business case lacking
How	How
- based on 'corporate values' - formal strategic planning for CSR - emphasis on standards and indices - key involvement for CSR professionals - mitigation of risk	- based on principles of 'owner-manager' - informally planned CSR strategies - emphasis on intuition and ad hoc processes - no dedicated personnel for CSR programmes - avoidance of risk
What	What
- prominent campaigns e.g. Cause Related Marketing - publicity linked to CSR activities	- small scale activities such as sponsorship of local football team - activities often unrecognised as CSR

(Jenkins 2004)

But the academics have different views to how CR should be approached in SMEs. Blowfield and Murray (2008: 123-126) note that there are different approaches to viewing SMEs and corporate responsibility, varying from seeing SMEs as victims, as a danger for others, as organizations that do not have to care about CR or as important channel for spreading CR. Murillo and Lozano (2006: 228) found in their study of Catalan SMEs that the formal concept of CR "is not a concept that makes people feel

comfortable or one with which they can identify". The European Commission (2007) has done similar findings that the CR language can be off-putting to SMEs. Murillo and Lozano (2006) emphasize that CR within SMEs is excellence in management; more like informal CR, which is like a complex collection of social practices. As a result, when discussing CR with SMEs the emphasis should be on creating a pleasant environment for discussion and concentrating on best practices already found amongst other companies.

Some academics (Simpson et al 2004, Jenkins 2004) on the other hand view that a more strategic approach is needed for SMEs too. Jenkins (2004) argues that CR initiatives should not be only 'scaled down' to 'fit' SMEs because of their special nature. But the initiatives should utilize the flexibility and responsiveness of SMEs, who do not get stopped by bureaucratic processes. Simpson et al (2004) agree and add that CR is a strategic issue for SMEs, and it is not only about complying with legislation. And even if it is not strategic to SMEs, it surely is for local economies and national governments, who should find ways to encourage SMEs to adopt CR practices. And this seems to be the aim of the European Union for example; in a publication about good CR practices within SMEs by the European Commission (2003) only such activities were included that fulfilled the following criteria: a business case needs to be visible; the activities need to be linked with the broader business strategy; communication needs to be in place to inform stakeholders; and the process needs to be continuous and dynamic.

Jenkins (2004) points out that what should be taken more carefully into account than what current researchers have done is the multitude of attitudes of SME managers towards CR. To some, intangible benefits such as improved image can be enough, whereas other managers need more convincing on the solid financial advantages that can be gained. The author concludes: "SMEs are frequently seen as a problem within the CSR debate, because of their failure to become engaged with it. An alternative interpretation is that it is the CSR debate that is the problem, because of its failure to engage SMEs." (Ibid, 52). Also, the European Commission (2007) highlights that the uniqueness of SMEs when compared with one another should be taken into account when developing CR systems; tailor-made approaches are needed for different types of

SMEs. The differences stem not only from industry differences but also from differences between countries' political traditions, nature of social dialogue and degree of regulation.

The approach of this study is viewing SMEs as an important segment of the economy, and therefore also important actors for delivering CR. SMEs are acknowledged to have limited resources and thus they cannot have as wide CR activities as larger companies, but it is also considered that they cannot be excluded from the CR discussion. The topics of how SMEs can be better encouraged to improve their impacts to the society and what kind of CR suits them best will be also examined through the case study.

3.8. Benefits and challenges of CR in SMEs

Related to the previous discussion, Jenkins (2004) points out several aspects in which SMEs do not benefit as much from CR activities as larger companies. Firstly, the dilemma of the 'business case' thinking is even more significant when considering SMEs. Jenkins (Ibid) argues that for example reputational and consumer pressures, employee motivation and productivity, and financial performance are the often mentioned 'win-win' cases of CR, but they do not fully apply to SMEs. The business case of protection of reputation for instance seems not to be the same for large and small companies. This is because SMEs are less susceptible to consumer pressures; they usually do not sell directly to consumers. Additionally SMEs typically do not have a strong brand or image that they would need to conserve. Another driver for CR in large companies is looking after and attracting good employees, but even though SMEs have been found to see that as a motivation for CR, they in reality do not have time and resources to improve the matter. (Jenkins 2004)

But the statements of Jenkins (2004) are only hypotheses and in fact other academics have found that SMEs benefit from CR activities. Hillary (2004) has examined the opinions of SMEs in several European Union countries, including Finland (Hillary et al 1998), about the ISO14001 and EMAS environmental management systems, and found some significant benefits for SMEs. The most important internal benefits were found to

be efficiencies in the operations; the improvement of quality systems and management, the introduction of training – which does not always exist in SMEs – and the encouragement of innovative activities. Also the financial savings are a benefit, as are the improved communication channels and the skills, knowledge and attitudes of the employees. The improved dialogue between the employees and management and the resulting enhancement of morale is a valuable asset. In addition, external benefits that the firms get include the attraction of new customers and the satisfaction of current customers, the assured legal compliance, reduced energy consumption and waste minimization, image improvements and stakeholder dialogue enhancements.

Similarly Battaglia et al (2010) found the main benefits of CR management to be maintaining the position in the market and ensuring compliance with regulations, in a study of certain EU industrial clusters of SMEs. Also ease of access to finance was mentioned. Correspondingly Heras and Arana (2010) emphasize the benefits of ensuring compliance with legislation, improving the image of the company, mitigating risks and responding to pressure from customers and public authorities as benefits found when studying SMEs in the Basque Autonomous Region in Spain. Murillo and Lozano (2006) found the main drivers for CR in Catalan SMEs to include the potential competitive impact, the possibilities to find innovations in the process, the need to differentiate from competitors and staying up to date with applicable regulation. Zutshi and Sohal (2004) have noticed that the benefits gained from ISO14001 in Australasia are often stated to include cost savings, increased work safety, better relationships with stakeholders and more efficient communication.

The same studies that have found noteworthy benefits in CR activities for SMEs have understandably also outlined the common barriers and disadvantages to adopting formal CR management systems. Hillary (2004) argues that the main internal barriers of adopting an environmental management system for SMEs are difficulties related to the scarce financial and human resources, previous knowledge needed for understanding a system, and the unfavourable company attitudes and culture towards these kinds of initiatives. The SMEs might also struggle with the practical implementation of an environmental management system; determining the environmental aspects and

assigning significance to different aspects can be tricky. Simpson et al (2004) summarize the obstacles within the SME organization; poor management skills, low level of strategic awareness of the owner-managers, lack of knowledge on legislation, not understanding requirements and a reactive approach in management.

Hillary (2004) adds that there are also external barriers. Stakeholders, namely customers, local governments and regulators are an important external influence on the firms, but in many instances it has been found that the customers do not demand the companies to improve their environmental performance, and therefore the companies do not see a need to implement the systems. At other times if the pressure to improve CR exists, it can be that the companies fail to get good quality support and guidance from experts. (Hillary 2004)

After the decision of adopting a CR management system has been made, some disadvantages can also be found. Hillary (2004) highlights that the implementation of a management system has sometimes required more resources, in terms of cost, skills and/or time than what was expected. The system might not have integrated so well with the existing quality systems, or the stakeholder expectations were still not met. In some cases the firms did not take the continuity of the audit cycle into account. Non-compliances can also present a tricky situation; on one hand the SME can easily spot the problem area but on the other hand it can cause dilemmas if the problem cannot be fixed immediately due to resource constraints.

Battaglia et al (2010) suggest a solution to the challenges faced by SMEs: the companies should form a networked system, a cluster. All of the companies have similar close relations to the surrounding business environment; their social and environmental impacts on the society are similar, they interact similarly with external actors and they face similar social and environmental pressures from stakeholders. The researchers also suggest that some intermediate institution could act as an active facilitator, operating among and between SMEs, local communities and public authorities. These institutions could promote shared strategies amongst the SME cluster, improve communication between stakeholders and establish innovative processes

within the cluster. The European Commission (2007) writes along the same lines that a cluster approach could benefit SMEs, since the costs of action could be reduced, because the companies are facing common issues. This could be combined with the proposal of Simpson et al (2004); that the obstacles mentioned before could be lessened with company-specific advice given face to face and preferably on the premises of the SMEs, and with affordable cost of advice to ensure SMEs can pay but not to offer it for free because SMEs can be suspicious towards that. And this cluster facilitator could perhaps be responsible for these activities.

Battaglia et al (2010) also write about a cluster brand, which can improve the image of the companies and consequently advance their competitive capability. The researchers talk about SMEs being located in same geographical region to be able to form a cluster. They also suggest that the cluster could, in order to avoid wasting resources, make a 'cluster sustainability report'. There are some dimensions to the cluster approach that need to be carefully considered though. The leadership of the cluster needs to be strong and legitimate to be able to represent all of the SMEs. Also, it needs to be made sure that the needs of the SMEs match. A cluster approach, harmonizing operations for many companies, does provide poorer results than an individual approach, if the impacts of the firms on the society are different and if they value different stakeholders.

To sum up the most relevant elements of the SME discussion found in the literature, it appears that the attitudes and perceptions of the SMEs are extremely important when developing a CR management system for them. If the companies are not satisfied, they will not adopt and maintain the CR systems. The cluster approach mentioned here provides a good basis for reflection with the case, since the CR system of the Finnish glasshouse growers operates quite similarly.

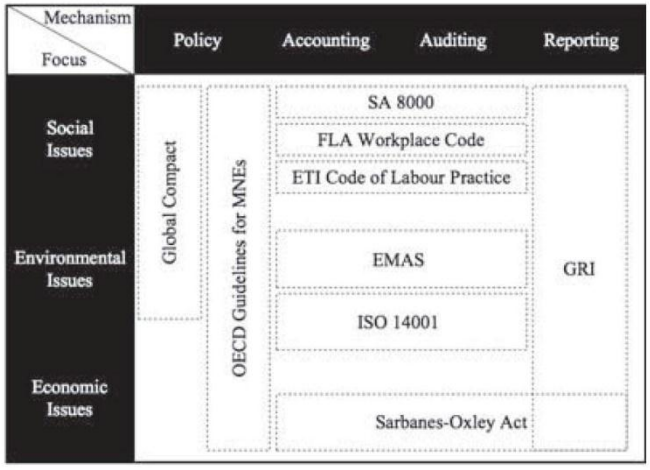
3.9. One approach for analysing CR standards

The most relevant existing tool for the analysis of CR management systems is the model developed by Rasche (2009) to compare and analyse different management standards. The framework appears to be quite comprehensive, but it needs to be noted that it has

been developed with *standards* in mind rather than *management systems*. The framework appears to focus specifically on international guidelines established by global NGOs, such as Global Compact and the GRI, and therefore it has a narrower scope, for instance excluding the analysis of whether business case thinking is a part of the standard, or system. Hence, the framework is not sufficient for the purposes of this study, but it will be used as an important reference.

As a very broad classification, Rasche (2009) differentiates international standards by their focus and the mechanisms that they demand of organizations that adopt them. The focus areas follow Elkington's (1997) 'triple-bottom-line' of CR – social, environmental and economic responsibility, whereas the mechanisms are policy, accounting, auditing and reporting, in other words the means by which organizations are held accountable. With these two categorizations, some great differences between standards can already be found. Some standards such as ISO14001 focus solely on environmental issues whereas others such as the GRI take all areas into account. Some standards like the OECD Guidelines for MNEs are also more like policy tools, promoting the broad starting point for learning and discussion, whereas others like the SA8000 require the measurement and verification of different issues. See Figure 7 below for details.

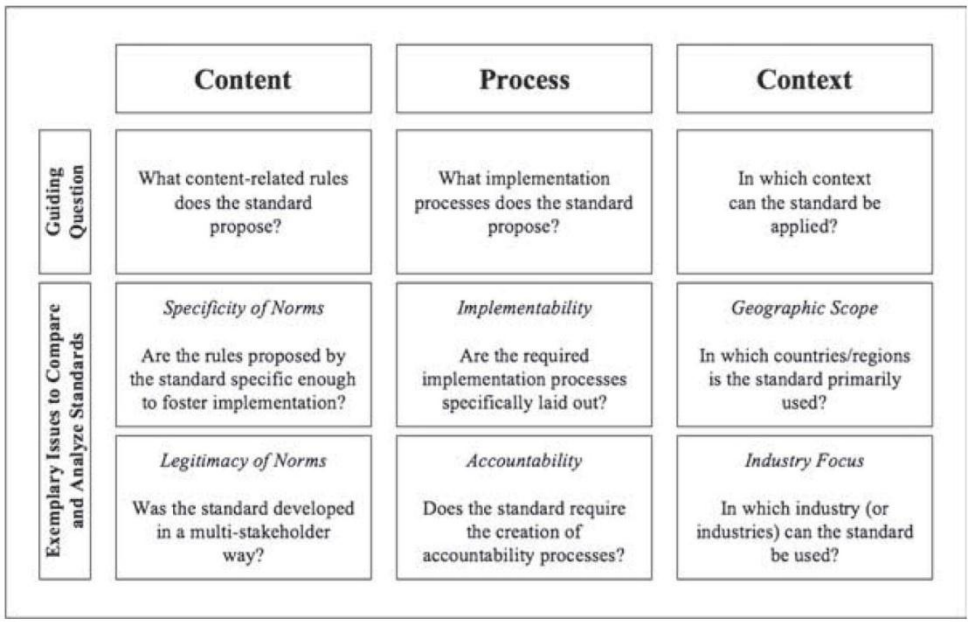
Figure 7. Overview of selected accountability standards as defined by their CR focus and included mechanisms.



(Rasche 2009)

This categorization by Rasche (2009) provides an initial differentiation between the alternatives and shows the overlaps and compatibilities between standards. But Rasche (2009) has continued by developing a more thorough model for actually evaluating the suitability of each standard for different organizations. The model includes three aspects: the *content* of the standards and its specificity, the *processes* that are required from participants to implement the content, and the *context* in which the standard is applicable. This model, pictured below (Figure 8), is a supplement to the previous framework and should not be considered as a substitute to the dimensions introduced in Figure 7.

Figure 8. A model for analysing and comparing accountability standards in terms of their content, process and context.



(Rasche 2009)

Rasche (2009) defines that analysing the *content* of the standards has two main considerations: the specificity and the legitimacy of the requirements. The aspect of specificity refers not only to which of the three issue areas the standard includes, but also to the clarity and conciseness of the individual requirements presented to the adopters of the standard. The 'interpretative flexibility' of a standard can be decreased

with clear rules, and this can increase the trustworthiness as experienced by the stakeholders. The second aspect, legitimacy, refers to the trustworthiness of the standard setting organizations. Rasche (2009) argues that the legitimacy of the organization behind a standard is defined by the magnitude of communication between the organization and the parties that can be affected by the standard. In order to create legitimate standards, the organization should have engaged in multistakeholder dialogue, to understand the heterogeneity of values and traditions between parties.

The second part of the model by Rasche (2009), the *processes,* can also be examined through two dimensions: their implementability and accountability. Implementability is a vital aspect of a standard – it needs to be explained how the processes required from organizations can actually be implemented. The processes need to be easily understandable, clearly specified and they need to fit with the amount of resources companies can allocate. Accountability on the other hand refers to whether the standard has a process whereby stakeholders can demand justification for an organization's actions. Accountability processes include complaint processes for reporting non-compliances, evaluation processes to monitor performance against requirements, transparency-enhancing processes to inform stakeholders on relevant matters on a timely manner, and participation processes for involving stakeholders in relevant decision-making.

The third and last dimension according to Rasche (2009) is the *context*, including the geographic and the industry focus. Some standards can be more relevant in other geographic areas than in others due to their content. For example the SA8000 is particularly relevant in for example China and India, because its rules are specifically linked to the current challenges within workplace conditions in those countries. Also, there are differences between industries with regards to their constraints, challenges and also expectations from stakeholders, and therefore some standards focused on certain industries might not be attractive to organizations in other sectors. Hence, Rasche (2009) recommends having sector-specific standards to be able to concentrate on the most relevant issues and to benefit from the experience and dialogue within the sector.

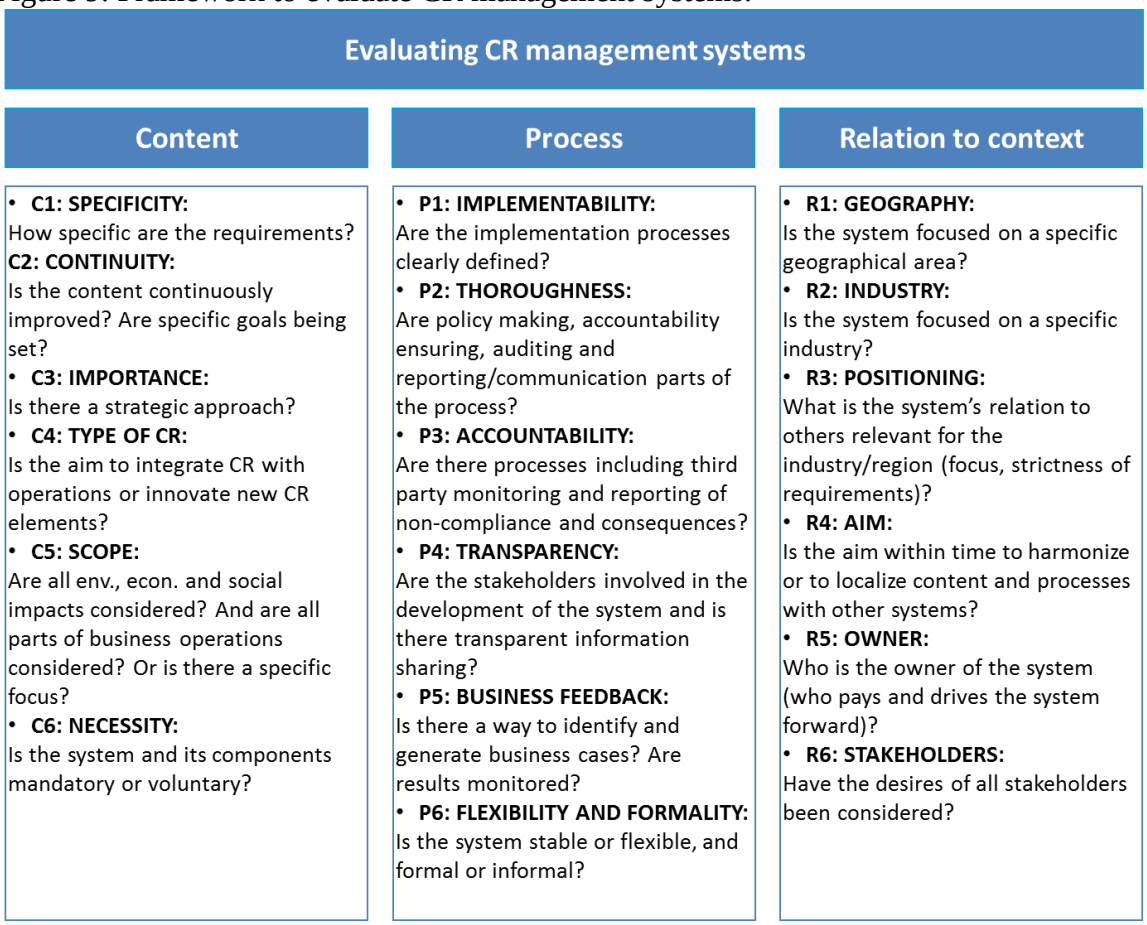
Rasche (2009) concludes that the existing research in accountability standards is at this time too descriptive. He argues that future research should empirically test the relevance of these three dimensions of accountability standards and the elements within them. He writes that "a mix of qualitative (i.e., single case-based) and quantitative (i.e., survey-based) methods seem most promising to tackle this question" (2009: 203). There is a lot of enthusiasm from the side of the standard advocates, but also a lot of criticism from civil society organizations that blame companies of engaging in "free PR ride", and therefore "evaluation of accountability standards appears both necessary and timely" (Ibid). And this is what the aim of the empirical section of this paper is.

3.10. Summary of the literature review: framework for evaluating CR management systems

To sum up all of the literature reviewed, a framework was developed. The framework follows the input given by Rasche (2009), since the author's framework was the only systematic tool for analysing CR management systems that was found. However, there were several elements identified in the literature that are missing from Rasche's (Ibid) framework, and therefore these elements were added. This framework will be used as the main tool of analysing the empirical material gathered.

An important note is that the framework has been developed for analysing a CR management system from the perspective of how well a system is able to enhance the CR of the companies or organizations using it, and to what extent the stakeholders are satisfied with it. Finding out the desires of the stakeholders and satisfying them was mentioned in the literature (e.g. Dobers 2009, Kuhn & Deetz 2008) as the main aim of CR systems, and therefore the purpose of the framework is to define how well the aim is fulfilled. However, the framework does not specifically provide means for analysing why a system has been established, or whether it responds to the lack of transnational regulation of companies, which has been mentioned as the main reason for the existence of CR initiatives (Gilbert et al 2011).

Figure 9. Framework to evaluate CR management systems.



The main components – content, process, and relation to context – follow the topics of Rasche (Ibid). The relation to context however has been expanded from encompassing only the business context of the system to including how the system is different from other systems that could be used in a company or companies within a certain geography and industrial sector. Below are the explanations of each of the elements in the framework. Also the elements of the other components have been modified, to clarify and expand the framework from Rasche's (Ibid) original one.

Content

C1: Specificity - How specific are the requirements? This element is from the original framework by Rasche (2009), which he calls *Specificity of Norms*. The specificity can

make it easier for companies to understand what is needed, and also to prevent flexibility in the interpretation of the requirements.

C2: Continuity - Is the content continuously improved? Are specific goals being set? This element has been adapted from Zutshi and Sohal (2004), who name it as a central part to the environmental system ISO14001. Continuity is here considered to be extremely important for a CR system due to the constantly changing nature of the CR concept and the requirements directed to companies. Also, the setting of goals is considered vital for the realization of improvement aims.

C3: Importance – Is the approach to CR strategic, or is it just an additional, separate operation? This has been discussed by Porter and Kramer (2006), who conclude that in order for CR to be truly beneficial for a company it needs to be a part of the strategy.

C4: Type of CR – Is the aim to contribute by philanthropy, to integrate CR with operations, or innovate new CR elements? The different types of CR have been identified by Halme and Laurila (2009) as philanthropy, CR integration and CR innovation. A company can have activities of all of the three types, but the benefits again differ; CR innovation is according to the authors most beneficial, CR integration second most beneficial and philanthropy the least beneficial.

C5: Scope – Are all environmental, economic and social impacts considered? And are all parts of business operations considered? Or is there a specific focus? This relates to the basic idea by Elkington (1997) on the triple-bottom line of CR; environmental, economic and social responsibilities. Also, this point relates to Porter's (1985) framework for mapping these three kinds of impacts of a company, which should be used when identifying whether the CR management system takes into account all of the company's operations, or whether it concentrates on specific areas.

C6: Necessity – Is it mandatory or voluntary for a company to implement the system or its components? The system could be mandatory for a company firstly if its business partners demand it, or if it is written in the law that the requirements need to be

complied with. For example Waddock (2008) points out that critics of CR have highlighted that companies need to be held accountable for their actions, in which voluntary initiatives are not enough. Also, the system itself might have some requirements that are mandatory and others that are voluntary, for example in the process of getting a certification of compliance.

Process

P1: Implementability – Are the implementation processes clearly defined? The idea of the clarity of the implementation processes comes from Rasche's (2009) original model, which has the same title for the element. The implementation of processes needs to be understandable for the companies, and the processes should fit the amount of resources that the companies are able to devote for CR management.

P2: Thoroughness – Are policy making, accountability ensuring, auditing and reporting/communication parts of the management process? The division between the key processes within a CR system has been developed by Rasche (2009). The reporting aspect is here expanded to include all kinds of communication, because for example extensive reporting cannot be expected from SMEs for instance (Fisher et al 2008).

P3: Accountability – Are there accountability processes including third party monitoring and reporting of non-compliance and consequences? It is important that the compliance of the members of the management system is monitored, and that there are consequences for the ones who do not comply with what has been agreed on (Rasche 2009). The idea of having a third party to do the monitoring has been proposed in the literature (e.g. Hatanaka et al 2005), in order to promote objectivity.

P4: Transparency – Are the stakeholders involved in the development of the system and is there transparent information sharing? This is again from Rasche's (2009) model, which emphasizes that the management system should be developed in a multi-stakeholder way. Also, transparent communication and information sharing with stakeholders should be a part of the system (Cafaggi 2010).

P5: Business feedback – Is there a way to identify and generate business cases? Are targets being set and results monitored? A business case of CR means that a CR activity provides benefits to the society but also to the company; that responsible behaviour is a win-win activity (e.g. Kurucz et al 2008). Hence, it would be beneficial for a CR system to actively seek these activities and pursue their generalization to other parts of the company's operations, although this should not be the only focus of CR activities. For all systems it is also important that there are some defined goals and that the results of the companies are monitored, to be able to find challenges and concentrate efforts.

P6: Flexibility and formality – Is the system stable or flexible, and formal or informal? The literature on SMEs suggests that smaller companies often have more informal and flexible CR systems; that the activities are decided upon on a more ad hoc -basis when the need arises. SMEs often do not have the resources to implement heavy and rigid CR systems, which suit larger organizations better. Then again the academics do not agree on what would be the most beneficial approach for SMEs; an informal, limited approach or a more stable and formal approach. (Blowfield & Murray 2008, Simpson et al 2004, Jenkins 2004) Therefore, especially when studying the management of CR within SMEs it is interesting to identify their systems based on these elements.

Relation to context

R1: Geography – Is the system focused on a specific geographical area or is it a global initiative? This follows Rasche (2009) with the same title.

R2: Industry – Is the system focused on a specific industry or can it be implemented across industries? This follows Rasche (2009) with the same title.

R3: Positioning – What is the CR system's relation to other CR management systems relevant for the industry/region (focus, strictness of requirements)? The literature shows that there are many types of CR systems, which often overlap in their requirements and

processes (e.g. Rasche 2009). This element is to identify the position of the system studied in relation to all of the other systems that could be used for similar purposes.

R4: Aim – Is the aim of the system within time to harmonize or to localize content and processes with other systems? An example related to the agricultural industry is the development of GlobalGAP; first, the system was used by European companies, but as more and more systems with similar requirements and processes were established to different geographical parts of the world, it was natural to progress to global harmonization. (e.g. Amekawa 2009)

R5: Owner – Who is the owner of the system (who pays and drives the system forward)? There are different stakeholders that are interested in developing CR requirements and standards for companies. For example the GlobalGAP was developed by the food retailers, in other words the buyer of products (Amekawa 2009). Battaglia et al (2010) on the other hand propose that one central interest group could support and guide the SMEs within a specific cluster and act as the owner of the system. The literature has also shown that the payer of the system is often not the same stakeholder as the developer; within the agricultural sector the growers have often had to take the part of the payer (e.g. Amekawa 2009). Hence the ownership should be examined from both the views of who is developing it, and the view of who is compensating the costs.

R6: Stakeholders - Have the desires of all stakeholders been considered, in other words, does the CR system respond to the demands of the stakeholders? The CR literature emphasizes that one of the main ways to approach CR is to identify the stakeholders, their needs and ways to impact the organization. Therefore it is important that the stakeholders' desires are addressed with the CR system. (e.g. Melé 2008)

4. METHODOLOGY

4.1. Introduction to the case and methodology used

The methodology section shortly introduces the case in question and describes the choices made during the research process. The theoretical approach of the paper is explained and the detailed research design is clarified. The data collection methods and the ways of analysing the data are explained and finally the validity and reliability of the research are justified.

To shortly introduce the case, the topic of the study is the corporate responsibility management system of the Finnish glasshouse growers, later often shortened to just 'Laatutarha', which is the name of the guideline. The system is common for all glasshouse growers belonging to the Finnish Glasshouse Growers' Association (from here on, 'the Association'), and who use the Finnish quality label Sirkkalehti in their products. All those growers need to follow the CR guideline Laatutarha, and they all have the possibility to be audited to verify that their operations are on the level of the requirements. The CR system has been developed during the past two decades and the audits are to become compulsory for growers using the Sirkkalehti-label in 2014. Therefore, because of these recent changes it is the aim of this study to analyse the current system and develop suggestions for further improvements. The aim of the research is to understand the different actors, such as the growers, the Association representatives and the food retailers, and their opinions about the system. How can the system and its components be characterized? Is there some ways in which the system is lacking, in comparison to the needs and demands of the core groups?

4.2. Research design

The research questions of the study are:

- What are the characteristics and the main strengths and weaknesses of the corporate responsibility management system of the Finnish glasshouse growing industry?
- How could the system be improved?

The case methodology with a single case was consequently chosen, because of the wish to find deep insights to the unique case of the CR system of the Finnish glasshouse industry and to interpret it holistically (Stake 2005). The case as well as the richness of the context are sought to be understood, by understanding the actors and their attitudes in the management of CR within the specific system in a specific time (Dyer & Wilkins 1991). The research topic was proposed by the Association, because of their wish to understand the current situation of their members better and to find the next steps forward.

The study follows the *realism paradigm* according to the definition made by Healy and Perry (2000) that there exists a 'reality' that can be discovered but that is imperfectly apprehensible. People have different perceptions, and by triangulating those, a researcher can build some kind of a picture of a phenomenon. Although the philosophical position of *critical realism* as defined by Easton (2010: 123) could have been utilized, it has some contradictions to the position of this paper. It for example includes that the research question should be formed as "what caused the events associated with the phenomenon occur", whereas in this study the aim is not to define causal relationships, although they will be touched upon.

Following Stake's (2005) differentiation between an *intrinsic* and an *instrumental* case study, this study is an instrumental one. This means that instead of wanting to find out everything about the case itself, the study looks at a case in order to understand

something else. The opinions of growers and their stakeholders are examined to be able to draw a picture of the current CR system, but also to be able to define how it could be improved so that it would bring more benefits to the parties and to understand the system in the wider CR context. As Healy and Perry (2000: 120) point out, the "perceptions are being studied because they provide a window on to a reality beyond those perceptions".

Triangulation, in other words using different data sources to find varying perceptions, is used to clarify meanings and to verify the repeatability of the study and most importantly to identify the different realities in which people live (Healy & Perry 2000, Stake 2005). It is understood that the current CR management system raises different thoughts in the minds of different stakeholders, and that the views of the stakeholders on how to develop the system might even conflict. For example, some of the individual growers might be against auditing, whereas the representatives of the food retailers might demand even stricter audits.

Also, what is concluded here to be beneficial aspects of the CR system might not be as beneficial in other geographic and societal contexts. As an example, the notion that it is good to have a locally customized CR system might not hold true in the context of agricultural companies in Africa, in which a more standardized system across countries might be more beneficial, because the CR context is the same and the customers demand similar things. To summarize, the study focuses more on finding out the particularities of the Finnish glasshouse growers' CR system, instead of the elements that can be common amongst CR systems of other countries, types of organizations and industries (Stake 2005).

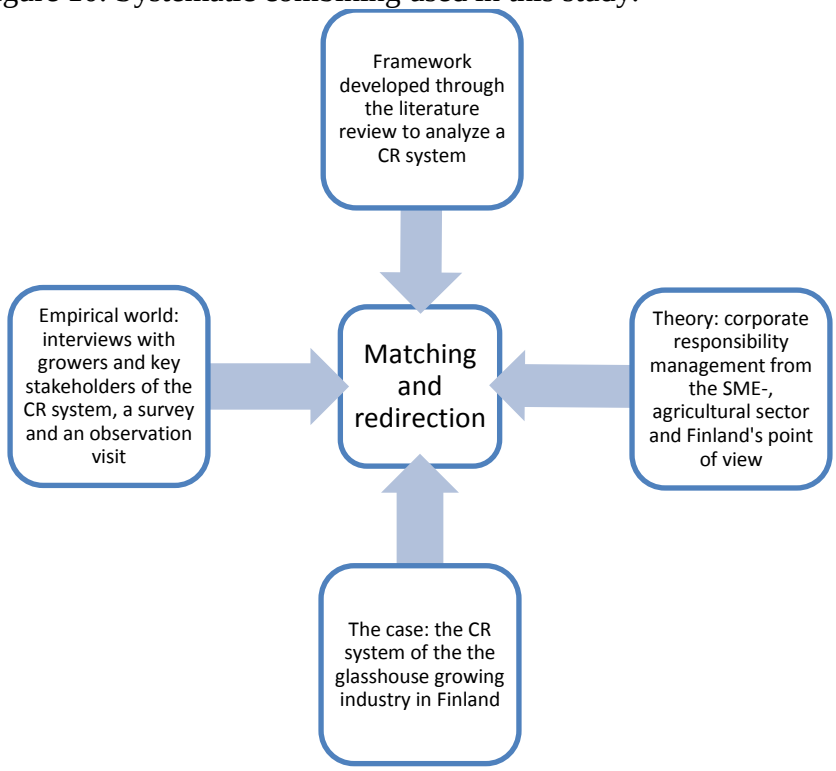
The study has one unit of analysis, on the basis of Fletcher and Plakoyiannaki's (2011) approach: the CR management system of the glasshouse growing industry. This includes the content of the system such as the Laatutarha guidelines, the processes such as the auditing of companies, and the relation of the system to its context. The unit of analysis is not clear cut in this case, but all research steps aimed at finding information about the system as a whole – not about the content, processes or context as separate

parts – and therefore the system is considered to be the unit of analysis. The empirical units of study include interviews with growers, people working closely with the glasshouse industry such as representatives of food retailers and horticultural organizations, and an observation of an auditing event.

The study uses the *abductive* logic of *systematic combining*: alternating between the worlds of empirical world and the model world of theory on a constant basis to develop or modify theory through both unanticipated empirical findings and new theoretical insights gained (Dubois & Gadde 2002). The development of the theoretical framework and the empirical data gathering were simultaneous processes, and the research process was not linear. The process was begun from the perspective of the common corporate responsibility approach; that stakeholders are requiring more and more environmental and social sustainability from companies, and therefore CR systems are being established and companies' interest in the topic has increased. But with some initial empirical and theoretical search, it became obvious that the original driver for the agricultural companies to become responsible was the high importance of good quality and safe food. Therefore the sector has focused heavily on ensuring the safety of the food already a couple of decades ago, and the related drivers of mitigating climate change and ensuring good working conditions have emerged later as an emphasis. Hence, the study was redirected to understand those more context-specific guidelines and earlier historical events that have been most relevant to the agricultural sector.

Dubois and Gadde (2002) point out that the common criticism to case studies is the lack of their ability to be generalized and the way their findings are unstable over time and therefore hinder the possibility to verify results with new studies. But the scholars argue that the abductive approach answers to the criticism by having a strong reliance on existing theory, although the theory does not bind the researcher in the quest for building new theory, and by ensuring a tight focus and good matching between theory and reality. And this has been the aim of the study in question. Below is a figure describing the systematic combining process of this study, based on the model by Dubois and Gadde (2002).

Figure 10. Systematic combining used in this study.



(Adapted from Dubois & Gadde 2002)

4.3. Data collection

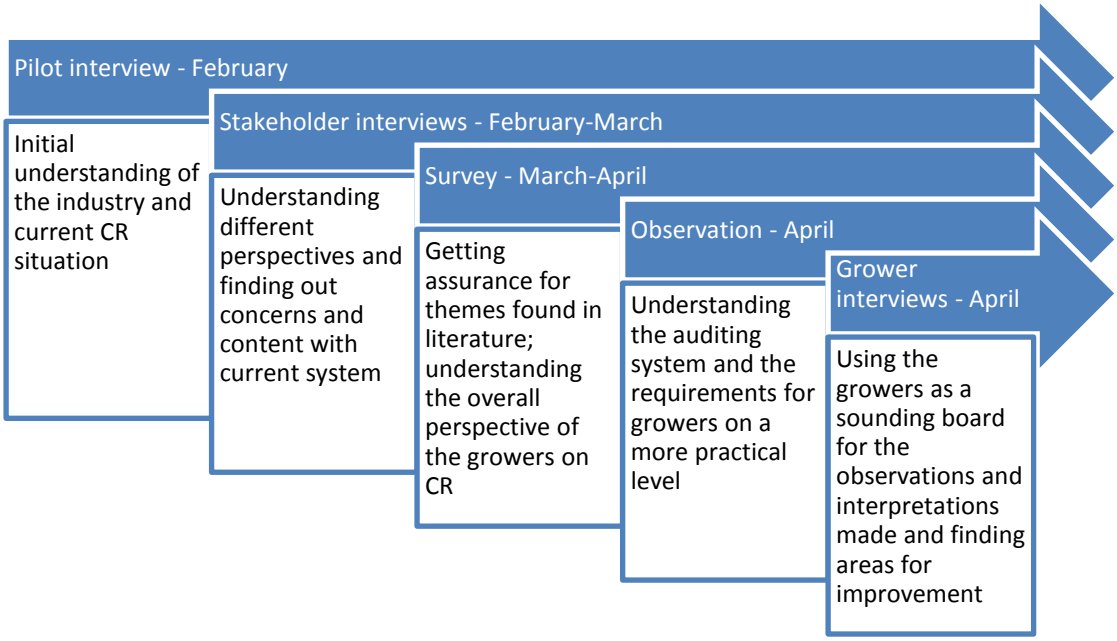
The study uses a variety of data sources, which is an element of a case study, to understand that the phenomenon happens in a particular context (Piekkari et al 2010). The data sources include interviews with different stakeholders, a survey for the growers, an observation of an auditing event and the research of secondary materials related to the industry and the Association. The rationale behind the interviews was to find out the perspectives of as many different stakeholders as possible: the developer of the CR system, an auditor, the glasshouse growing industry representative, three growers and a food retailer representative. There exists the potential pitfall of having data indicating contradicting evidence as mentioned by Piekkari et al (2010), but then again the approach of realism and of this study is to understand that there are different opinions and thus different realities.

There were specific aims for each step of the empirical research process. The first pilot interview was conducted with an Association representative, to gain basic understanding of the industry and the CR guideline and system. Second, some more interviews with the stakeholder representatives were held to understand the different perspectives that they have to the system; to see their level of content with the system and to find out their primary demands and concerns.

Third and partially overlapping with the second step, a survey was sent, to find assurance for the themes found in literature and from representative interviews. The goal of the survey was not to find quantitative data, but rather to see whether similar themes to previous other studies would emerge, and to understand whether the representatives of the national associations had understood the opinions of the growers correctly.

Fourth, the observation visit to an auditing event was done to understand the CR system and the growers' viewpoints on a more practical and detailed level. Finally the interviews with the growers were conducted, to ensure the reliability of the findings from the previous steps, and to find elements in the CR system needing further development. Throughout the research process, secondary materials from the Association and of the glasshouse industry were researched, to keep in mind the context of the study and to familiarize with the industry to a deeper and deeper level. Below is a figure summarizing the data collection elements.

Figure 11. The phases of data collection.



Getting access to the interviewees, survey respondents and the auditing event were guaranteed by the Association. Thus, access to data sources in this research is not an issue. But the close involvement of the Association can be an issue, because the growers might not openly discuss everything, if they feel that the researcher is too closely linked with the Association. To avoid this, there were no Association representatives taking part in the interviews, and the objectivity of the researcher and the importance of getting also critical perspectives were emphasized when interviewing and overall when communicating with the respondents. Also, because the Association had all of the contacts and therefore could choose whom the researcher would interview, there could be a possibility that the Association representative would lead the research towards data sources with specific viewpoints. But since it was the aim of the Association itself to find ways to improve the situation, it appears that the representative sought to find data sources with as varied opinions as possible.

The survey was sent to all of the approximately 380 members of the Association, not specifically to get much statistical data but to see what the main themes in the opinions and attitudes of the growers are. The survey was sent also to be able to find whether there are some trends in opinions amongst for example specific geographical groups or

groups of certain product categories or firm sizes. The questions of the survey were to a large extent based on the EU-wide research on the adoption of environmental management systems EMAS and ISO14001 amongst SMEs (Hillary et al 1998, referred to in Hillary 2004), which was used also to draft the interview questions. The questions of the EU-wide survey can be found in Appendix I, where the questions modified and used in this study have been highlighted. The actual survey is Appendix II. The survey was sent on 14th March via regular post, and the sending was organized by the Association. Posting the survey was chosen to potentially increase the amount of responses, because a significant part of the growers do not check their emails on a regular basis and do not prefer using internet-based applications (Jalkanen 8.2.2011). A prize worth a couple of hundred euros was promised to be raffled amongst the respondents.

The survey got 144 responses within the time limit, which means a response rate of 38 %. The response rate is surprisingly high considering the limited time and resources that the growers have. Hence it appears that the survey was of a suitable length, understandable to the respondents and at least to some degree also interesting for them. One respondent even commented that the researcher "deserves full ten points for the survey"; in his opinion the researcher had familiarized well with the research topic and the survey did not annoy him unlike some other surveys he has recently filled.

The interviews were semi-structured with certain topics and questions, which were sent a couple of days before, because the questions were to a large extent quite specific so it was considered better to give time for interviewees to think about them and remember more than they instantly would. Some questions used in the EU-wide SME-survey done by Hillary et al (1998) were modified to the context of this study and utilized in the interviews. The interviews took approximately an hour each, and they were every time held at the location where the interviewee worked. The interviews were held in Finnish, since the level of the interviewees' English skills was in many cases limited. The interviewees were asked for permission to put their names on the research, and it was promised that they could have a look on the report draft before publishing. The possibility to get back to the interviewees in case of possible additional questions was

requested, and all of the interviewees agreed to providing more information if needed. The interviews were also recorded and transcribed to improve the reliability of the research. But because it is not the specific language that is of the most interest in this study, and because of the wish of some interviewees, the transcripts are not published here. The initial interview questions drafted for the grower interviews can be found in Appendix III as examples.

All empirical data was collected during February-April 2011, so that the information gotten was up-to-date and also so that the different stakeholders were interviewed at about the same time. The choice of the interviewees was done by the Association representative, with the proposal of the researcher on which kinds of persons would need to be interviewed. More interviews with the growers could have been conducted, but the number of those interviews was limited by the fact that the researcher lives in Helsinki, whilst none of the growers are located in the capital region, and the researcher does not have the means to access the more distant locations. Therefore the grower interviews were conducted on one day, in a geographical area accessible for interviews to be conducted during one day. Below is the full list of interviews and the observation visit that were held, in a chronological order.

- Jyrki Jalkanen, Chief Executive, Finnish Glasshouse Growers' Association, 8.2.2011
- Erkki Rautio, Quality Manager, Laatutarha auditor, Central Organisation for Finnish Horticulture, 23.2.2011
- Tarja Jukkara, Purchasing Director Fruit and Vegetables, Kesko Food, 15.3.2011
- Tom Murmann, Consultant of Vegetable Growing, Laatutarha auditor, Finnish Glasshouse Growers' Association and Central Organisation for Finnish Horticulture, 16.3.2011
- Timo Juntti, Owner and manager of Puutarha Timo Juntti Oy (cucumber grower), 19.4.2011
- Jali Murto, Production Manager, Huiskulan puutarha Oy (flower grower), 19.4.2011

- Juha Oksanen, Owner and manager of Oksasen puutarha Oy (salad and herb grower), 19.4.2011, and
- second interview of Jyrki Jalkanen, Chief Executive, Finnish Glasshouse Growers' Association, 25.5.2011.

The observation visit to follow an auditing event was done in Lapinjärvi, at the facilities of Vihannestalo Jordas, with Tom Murmann as the auditor, on 12th April 2011. Jordas grows salad sprouts and herbs and is a family business owned by Robert Jordas. The researcher participated in the whole event of auditing the company, including a meeting to review all relevant paperwork, a tour around the company facilities and the final concluding speech by the auditor to discuss the results with the company manager. The researcher did not interfere with the process, but stayed with the auditor throughout the day and observed. The interesting aspect of the company Jordas was that it had been audited already last year, but it had not followed back on the non-compliances and thus had not passed the audit. This was because of a large construction work that was significantly delayed and therefore there were no resources to correct the flaws in time. Hence, this new audit was ordered by the company and this time they most likely passed with some corrections.

4.4. Data analysis

In analysing the CR system, the common themes to which were identified in the literature and to which the researcher looked for answers were the growers' viewpoints on the advantages of a CR system, the barriers and challenges they perceived, and the stakeholders and other drivers that they felt were important. The specificities of the audits were also inquired. Similar themes were the main dimension of interest in interviews with the representatives of the horticultural organizations, and in addition they were asked about the development and management of the CR system, Laatutarha-guideline and audits. The food retailer's representative was interviewed to get the customers viewpoint on why CR should be emphasized. The establishment of emergent issues during the research process was accepted, and the interaction between research questions, literature and empirical data was flexible and on-going (Easterby-Smith et al.

2008). Themes that emerged within the research process, which the researcher had not anticipated, included for example the challenges brought by the close connection of the horticultural organizations to the growers, especially in times of non-compliance, but on the other hand also the accepting approach of the customer's representative to the matter.

Also the second step of the study, identifying the potential areas of improvement, included a lot of idea gathering back and forth with literature and empirical material. All of the interviews and the survey included a question on how the respondents view the system could be improved. Personal ideas were also gathered from the observation visit.

Straight after the data collection phase the researcher wrote down the preliminary thoughts that the interviews raised, and the interview material and the thoughts were summarized and structured again a bit later once all of the empirical material was collected. Hence, there was a close connection between data collection and analysis phases, and they were also simultaneous to the literature analysis. Still, there was a time limitation to the data collection and analysis phases, because of the certain, pre-defined schedule of the thesis project set by the Association and the researcher. On the other hand the time limitation helped the data collection and analysis phases in the sense that all of the data was collected and analysed within a relatively short period of time, which made the fit between data and the conclusions quite close (Easterby-Smith et al 2008). But as discussed earlier, the results of this study are very subjective, since there was only one researcher looking into this particular case.

4.5. Validity and reliability

The validity and reliability of the study can be judged based on the criteria defined by Healy and Perry (2000) for research done within the realism paradigm. With regards to the ontology, the basic assumption of the study is that the "real" world can be studied, but the findings are never perfect. All persons view phenomena differently, and the aim of the research is thus to understand the perceptions and find possible connections and

conflicts between them. Second, no causal relationships are sought; rather, there are generative mechanisms that can affect different elements. (Ibid)

On the epistemological side, the researcher is not considered to be completely objective when studying the case as in positivism, but neither completely subjective as in constructivism or in critical theory. The researcher is not value-free, but rather value-aware, consciously trying to avoid a strongly subjective approach and seeking for as varied perceptions as possible. (Ibid)

Consequently, the methodology of the paper follows the realism paradigm by triangulation of different data sources: interviews, a survey, an observation visit and secondary materials. Also, the study included the interviewing of several types of respondents: growers, horticultural organization representatives, auditors and a customer representative. The aim was to understand what the CR system means for the daily practices of the growers and to understand the auditing process thoroughly. The researcher believes that the respondents were able to bring up also the perceived disadvantages, although bringing up the negative issues might have been challenging considering the close connection of the research to the Association, because the aim of both the researcher and the Association were clearly communicated to be to learn and to improve the current system. The *methodological trustworthiness* of the paper is ensured with using many quotations, explaining the case selection and describing interview procedures. The *analytic generalization*, in other words theory-building is also at the core of this study; the aim of the study is to find new information instead of only testing existing frameworks. The study creates a new framework of analysing CR systems, or at least modifies the framework found in the literature. Finally, *construct validity* is ensured by using triangulation and reviewing existing literature, and by concentrating on the connection between the empirical data collection and the building of the framework so that the empirical material actually answers the questions set in the beginning. (Ibid)

The study can be considered to be valid in the context of the Finnish glasshouse growing industry, although not all of the glasshouse growers are members of the

Association and thus not the target of this study. It could be assumed that those growers who are not members of the Association and thus not very interested in the national developments in the field nor the national marketing of their products are neither very supportive of the CR system. Overall the Finnish growers might therefore have a bit more negative attitude to the CR system than what is concluded by this study. Also, the results are to some extent relevant also for outdoor vegetable growing in Finland, since they use the same Laautarha guideline and auditing system and their business context is the same. On the other hand outdoor vegetable growing has some particular CR issues, for example related to the washing and packaging of the products, which are different from glasshouse products, and they have different requirements in Laatutarha, and therefore the details are a bit different (Rautio 23.2.2011). Also, generalizations to other geographical regions cannot be made, because of the very different CR challenges and business context.

The interviewees were given a possibility to review their own comments that were included in the paper, and they could present modifications if they wanted. By doing this it was ensured that the prejudices of the researcher had not affected the data itself, even though the analysis of the data is strongly affected by the researcher's own perspective to the CR issues. The researcher is aware that her own identity as a researcher interested in the state of corporate responsibility and as a consumer preferring Finnish, locally produced vegetables and flowers affects the result of the study.

5. CASE: MANAGEMENT OF CR WITHIN THE FINNISH GLASSHOUSE GROWING INDUSTRY

5.1. Glasshouse growing industry in Finland

There are currently around 1,600 glasshouse growers in Finland, out of which 381 are members of the Finnish Glasshouse Growers' Association (Jalkanen 2011). A bit more than half of these 1,600 companies grow flowers and pot plants, and a bit less than half grow vegetables. The overall trend in the industry is the increasing concentration of production; the size of the companies has grown significantly during the past decade and at the same time the number of companies has fallen. For example the size of companies producing salads and/or herbs has grown 166 % when measured by volume between years 1995 and 2008. (Jalkanen 2010c) Finland's acceptance to the EU had a substantial impact on the industry, because before that, duties had been imposed on vegetable and flower imports during the summer months, and in that way the domestic production had been protected. After that the companies have had to adapt their business to the new, more demanding business environment. (Murto 19.4.2011)

The value of the flower industry in 2008 without VAT was 96.7 million euros and the value of the vegetable industry similarly was 140.7 million euros (Jalkanen 2010c). The Finnishness of vegetables and flowers is a competitive advantage in the domestic market, because consumers prefer Finnish products over imports. For example in one of the biggest retailers in Finland, in Kesko Food, the proportion of domestic vegetables sold is around 65 %, with the foreign vegetables accounting for 35 %. With flowers the numbers are 55 % domestic and 45 % foreign produce. (Jukkara 15.3.2011)

There are three central organizations or interest groups closely connected to the glasshouse growing industry. The closest organization is the Finnish Glasshouse Growers' Association, in Finnish Kauppapuutarhaliitto (later, 'the Association'), which represents only the glasshouse growers. Another close organization is the Central Organisation for Finnish Horticulture, in Finnish Puutarhaliitto (later, 'the Central

Organisation'), which is the parent organization of the Association and other similar, more specific growers' and horticultural organizations, including for example organizations for berry and fruit growers, outdoor vegetable growers and florists. (Rautio 23.2.2011) The third organization is Finnish Horticultural Products Society, in Finnish Kotimaiset kasvikset ry (later, 'the Society'). The Society's mission is to promote the use of domestic vegetables, flowers, fruits and berries by the means of quality assurance, communication, marketing and health education. The Society manages the Sirkkalehti quality label and decides who can use it. (Finnish Horticultural Products Society 2011a) The Society also develops the Laatutarha guideline and makes the decisions about its auditing.

The combination of these organizations seems complicated, but the groups work closely together and in some cases the staff members work simultaneously for several organizations (Rautio 23.2.2011). Also, a grower can only be a member of the Association; the memberships of the other organizations are meant for horticultural organizations and other stakeholder group representatives. The main reason for a grower to become a member is that the Association supervises its interests; lobbies to the politicians, markets the products to consumers and organizes collaboration and consultation for the growers. Glasshouse growing in Finland is often a family business, and those small businesses do not have the resources to for instance market their products by themselves. (Jalkanen 25.5.2011) For example all of the three growers that were interviewed in this study had inherited the business from their parents or even from their grandparents, although they have managed to grow the business through the years (Juntti, Murto, Oksanen, all 19.4.2011).

One key element of the CR system is the Sirkkalehti label, which is one of the main identifiers of Finnish vegetables and flowers, depicting a leaf and the Finnish flag as seen below in Figure 12 (Finnish Horticultural Products Society 2011b). The symbol is known by around 90 % of the Finnish consumers, to whom it represents high quality and trustworthiness according to a study made by Taloustutkimus Oy (2010). The study found that Sirkkalehti was the most influential quality label out of all quality labels used in Finland, motivating consumers' purchases even more than the Finnish quality

symbols Joutsenmerkki and Avainlippu or the international Fairtrade symbol. Because of the wide awareness and trust in the symbol, Finnish vegetable, flower, berry and fruit producers usually want to use it on their products.

But there are some obligations related to the use of the label. The Finnish Horticultural Products Society (2011b) has stipulated that a grower who wants to use the symbol has to make a written contract with the Society; use the symbol only with products whose quality measures up to the first class quality standards; participate in the advertising costs of its product group; commit to the Laatutarha guideline; and use raw materials that are 100 % made of Finnish plants and vegetables in its processed products. And from the beginning of 2014 onwards all growers need to verify their compliance with the Laatutarha guideline by passing an audit.

Figure 12. Sirkkalehti label.

(Finnish Horticultural Products Society 2011b)

Still, it is the Finnish Glasshouse Growers' Association that is devoted to the needs of the glasshouse growers in specific. According to their Plan of action 2010 (Finnish Glasshouse Growers' Association 2010), the year 2010 was the 91st year of operations for the Association. The Association's main aim has been and still is to promote and advance the business conditions of glasshouse growing and its competitive advantage against imported products. What should be highlighted about the Plan of action is that there are four main parts: members and operations; subsidies; marketing and promotions; and production and the environment. Hence the environmental aspects were in 2010 a core part of the Association's operations. The section about the environment states amongst others that several different guidebooks are to be written, including books about domestic energy usage and the closed loop water circulation system. The key aims of the year were encouraging the members to order the CR audit and to develop

means for more sustainable energy consumption, including a switch to domestically produced energy and also mechanisms for saving energy.

5.2. Main CR challenges and advantages of glasshouse growing in Finland

The main CR challenge with glasshouse growing in Finland is undoubtedly the amount of energy used for the lighting and heating of the glasshouses. Especially during winter the energy consumption is relatively high, and this has raised a lot of discussion with the rising debate on climate change and carbon dioxide emissions. According to research, a Spanish tomato kilogram produces 1.4 kilograms of carbon dioxide equivalents, a Dutch tomato kilogram 1.8 kilograms, and a Finnish winter tomato kilogram as much as 4 kilograms of carbon dioxide equivalents. (Jalkanen 2010b)

One of the trends in the food business currently and increasingly in the future is the measurement of the product's carbon footprint (Jukkara 15.3.2011). This means the amount of carbon emissions and of other compounds that warm the Earth's atmosphere that can be linked straight to the individual product within the product's whole life cycle (Povelainen & Finér 2009). Already a couple of companies in Finland have started to publish their products' footprints on the packaging. The food company Raisio was the first one in Finland to have the carbon footprint on its porridge oats in 2008 (Raisio 2011), and the bakery, prepared food and restaurant company Primula claims to be the first Finnish carbon-neutral company (Primula 2011). With the carbon footprint measurement the Finnish glasshouse products are clearly disadvantaged, unless changes are made.

The interviewed glasshouse growers are aware of the carbon footprint discussions, and have noticed that it might bring some negative publicity for the industry. However, Oksanen (19.4.2011) points out that "No customer has asked about the carbon footprint" so far, and Murto (19.4.2011) argues that it will be a long process before the footprint calculations actually start affecting consumption patterns, because consumers need to

give up many nice products and services, in comparison to which the Finnish vegetables and flowers are quite environmentally-friendly. For example, an average Finn consumes 1.5 kilograms of Finnish winter tomatoes per year, which equals the amount of carbon dioxide equivalents caused by a regular family car travelling a distance of 35-40 kilometres (Jalkanen 2010b).

Another consideration is that the carbon footprint depends a lot on the type of energy resource used. Natural gas is a lot better option than oil, and recently the growers in Finland have begun to change oil to electricity and bioenergy. In 2008 only a quarter of total energy used in the industry came from oil, and the number has been decreasing. This is definitely a positive change that has been and will be encouraged and supported by the horticultural organizations. (Jalkanen 2010b)

In addition, there are other challenges within CR related to the structure of the industry. The glasshouse growers often have small volumes, they are geographically scattered around the country and have often long distances to the wholesalers and the food retailers' warehouses, which causes pollution related to transportation. Also, there are inefficiencies related to the ageing of the production facilities and also to the time that it takes to change systems to be more efficient. A full list of the weaknesses and threats of the industry, out of which quite many are closely related to corporate responsibility, can be found in table 5. (Jalkanen 2010c)

The positive aspects of the Finnish growing on the other hand are the cleanliness of the products, the responsible water usage and the working conditions of employees (Jalkanen 2010c). The Laboratory of the National Board of Customs regularly monitors the pesticide traces of Finnish and foreign vegetables, and there is a clear difference to the advantage of the Finnish products. For example in 2006-2008, 86 % of Finnish tomatoes had no traces of pesticides, whereas the percentage for Spanish tomatoes was only 17. Also, the concentration of pesticides in Spanish tomatoes was above four times larger than the concentration in Finnish tomatoes, amongst those tomatoes with pesticide traces on average. (Siivinen 2010) In Finland most growers do not use

chemical pesticides at all; instead, they use biological plant protection, which means having small insects protecting the plants (Jalkanen 2010c).

Another positive aspect is that Finland has abundance of clean water, and the groundwater regenerates itself frequently. The situation is a lot worse in Spain, where the sandy soil and lack of rain force growers to use the non-renewable water sources and also to transport massive amounts of water from distances. (Jalkanen 2010b) In Africa and Southeast Asia the situation is even more critical. According to WWF (2011), the water shortage in those areas constitutes already a threat to the living standards of people. As agriculture accounts for 70 % of water consumption, the risk of not having enough water might affect the agricultural businesses – and more importantly the inhabitants – in those countries very quickly and radically.

Also the working conditions of the employees are overall very good in Finland, and the wages paid are on a satisfying level (Jalkanen 2010b). This has sometimes been found not to be the case with Southern European glasshouses, where illegal immigrants from Africa live in shacks and are paid less than minimum wages on an unreliable basis (Juntunen & Tietäväinen 2005). A full list of the positive sides of the industry, including CR elements, can be found below in table 5.

To summarize, the main trends and events in the society affect the CR aims of the glasshouse growing industry in Finland as well. The glasshouse growing industry needs to respond to the national targets of decreasing energy consumption by significant percentages within the next couple of decades. Simultaneously the energy sources need to be switched to more sustainable ones; from oil to bioenergy. And the use of water, nutrients and pesticides will become more and more regulated eventually so their usage needs to be reconsidered. (Jalkanen 2010c)

Table 5. SWOT analysis of the glasshouse growing industry in Finland.

Strengths	**Weaknesses**
- good reputation amongst consumers - the cleanliness of the products in comparison to imported ones - short transportation distances - abundance of clean water - good collaboration between growers - high social responsibility towards workers - entrepreneurs willing to learn more - subsidy system (at least for now) - best knowledge of local conditions - same language and culture with customers - providing employment (goodwill) - Sirkkalehti and image of high quality - high product safety - long distance from other countries reduces importing	- northern location → dependence on extra lighting and energy - high concentration of buyers (food retailers) - long distances between entrepreneurs → isolation - small production units - slow renewal of glasshouses → the ageing of the facilities - low attractiveness for young entrepreneurs as an industry - difficulties in getting qualified workforce - orders of the authorities strictest within EU - wholesalers geographically concentrated to southern Finland - low variety of products - inefficiencies - small amounts expensive to transport - high seasonal variation in production - lack of marketing knowledge - no exporting - weak R&D
Opportunities	**Threats**
- increasing bioenergy usage - global warming → energy savings and also worse conditions for competitors - local collaboration in purchases between entrepreneur groups - activation of R&D - Russia, St. Petersburg - increasing respect for local food - health & wellbeing trend - increasing growing counselling - rationalization of the domestic transport - structural changes ongoing - economic recession → cost decreases - traceability and cleanliness of products - the ageing of the population - tightening of plant protection regulation affects competitors more	- introduction of new pests due to global warming - energy prices and availability - tightening of plant protection regulation - prolongation of the economic recession - workforce availability - the absence of continuators for the businesses - the lessening importance of domestic production - the growing power of food retailers - the stopping of area subsidies - opening of Russia - too quick structural changes causing reputational issues - quality mistakes - over- or under-capacity

(Adapted from Jalkanen 2010c)

5.3. Background to the current CR management system

The starting point of the CR system of the Finnish glasshouse industry was the need to ensure the consistent good quality of the products (Rautio 23.2.2011). This is similar to

the worldwide development of ensuring food safety, as discussed in the literature review (e.g. Cafaggi 2010, García Martinez & Poole 2004).

The development of the Finnish growers' quality system began in 1997 with the first guideline called 'Kasvihuonevihannesten hyvät viljelymenetelmät' (in Engl. The good production methods of glasshouse vegetables). Rautio (23.2.2011) explains that at the time there were several quality labels and integrated production systems being established around Europe within the agricultural sector. And this brought the idea to the Finnish horticultural organizations; that since the practices in Finland are already on a quite high level, there should also be a strong brand indicating it. Another influence to the establishment of the system was Finland's acceptance to the European Union in 1995, when the concept of EU's environmental subsidies was introduced. These subsidies demanded certain environmentally friendly practices. The subsidies were directed to the outdoor vegetable growers, and the Central Organisation decided that similar guidelines would be made for the glasshouse growers. And compliance with these guidelines was decided to be made a part of the permission to use the Sirkkalehti label. (Ibid)

Another version of the guideline called 'Hyvät tuotantomenetelmät' (in Engl. Good production methods) was released in 2004, and it combined the requirements for both outdoor vegetable growers and glasshouse growers. In 2007 the guideline was again modified and it became 'Laatutarha' (in Engl. Quality garden) to signify that it was for the gardening industry, since other types of food producers had developed their own production guidelines. (Ibid)

The aims of the guideline are ensuring the safety of the products, minimizing the environmental burden caused by the growing of vegetables and flowers and guaranteeing the safety of the employees. The guideline is common for all growing activity types, but it includes more specific requirements for outdoor growing and for glasshouse growing. The structure and content of the guideline follows loosely the GlobalGAP criteria, with adjustments for the Finnish business environment. (Rautio 23.2.2011) Already the first sentence of the Laatutarha guideline emphasizes that it aims

at strengthening the responsible practices of the growers so that the expectations of their customers and consumers regarding the safety of the products are met (Finnish Horticultural Products Society 2007). In other words the guideline has a strong stakeholder focus, particularly on the customers' needs.

Apart from the very first version of the guideline, the system was in fact developed together with stakeholders – the growers, food retailers and government authorities (Rautio 23.2.2011, Jalkanen 2010a). The idea of having the representatives of the food retailers involved in the development process was to get feedback and suggestions for improvement from them. Also, the Finnish Ministry of Agriculture and Forestry was actively involved in developing the quality image of food products already from the 1990s, when a research made by the Ministry concluded that quality is the only sustainable competitive advantage of the Finnish food industries; that price will never be a competitive edge against the Mediterranean countries. The Ministry set a target of having all food producers under systematic quality work within ten years, and therefore it financed many projects that supported the development of the Laatutarha guideline, amongst others. (Rautio 23.2.2011)

The guideline consists of prerequisites, many of which include the documentation of operations. There are two types of prerequisites, compulsory and voluntary, from which the compulsory ones need to be fulfilled always, whereas only 10 of the voluntary ones need to be fulfilled. A grower that commits to the Laatutarha guideline allows an auditor authorized by the Society to come and review its production methods and finished products on the basis of the guideline. The main areas of requirements are the growing facilities and location; irrigation and fertilization; plant protection; procedures after harvest; energy usage; environmental effects; hygiene; documentation and traceability; workplace health and safety; and the systematic improvement of the firm. (Finnish Horticultural Products Society 2007)

From the very beginning the guideline was made into such a format that someday it could be audited. And in 2007 when Laatutarha had been published, the pilot audits were started. In 2008 the growers were informed of an opportunity to become audited

and in that way develop their practices. Simultaneously one foundation donated a grant, which was used to subsidize the auditing fees for the first couple of tens of companies. Kesko Food was already in 2009 very active and urged its growers, especially the Pirkka-growers to order an audit to prove their compliance. By late February 2011, about 300 of the altogether 750 companies, including both glasshouse and outdoor vegetable growers, had been audited successfully. (Rautio 23.2.2011)

There are currently 18 certified auditors, but new ones are being trained (Jalkanen 2010a, Murmann 16.3.2011). There are auditors in different organizations, for example in ProAgria, which is a state-financed, national rural advisory organization for the agricultural sector. The growers are located in all geographical parts of Finland and therefore also auditors are needed in many parts of the country, since sending staff from Helsinki every time would not be cost-efficient. (Rautio 23.2.2011)

Rautio (23.2.2011) explains that the audit is a one-day event that consists of two parts: a review of the relevant papers and materials, and a review of the production facilities. According to Murmann (16.3.2011), one of the most frequent auditors, the visit takes between four to eight hours, depending on the level of the grower's preparedness. Rautio (23.2.2011) describes that firstly, the auditor checks the records related to for example the risk analysis, the orientation of new workers and client feedback. As the second step the auditor goes through the facilities with the grower, checking amongst others the equipment, pesticide store, product warehouse and the glasshouses. Then the auditor sums up the main strengths, weaknesses and threats of the company. Finally, the auditor points out the elements that need to be improved for the company to pass the audit, and deadlines for the improvements are agreed on.

Rautio (23.2.2011) highlights that the time given for improvements to each grower cannot be more than three months. The improvements are approved by pictures and documents sent by the grower to the auditor, since the horticultural organizations try to avoid secondary visits due to the added costs. Once the Central Organisation receives the auditor's approval, the grower will be sent a certificate. Murmann (16.3.2011) adds

that in his experience it is a clear minority of the growers that pass the audit without any corrections; usually the companies lack at least some compulsory documentation.

The horticultural organizations have also provided the growers some support material on their website to ease the audits. There are many requirements about monitoring and documenting different elements of the business, and the growers have been supported by providing document models that the growers can fill with their information and thus save time. The growers are also reminded about laws that are relevant for the business but which might have gone unnoticed. (Rautio 23.2.2011)

On the 10th of March 2010 the nature of the system changed dramatically, because it was decided that the audits become compulsory for growers using the Sirkkalehti label, meaning that all of the Sirkkalehti users need to be audited once by year 2014 (Rautio 23.2.2011). In other words, all companies using the label have until the end of 2013 to order an audit and pass it – otherwise the permit to use Sirkkalehti will be taken away from them. In the beginning of 2010, the Central Organisation sent a request to randomly chosen 150 growers, representing 20 % of the members, to order the audit, and the same procedure was repeated in 2011, so that by 2014 all growers would have received the letter and acted upon it. (Jalkanen 2010a) And after that each company needs to be audited once every five years. To the horticultural organizations this is already a huge step forward, but the retailers' representatives pointed out that the five years' interval is quite a long time and should be shortened. (Rautio 23.2.2011)

What needs to be noted though is that the guideline and the audits have not been the Glasshouse Growers' Association's only means of encouraging the growers to responsible behaviour. The Association has also written guidebooks and held seminars about certain topics related to CR, as mentioned in the previous chapter. They have also communicated about the industry's CR to external parties, as part of their aim to support the industry within public decision-making and to sustain the good image amongst consumers. However, because the guideline and the audits form the most visible and systematic part of the CR system, they will be in the centre of the following analysis.

5.4. Benefits and challenges of the CR management system as perceived by the growers

Although the Laatutarha guideline and audits were developed together with the horticultural organizations, growers and retailers, the survey sent to the glasshouse growers as a part of this research showed that many of the growers had a negative attitude towards the system; namely towards the audits. Therefore, the attitudes of the growers are opened up first before moving on to the actual analysis of the CR system. The attitudes described here are thought to be the result of not listening to the desires of all of the growers as one stakeholder group. In relation to the framework, the following discussion would therefore be a part of the element R6, Stakeholders. The next chapter after this one will analyse in which parts of the system according to the framework there is most improvement needed in order to provide a system that is satisfactory to the growers in addition to other stakeholders.

To give some background to the survey, there were 144 responses to the survey, which includes 38 % of all of the 381 members of the Finnish Glasshouse Growers' Association. Out of these respondents, 46 companies or 32 % of respondents had been audited. On the other hand when measured by the turnover of the companies, the audited companies account for 77 % of the total turnover of all respondents. Therefore it can be argued that the audited companies are mostly larger organizations.

The audited companies named several benefits to the audit, with a clear focus of responses on the systematisation of documentation, which is overall seen as a positive thing. One respondent replied that "all growers selling their products should have the same model of operating and documenting, so that everyone would be on the same line". Individual answers mentioned also the improved planning, enhanced awareness of matters and the more on-time handling of tasks. The level of hygiene had according to some respondents improved and new employees were introduced to the company better.

Overall the respondents, whether audited or not, believed that the most important benefits of the system are the assurance of the company complying with legislation (61/144 responses) and the improved company image (59/144 responses). Also the improvement of documentation and the prevention of all kinds of risks were seen as essential benefits of the system. The aspects in which the growers saw the audit could improve their situation were according to many respondents the review of plant protection procedures (52/144 responses) and the systematisation of monitoring work (53/144 responses). Many other predetermined alternatives of improvements were also seen relevant by the respondents. Only 23 respondents argued not to see any benefits to Laatutarha.

The growers were a lot more unanimous about the challenges related to the CR system and its audits. There were seven clearly identifiable challenges or barriers to the adoption of Laatutarha according to the survey responses: new costs; added work; low awareness and knowledge; direct sale of products and hence no pressure from customers; perceived uselessness of the audit and on the other hand the already high level of practices; the ending of operations; and the previous adoption of another CR system. The challenges were not mentioned by as many respondents as the benefits, but this was due to the types of the questions; the question about challenges was open-ended, whereas the question about benefits was multiple-choice. However the challenges and benefits are seen as equally important.

The auditing cost of 525 euros and VAT, in addition to the indirect costs of using money and resources to pass the audit, is arguably a big issue to the small growers. Almost twenty respondents brought up the cost issue in their answers. Watching the auditing event (at Jordas 12.4.2011) clarified that the small growers are in a tough business and sometimes need to struggle to survive. Jordas told about their recent setback: they had bought seeds with several thousands of euros, and the seeds turned out to have high concentration of mould, which made it impossible to sell the plants. These kinds of unanticipated setbacks can be detrimental to small businesses, because even though they get the money back from the seller, they might face cash flow problems in

between. The challenge of the costs has been noticed by the horticultural organizations as well (Rautio 23.2.2011).

Thirteen respondents brought up the challenge of additional work, which is significant because of the small scale of their production and hence the limitedness of their workforce. The respondents were especially wary of the added documentation requirement, which they saw as unnecessary bureaucracy.

Some small company representatives wrote that they had decided to stop using the Sirkkalehti label due to the auditing requirement, because they sell directly to the stores nearby (5 respondents). One explained that "our clients trust our products without the audit and we ourselves also trust in our capability to monitor it". When the growers do not have the pressure of getting certified coming from their customers, and if the consumers do not require the Sirkkalehti label, the companies easily prefer to drop out. This seemed to be the case especially with the flower growers, whose products do not have the same safety issues that are linked with edible goods.

Altogether twelve respondents did not see that the benefits of the audit would exceed the costs and resources used in it. Often the explanation was that the company has already adopted high quality standards. One answered that "we do not need to pay somebody to walk behind us for a day to prove what we already know are good practices", and another wrote that "our farm has had ethical practices for decades and now you want to bash us".

A more natural barrier for adopting the system was that in a few companies the business activities were ending in the next couple of years due to the entrepreneur retiring and not having anyone to continue the business activities of the company. Another understandable barrier was that one company already had the ISO9001 certificate, which is by itself accepted for getting the permit to use the Sirkkalehti label.

To sum up the attitudes of the growers, it seemed clear from the survey results that the growers are not entirely satisfied with the Laatutarha system, particularly the audits, and

that some adjustments need to be made if the horticultural organizations wish the system to extend to national scope. The results of the survey will be emphasized in the chapter analyzing potential elements for development. The main benefits and difficulties are summarized in the table below.

Table 6. The main benefits and challenges of the Laatutarha CR system as perceived by the respondents of the survey.

Benefits	Challenges
- systematisation of documentation - enhanced awareness of matters - improved level of hygiene - better introduction of new employees - assurance of complying with legislation - improved company image - prevention of all kinds of risks - review of plant protection procedures - systematisation of monitoring work	- added costs - extra work - no pressure from customers (direct sale of products) - low awareness and knowledge regarding CR - uselessness of the audit; already high level of practices - ending of business - another CR system already in use

To reflect with other academic literature, these results are very similar to the conclusions of other studies about the benefits and challenges of CR systems for SMEs. The benefits that were explicated in both this study and in Hillary's (2004) EU-wide research were the new efficiencies within the operations, the improvement of quality systems and management, the introduction of training, the assured legal compliance and the image improvements. The challenges were also comparable. Especially the scarce financial and human resources, the lack of previous knowledge to understand the system, and customers not demanding the companies to improve their CR were barriers identified in both studies. Hence it appears that there exist such benefits and challenges within the adoption of CR systems that can be similar amongst SMEs across industries.

5.5. Analysis of the CR management system

The previous analysis of the benefits and challenges included only the opinions of the growers. With that background, the analysis is now extended to include also the perspectives of the other stakeholders, and the overall image that has been developed through all of the studied material within this research. The characteristics of the CR

system are also reflected on the discussions encountered in the literature. The main aim is to define whether the CR system can enhance the glasshouse growers' level of CR in reality. The analysis is structured on the basis of the framework developed in the concluding part of the literature review.

5.5.1. Analysis of the content of the system

C1: Specificity

The requirements of Laatutarha are relatively specific. Already in the beginning of the guideline the developers wanted to combine all requirements together and form them so that they are easily identifiable and measurable. The specificity of the requirements comes mainly from the inclusion of detailed documentation of the procedures of the companies related to their environmental and social impacts. The auditors have noted that quite often the procedures are on the level of quality demanded by the guideline, but that the proper documentation of the procedures is lacking.

The specificity of the guideline has been found to frighten some of the growers beforehand, which is common for SMEs (Murillo & Lozano 2006) but usually the growers have been satisfied afterwards, once they have realized that they are doing a lot better than what they had previously thought. One interviewee reminds that in the end it is vital that the requirements are on a high enough level, because otherwise the guideline is not credible. The specificity of requirements shows clearly that the CR system is not just a PR initiative, which is a common accusation towards CR initiatives from the critics (e.g. Fougère & Solitander 2009).

Then again the interviewees found some requirements that can be considered too detailed. One example is the reaction to customer feedback: according to the guideline each grower should have a customer feedback folder, to which all feedback is gathered. But usually the growers do not get any direct feedback at all, and therefore it seems unnecessary to have such a folder. Another requirement that seems sometimes unnecessary is to document the plant protection actions, for example how the need for

protective actions has been noted and who is the person doing the protective actions, since obviously the need for plant protection arises when unwanted mold or insects have been found in the glasshouses, and often there is only one person working on the plant protection of the glasshouse.

The most suitable level of specificity seems to be debatable. On one hand, the specificity and strictness of the requirements could be even higher from the perspective of the more advanced growers, but on the other hand the specificity seems to be already too much for the growers opposing the whole system, especially considering the documentation requirements.

C2: Continuity

It appears that the Laatutarha system is being continually developed and improved. Rautio (23.2.2011) mentions that he has been involved in the development since the beginning of the first quality system in the mid-1990s, and there have been new versions of the guideline published almost every five years. Also, the system has been developed to include the auditing process as a compulsory part of the permit to use the Sirkkalehti label. Lately the horticultural organizations have established a working group to find out the need for changes in the content of the latest Laatutarha. Rautio (Ibid) also points out that requirements that have been marked voluntary in the previous versions are often changed to compulsory in the next ones.

Then again many of the interviewees highlight the need for up-to-date information in the content of the guideline. The retailers representative emphasizes that Laatutarha requirements should be continuously developed. The Finnish legislation is constantly changing and therefore the Laatutarha requirements should be in some way constantly modified to conform to all other requirements demanded from the growers.

Thus some goals for the development of the system appear to have been set, because also development has been achieved, but the specificity and level of challenge of the

goals are not perhaps as high as they could be. At least the continuity is not as clearly structured as it is within the ISO9001-framework (Zutshi & Sohal 2004).

C3: Importance

Corporate responsibility within the CR system appears not yet as a strategic element of the operations within the glasshouse growing industry in Finland, at least not in all companies and to the extent demanded by Porter and Kramer (2006). Similarly to the development elsewhere in Europe as discussed in the literature review (e.g. Cafaggi 2010), the first phase of responsibility has been the need to produce safe food also in Finland. This includes for example ensuring good hygiene and using pesticides only when necessary, if at all. Therefore the aspect of quality has been a central element of the CR system, and it is also reflected by the name Laatutarha (in Engl. Quality Garden).

In addition, the environmental side of responsibility has been important in the Finnish context, because certain good environmental practices were the requirement of getting subsidies from the European Union after Finland joined in 1995 (Rautio 23.2.2011). But it seems that corporate responsibility has not been thought of holistically as a strategic element of the operations, especially since the attitudes of many small-scale growers in Finland were in the survey found to be negative.

On the other hand CR is of high importance to many of the large-scale growers. The interviewed cucumber grower emphasizes that "corporate responsibility issues are fundamental to us", but that "this is a new thing to many growers, who have not yet realized the importance of CR issues". The interviewed flower grower also argues that a company with their size, with a turnover measured in millions instead of the common hundreds of thousands of the industry, it is obvious that environmental issues need to be taken into consideration; they could not just go on without caring about laws and the environment. The importance of CR has grown even more significantly in their company, since they have for the past ten years sought to build their own brand, and to that any negative publicity would be damaging.

Overall it appears that a strategic approach to CR is something that is developed through time, and that the horticultural organizations cannot force it on their members. The importance of CR will increase the more the clients demand it. Also negative publicity such as the ehec-bacteria suspicion with Spanish cucumbers in May 2011 (Baer & Lappalainen 27.5.2011) draws the attention to CR and thus increases its strategic importance for the growers.

C4: Type of CR

The glasshouse growing industry can be seen to conduct CR Integration types of activities, following the CR classification made by Halme and Laurila (2009). The industry has not aimed at purely philanthropy, since it does not collectively donate money to charity. The activities that currently take place belong to the category of CR Integration – integrating corporate responsibility to the core everyday business of the companies. The activities cannot be described as CR Innovation, since the activities have concentrated on improving the existing situation and not on producing new kinds of products or business models. Perhaps the only type of firms that can be considered as using CR Innovation are the organic growers, whose products are based on the natural growing methods and whose key competitive advantage is caring about nature.

One element of the system that is emphasized by Rautio (23.2.2011) is minimizing risks that would be detrimental to the environment or the social impacts, and consequently to the business as well. For example, one requirement of the guideline is that the growers annually make an inventory of their pesticide storages, so that the growers would notice if some of the pesticides are expiring or if they have been put to the list of forbidden substances. It would be a misfortune to both the consumers and the industry, if vegetables containing forbidden substances would reach the stores. Rautio has also one real life example of a risk that became reality; a grower had an oil tank, from which oil managed to leak to the ground during many years before anyone noticed. And the cleansing of the soil cost 200 000-300 000 euros. The grower understandably did not have enough money to pay and the company was forced to go bankrupt. Hence, one of the main aims of the system is to ensure that such risks are prevented.

One important element of risk prevention emphasized by interviewees is to document the procedures taking place in the farms, to show good practices and bring legal protection in case accidents happen. One example is the introduction document, which lists the items that a new employee has gotten training in, and which is signed by the new employee. If an accident at work happens, it is vital that the document exists. One interviewed grower tells that a grower colleague of his has been in court to defend himself in an occupational accident case and has said that it was extremely important to have the document to be able to show that proper induction has been done.

The detailed documentation can also bring efficiency gains according to the interviewed auditor. To use the same introduction example, the introduction of new workers becomes a lot easier when there is a document which lists all of the necessary steps of training, and the entrepreneur does not have to rethink and memorize the steps again every time a new worker is recruited. Thus, documentation brings stability and security to the growers.

As the previous examples have shown, the prevention of environmental and social risks is important for the future of the glasshouse growers, and documentation can also increase efficiency. But it might be that the growers are not always aware of these kinds of risks. And for many small-scale growers who do not employ others than the members of the family, the bureaucratic documentation procedures might in fact bring more work than efficiency. This is highlighted in the way that many growers responded to the survey; they do not see the benefits of the audits and feel that it is nothing but additional costs and work. Also the auditing visit showed that the detailed documentation can seem unnecessary, but it is acceptable for an entrepreneur who understands the potential risks. Overall it is true that the current audits do not bring instant cost savings or increased sales, and therefore it is understandable that the attitude of the growers is often against the compulsory audits.

C5: Scope

The scope of the system can be considered wide; all elements of corporate responsibility as defined by Elkington (1997) – economic, environmental and social – have been included to some extent. There are for example requirements about the use of energy, worker health and safety, and the continuous and systematic development of the firm. But there is still a slight focus of ensuring the safety and quality of the products, and promoting environmentally friendly practices, due to the historic development mentioned before. This reflects the most important CR elements of the industry, and therefore there are specific requirements for example about the hygiene of the production and packaging facilities, and about the traceability of the products. (Finnish Horticultural Products Society 2007)

On the other hand an interesting element of the CR requirements of the system is that they are often only on the level of national legislation and not in all circumstances above it. This is explained with the rapid development of the Finnish legislation; that many requirements that were first drafted to the guideline as good practices have since then become obligatory by the law. One example of a change in legislation is the traceability of products; nowadays it is in the Finnish legislation that the name of the producer or packager needs to be found in all food product packages (Jalkanen 25.5.2011). The interviewees have noticed that in some instances the laws have even exceeded the requirements of Laatutarha.

According to Rautio (23.2.2011) another reason for intentionally including parts of the legislation to Laatutarha has been to ensure that the growers are aware of the latest legislation. They are often busy entrepreneurs, who do not have time to follow all changes in laws, and if they do not attend the seminars organized by the horticultural organizations, they will not hear about legislative changes. For instance, the growers seem to be often unaware of the Food Act (in Finn. Elintarvikelaki) passed in 2006 that requires all food producers to map risks related to their products and to write a short description of how they monitor the operations.

Tarja Jukkara, Purchasing Director Fruit and Vegetables at Kesko Food (15.3.2011), one of the biggest food retailers in Finland, points out that it should be the task of governmental organizations to stipulate the settings and the minimum requirements for glasshouse growing, and it should also be their task to guide the practitioners on understanding the legislation. However since the governmental organizations have not taken up the communication task, it is here understood that it is the task of the horticultural organizations to promote the legislative changes to their members, in such a manner that they are currently doing. Also, it is concluded that obeying the laws in this case can be considered responsible company behaviour, although in the literature review (Halme & Laurila 2009, Blowfield & Murray 2008) the compliance with legislation was concluded not to be particularly responsible behaviour. This is because compliance with laws already tells about the effort that a grower has put to staying up-to-date with development, and because companies, who otherwise would be considered behaving ethically, might unintentionally break laws of which they are unaware.

C6: Necessity

The necessity for a grower to take part in the CR system comes from the requirement of complying with Laatutarha requirements in order to be permitted to use the Sirkkalehti label. Currently, all growers using Sirkkalehti have signed a membership agreement, which includes that they agree to comply with the requirements. And by 2014 the users of Sirkkalehti label have had to pass an audit. (Rautio 23.2.2011) Obviously the necessity is linked only to the part of following the minimum requirements of the guideline and getting audited, but not to participating in the initiatives of the horticultural organizations aimed at actually improving some particular elements of CR, such as seminars or field trips.

This ongoing development in the industry is interesting from the viewpoint of current literature, where critics of CR have stated that companies need to be held accountable for their actions, in which voluntary initiatives are not enough, and that compulsory mechanisms are needed (Waddock 2008). The interviewed auditor is of the same opinion; he argues that it would be great if the system would not be compulsory for all,

but it has been seen that participation is not as popular as it needs to be in order to create a nationally relevant CR system, if the system is voluntary. He sees that the obligation to have an audit to maintain the Sirkkalehti label is the only way to make the auditing system nationally extensive.

Understandably, the CR system is in practice not compulsory at all, if there are no significant benefits from having the permit to use Sirkkalehti. But for most growers there is a strong need to have Sirkkalehti in their products, because the retail chain customers demand Sirkkalehti from their suppliers. Jukkara (15.3.2011) emphasizes that Kesko Food requires their Finnish suppliers to have the permit for the Sirkkalehti label. In addition the growers supplying under Kesko's private label Pirkka need not only have the permit but they need to be already audited as well. Jukkara (Ibid) mentions that the most common reasons for changing a supplier are product quality and the certainty of availability, but that if a supplier does not pass the Laatutarha audit, it would also be a time for serious discussion. Kesko does nourish long-term business relationships, especially in its Pirkka brand, because of the specificity of the process that a grower needs to go through in order to become a Pirkka-supplier. Therefore if the grower would say that he or she intends to improve and pass the audit soon, then collaboration would be continued, but if the grower does not have a plan or does not want to improve, the viewpoints would be too far apart to continue with business. Rautio (23.2.2011) predicts that losing a regular and important customer because of losing the Sirkkalehti permit and thus not being able to sell the year's crop could be for many growers such a big loss that it could mean the end of their business.

Then again the situation is different for growers, whose customers do not demand the Sirkkalehti label. The interviewed flower grower emphasizes that in the flower industry a client has never asked about whether the company follows Laatutarha or any other environmental or CR management system. It appears that customers, whether companies or consumers, do not pay attention to CR when buying flowers; it is not a selling point. The interviewee finds it interesting that the CR aspects do not guide the flower purchasing decisions of the large retailers at all, even though the companies claim to have ethical purchasing practices. The fact that product safety does not apply to

flowers in the same manner it applies to food products could be the reason for also less interest in the overall CR of the flower growers. Similarly to flower producers, the Sirkkalehti label does not bring any competitive advantage or legitimacy to the small growers, who only sell directly to consumers or to their local shop. Their clients know that the products have been grown in the nearby glasshouse and trust the local producer.

To conclude with the necessity of the CR system, the industry seems to be divided between those who are practically obliged to have the system and those who do not need it. And the survey responses show that by 2014 when all companies need to be audited, it can be that a significant part of the growers gives up the Sirkkalehti label, because they do not see any benefits to the audits. Still, if the audits were completely voluntary, it looks as if they would gain even less participation, and therefore making the audits mandatory for Sirkkalehti usage seems to be a valid decision. The dilemma presented in the literature (e.g. Gilbert et al 2011) of whether CR initiatives are truly voluntary or if they need to be indirectly compulsory is reflected clearly in this case.

5.5.2. Analysis of the processes within the system

P1: Implementability

The Laatutarha system seems relatively easy to implement. Rautio (23.2.2011) emphasizes that growers are offered very concrete processes in order to verify the ethicality of their practices and prevent risks. For example, many growers have in their offices only one computer, with all of their data stored in its memory. And if the computer breaks down, the damage can be worth tens of thousands of euros. Therefore as a very practical implementation, the auditors suggest the growers to save backup copies of their files on an external memory.

The implementation of ethical practices has also been supported by the horticultural organizations through providing sample materials on the websites. These include for example document forms which the grower can fill in with the company-specific information. The document forms were seen in the auditing event to be extremely

beneficial for the compliance of a grower. One of the interviewed growers highlighted that the document forms reduce the stress one gets of having a blank paper in front of him or herself. And once the documentation has been done for the first time, it is easy to repeat the work since you have the previous documents as a model.

The implementability is also supported through the consultative nature of the audits. The interviewed auditor emphasizes that auditors give advice to the growers on how they can achieve the level of passing the audit. And it is enough that the growers send evidence of the changes made according to the advice afterwards. This is significantly different from for example the GlobalGAP and many other certificates, where the auditors only check the practices, and afterwards announce whether the audit has been passed or failed, without giving any explanations on how the result was reached (Sterns & Busch 2002). The consultative nature of the audits can be argued to be a lot better for the industry, since not many would pass the audits without getting some advice because of the newness of the system. Also, it has to be remembered that most of the growers are small or medium-sized, and they do not have much resources to concentrate on the audits.

Overall the implementation of the CR requirements can be considered not to cause great difficulties amongst the growers. The consultative nature of the audits and the supportive material accessible to all on the horticultural organizations' websites seems to be needed though to ensure that growers are able to pass the audits.

P2: Thoroughness

The CR system appears to be quite thorough, but it could include even more processes with regards to the classification by Rasche (2009). The system includes auditing and the ensuring of accountability through written contracts. The horticultural organizations also communicate about the system to the stakeholders, namely the governmental organizations and the retailers. The statement of the growers needing to comply with the Laatutarha requirements and needing to pass the audits in order to have the permit to use Sirkkalehti has been explicitly communicated.

On the other hand the system has not so far involved a specific policy statement; to what CR statements the industry will commit and at what CR targets does the industry aim in the future. Also, because of the cluster nature of the CR system with the horticultural organizations managing it instead of the individual companies, there has not been so far any systematic CR reporting. The establishment of heavy reporting processes in the future can be considered unlikely though, because of the small size of the companies.

One more element that is not a part of the CR management system or the audits is the checking of the quality and safety of the products. Naturally, the employees who are packing the products at the production site check that only first-class products go inside, but then again they cannot know just by checking the produce visually that it is not contaminated. And afterwards the horticultural organizations do not check the quality of the products. This is something done as spot checks by the food retailers (Jukkara 15.3.2011), or by the government institution Evira, the Finnish Food Safety Authority (Jalkanen 8.2.2011).

The Laatutarha CR system can hence be understood to be quite thorough, but on the other hand it needs to be noted that some common processes, such as reporting, other communication to the public and the development of a policy statement are not included in the system. Then again auditing and accountability ensuring are integral parts of the system.

P3: Accountability

There are several potential challenges within the Laatutarha CR system when it comes to its accountability. The auditors represent usually the horticultural organizations and not a third party. The interval between audits is currently relatively long; five years. Also it seems that the horticultural organizations have not fully followed their own rules about the treatment of growers who do not pass the audit and do not send their corrections afterwards to the auditors.

The accountability and the infallibility of the CR system is especially important for the glasshouse growing industry, because even one hit to the industry's reputation could damage the sales. As Rautio (23.2.2011) emphasizes, the good quality of the products is the only way in which Finnish products can compete with the cheaper imports. Traditionally Finnish products have been considered clean, but any one grower could harm the situation. With the economic downturn one of the interviewed growers points out that it is possible that someone might skip the safety precautions in order to save money, for example with the pesticides, and at worst it could harm the safety of the products and consequently the image of the industry.

Perhaps the most pressing challenge with accountability is that the developer of the CR system is the same organization that audits and advises the growers. Although this is a positive dimension considering the good collaboration between parties, it can become a disadvantage, if the important stakeholders such as the retail customers feel that the horticultural organizations are biased to favour the growers and hide shortcomings. If non-compliances are found, are those growers disciplined by taking away the permit for Sirkkalehti? How is the transparency of the system ensured? These questions have been posed in the literature (Blowfield & Murray 2008).

An argument for the system is given by an interviewee: "It is an internal decision within the sector that once an expert goes to the growers, why not utilize his or her expertise. The retailers of course criticize this to some extent; that these are the same people, and they are afraid that mistakes will be overlooked. But every year we do gather the auditors together and highlight the need to point out mistakes, to demand for the quality level decided together, because otherwise it [the system] will lose its credibility."

However there is certain subjectivity to the system, since the horticultural organizations deal with non-compliances simultaneously with promoting the cleanness and quality of the Finnish products to the public. The growers mention that "the circles are small, and the auditors are people who all of the growers know". Currently the system does in fact accept corrections made even after the three-month deadline, without strictly taking

away the permit to use Sirkkalehti from a grower once the deadline has been exceeded. There is however a case of one grower, whose permit the Society has decided to take away recently. One of the interviewees predicts that if the clients of the company choose not to buy the products before the grower gets the permit again, the grower might suffer substantial losses for this year's season.

On the other hand the interviewed growers agree that if there was a third party conducting the audits the growers would perceive it even more negatively. Even if it would bring more credibility and transparency, it would cost more to use accredited organizations and the growers would not get the supportive advice they do nowadays. And it can be doubted whether the horticultural organizations would even want to maintain such an extensive and heavy system. The demand for third parties could be presented by the retail customers in the future, and then understandably it would become more topical for the industry.

There are also other elements to the accountability of the system that should be examined more carefully. One aspect is the training of the current auditors. The interviewed auditor tells that the audits are conducted by one individual auditor, and that only in the training phase the first audit is done with a more experienced auditor. The very first auditors got their experience from auditing other quality systems, such as the ISO9001 and other systems used in the other areas of the agricultural sector. Afterwards the auditors have training days, where they meet and discuss the feedback they have gotten and any requirements that they have had problems with. Usually they discuss what the proper way to interpret some of the more vaguely specified requirements is.

Hence, even though there is some common training, the auditing work appears quite individual, and nobody monitors the way the auditors conduct the audits after the very first one. The auditors have different backgrounds as well, which also means that they might consider other elements more or less important than what the other auditors consider, and therefore the quality of the audits might differ. This challenge of potential variety between the auditors has been tackled with the regulation that the same auditor

cannot audit a company twice in a row, but then again that does not improve the capabilities of individual auditors.

Another element of the audits is the five-year interval between auditing. This has been agreed on by the board of the Finnish Horticultural Products Society, including representatives of the retail chains. But a couple of the survey respondents and interviewees point out that anything can happen between five years; that the companies might easily stop complying with the Laatutarha requirements in between. On the other hand the long interval can be explained with the early phase of the auditing process and with the aim to include as many growers in the system as possible – the already protesting smaller-scale growers would certainly object a shorter interval.

To conclude, accountability is perhaps one of the key issues in developing the system forward. Generally, it can be determined that the system does not yet function according to its own rules entirely. Everything about the system's accountability seems to be fine for the interviewed stakeholders, but in case some kind of a mishandling would appear the credibility of the system could suffer greatly.

P4: Transparency

Transparency is an aspect particularly relevant for the cluster approach of managing CR, as found with the glasshouse growing industry. This means the development of the CR guideline and system in collaboration with stakeholders, and the open communication between the parties involved.

The development of Laatutarha has been done by the horticultural organizations and retailers in different working groups. However, the important decisions about the formation of the system have been done by the board of Finnish Horticultural Products Society, which has included the representatives of the horticultural organizations and the retail chains. Also, the state of Finland has been involved in the process by financing some of the development work. (Rautio 23.2.2011) The retailer's representative points out that their company representatives have taken part in the development of the

guideline as members in the working groups developing Laatutarha, and their representative has also been on the board of the Society. It seems that the retailers have been pleased with the system so far. Hence the transparency with regards to the development of the CR system appears to be acceptably high.

Also the communication element seems to be in place to ensure transparency. There appear to be many communication channels between the horticultural organizations and the growers. The main channel used to communicate about the CR system is the monthly magazine Puutarha & kauppa, which is sent to all members. Also, to encourage the members to get audited, a brochure called Laatuinfo (in Engl. Quality Information) was published. It included information on what the Sirkkalehti label stands for and what is done at an auditing event. One more channel of educating the growers has been also the seminars and training days organized by the horticultural organizations a few times per year.

One sign of transparency towards the other stakeholders, including retailers, media and the public, is that the Laatutarha guideline is publicly available on the website of the Finnish Horticultural Products Society. The development of the guideline has been financed by the State, and therefore it is accessible to all. Also the glasshouse growers who do not use the Sirkkalehti label and are not members of the horticultural organizations can find guidance from it. (Rautio 23.2.2011) Also, communication between the horticultural organizations and the retailers seems to be ensured with the inclusion of a retailer's representative in the board of the Society. On the other hand the system has not been widely promoted to the consumers or the media, although the information can be found from the internet by those who are actively seeking it.

Hence, the transparency of the system seems to be on a good level. Those stakeholders, who wish to have a say in how the system is developed, have the chance to do so.

P5: Business feedback

A clear difference between the Laatutarha audits in comparison to for example the GlobalGAP audits emphasized by the interviews is the consultative nature of the audits, which means that all best practices gathered from previous audits are shared with the growers to support them in making their operations more sustainable and efficient. Hence, results of CR improvements are being gathered within the audits and the knowledge shared afterwards. In comparison, within the GlobalGAP and many other CR audits, all kind of advice-giving is forbidden (Sterns & Busch 2002). One interviewee refers this kind of practices to the work of a police; checking that everything is in order, but if non-compliances are found, not telling how they can be fixed. Hence there is a mechanism for business feedback in the sense that good practices are sought and shared amongst the growers.

However, the horticultural organizations have not considered the specific business cases as described by Kurucz et al (2008), meaning the instances where a more sustainable way of operating is also financially more beneficial, as part of their work. Only some generic business cases such as reducing risks, maintaining the good reputation and ensuring competitive advantage as proposed by the academics (Ibid) have been considered. And also on the part of these benefits the communication could be enhanced. For example to the Association representative the business case idea is new. The business feedback can thus be concluded to exist, but there is a need for a more systematic approach and a focus on business cases.

P6: Flexibility and formality

The flexibility and formality of the Laatutarha system reflect its position as a new and still developing system, targeted at SMEs. There is a good amount of flexibility in the way that the system still evolves and also adapts the requirements to the needs of the growers. It has also the needed level of formality; the Laatutarha requirements are formally written, but on the other hand the audits are conducted in an informal manner. The system has a good amount of flexibility also with regards to the timing of the audits;

for example if a glasshouse company has been going through a change of generation or if there has been a large reconstruction work, and the grower cannot focus his or her resources to the auditing process, the horticultural organizations have agreed to postpone the audit.

The observation visit showed that the audits can have a very informal atmosphere, and that the requirements are adjusted to fit the situation of the grower. Discussions were held in a friendly manner and the auditor was not judgmental; instead, he asked about the farm's compliance with requirements politely and suggested solutions. The auditor tried to rationalize the need for documentation, and did not require all of the unnecessary elements to be fulfilled. The auditor also explained what the reasoning behind each requirement is, whether it comes from the Finnish legislation or the risk management perspective, and opened up the requirements on a more detailed level. In addition the auditor attempted to take the pressure off by saying that "there's nothing more than if some red boxes are not filled, you just need to fix them later" and that "it is not a big deal".

The good sides of this kind of an informal and friendly audit are that the auditor generates trust and that the grower is satisfied because he or she has gotten good advice on how to improve the operations. On the other hand the negative sides are that the auditor might accept the growers' level of operating too easily, and that the audits are not of uniform quality when each of the auditors has their own viewpoints on what is important and what is not, as discussed previously in the accountability chapter. One survey respondent already claimed that the requirements have been broken by companies who on paper have passed the audit.

It is a controversial matter how flexible and how formal the CR system should be. There are different opinions also in the literature on SMEs (for example Murillo & Lozano 2006, Jenkins 2004); some argue that SMEs need more flexibility from the systems, whereas others counter argue that the systems should not be 'scaled down' to suit all needs of the SMEs.

5.5.3. Analysis of the system's relation to the context

R1: Geography

The CR system examined here has been developed for the Finnish context in particular, and the Finnish glasshouse and outdoor vegetable growers are the only ones using the system. In the development of the system however several different CR systems have been benchmarked, including the Svenskt Sigill used in Sweden and the GlobalGAP, or formerly EUREPGAP, used in Europe to certify producers all around the world. The reason for having a national system is in the business context of Finland, where laws are commonly obeyed meticulously; the horticultural organizations wanted to bring this up as a competitive advantage to the domestic producers. Finland's entry into the European Union in 1995 also supported the process. On one hand the GlobalGAP could have been adopted without establishing an own system, but on the other hand the industry in Finland consists of small-scale producers, to whom the GlobalGAP would have been a too bureaucratic system, particularly considering the already high level of practices guaranteed by strict legislation. (Rautio 23.2.2011) Hence the system benefits from the localization of the requirements that have been mentioned by the WTO (2005).

R2: Industry

The Laatutarha CR system covers only the outdoor vegetable growers and the glasshouse growers. In other words the system is very specific; it doesn't even include other agricultural sectors such as livestock raising or aquaculture, which are included in the GlobalGAP for instance. Hence, the system includes in addition to the glasshouse growers all root vegetable growers and berry growers. The scope of this research however includes only the glasshouse growers, since the aim is to look at their CR system, which is guided by the Finnish Glasshouse Growers' Association, and which might differ from the way the other types of growers are directed.

R3: Positioning

Laatutarha is positioned to be a lighter system in comparison to the more bureaucratic and rigid GlobalGAP and for example ISO9001 systems. It is designed to cover all of the Finnish glasshouse growers, unlike Luomu, the Finnish label for organic products, which requires completely organic farming methods and would not suit for all of the growers.

The ISO9001 differs from Laatutarha and also from the GlobalGAP in the sense that it aims to ensure quality, and it can be adopted by companies from all industrial sectors. It is not a system for ensuring ethical business practices as such, since it lacks for example requirements related to the environmental responsibilities of companies. With regards to the auditing requirements ISO9001 is between Laatutarha and GlobalGAP; it needs to be audited every third year and the audits are not consultative by nature, but the auditing organization can conduct a pre-screening to be able to give some advice for the company. (Bureau Veritas 2011) In the survey only one respondent replied to have the ISO9001 system certified, which means that the system is used by very few Finnish glasshouse growers. The respondent with the ISO9001 system has a fairly successful large-scale business and it seems that having the certificate was a way for them to differentiate from competition, especially before the Laatutarha audits were in full swing.

The GlobalGAP is more similar to Laatutarha, because it has been developed for the agricultural sector in particular, and it is a system for improving all elements of corporate responsibility (GlobalGAP 2011a). But on the other hand it is significantly more expensive for the grower; the audits cost almost four times the price of the Laatutarha audit, and the audits are annual, whereas in Laatutarha audits are every five years. The interviewed retailer's representative points out that "Laatutarha is a good starting point" to get both legislation and good production methods for the growers. But since the retailers have to deal with the GlobalGAP, they compare Laatutarha to it, and regarding the content of the CR system GlobalGAP is still a good benchmark for Laatutarha. The content of Laatutarha could hence be made stricter and broader. On the

other hand a good element of Laatutarha is that it includes all of the relevant legislation of Finland, whereas GlobalGAP does not have any connection to any country's legislation, since it is a global standard.

So far only two Finnish outdoor vegetable growers have been audited for the GlobalGAP (Itä-Savo 22.11.2010). But one grower mentioned in the interview that they are taking part in a project by the Central Organisation to do a GlobalGAP audit in the near future. The need comes partially from their retail customer, and "it is a way to differentiate ourselves [from the competitors], although I don't believe it will change much in the way we operate". According to the grower the certificate should improve the company's position in the marketplace, because the competitors are so big and strong. The adoption of GlobalGAP is possible for the company, because they have the resources and scale of operations needed and the owners can focus on projects outside of the daily practical work.

One aspect that has been discussed in the literature is the challenge of overlapping CR auditing systems, which brings added pressure to the growers (e.g. Cafaggi 2010). In Finland the situation is simpler; Laatutarha fulfills the demands of large retailers, and other systems are often not needed. If a grower decides to implement ISO9001 or the GlobalGAP, then the company does not have to be audited for Laatutarha. Overlaps could become evident if a grower would start exporting though, since the foreign customers might have different demands. The only overlapping audit that might come into question within Finland is the Finnish retailers' own audits. For example the retailer's representative mentions that they or their partners in cooperation have audited nearly all of the suppliers of their private label in addition to the audits done for certification of other standards, both in Finland and abroad.

To sum up the positioning of Laatutarha, it is a lighter and more flexible system than the other systems, designed to fit all of the Finnish glasshouse growers. Unlike the other systems, it is intended to support growers in their pursuit for more advanced CR – not only to ensure compliance with predetermined requirements. A significant benefit of the

system's positioning is its relevance and dominant position in Finland, which prevents the pressures of several overlapping systems.

R4: Aim

The aim of Laatutarha is in the future to harmonize the system more thoroughly with GlobalGAP, which has been common in other geographical parts as well (Dörr 2009). The Central Organisation has initiated a two-year project, which aims at developing a set of criteria for the growers in addition to the Laatutarha guideline so that the growers comply with the GlobalGAP standard as well (Central Organisation for Finnish Horticulture 2011). According to Rautio (23.2.2011) the idea is to have a set of questions in addition to Laatutarha, so that the companies who are more advanced in the sustainability issues and wish to be the frontrunners can more easily get the GlobalGAP certification. At the moment the GlobalGAP certification process is very expensive: one visit by the auditor to get the certificate costs around 2000 euros and in order to retain the certificate the grower needs to be audited every year. Therefore the GlobalGAP is currently relevant for only those companies thinking about starting to export their products – since Laatutarha is not recognized by retailers outside of Finland – or those companies to whom it is important to be the frontrunners of sustainability.

The future of GlobalGAP versus Laatutarha in Finland on the other hand is not clear yet. Rautio (23.2.2011) highlights that the question is in the hands of the retail chains, which have discussed the issue and have written the goal of having GlobalGAP in use in Finland someday within the agenda for the future by the Finnish Grocery Trade Association (in Finn. Päivittäistavarakaupan yhdistys). The retailer's representative mentions that the foreign suppliers of their private label vegetables need to be GlobalGAP-certified, but that an exception has been made with Swedish growers, since they have their own Svenskt Sigill system. The retailer hence seems to prefer the global and standardized guidelines, such as the GlobalGAP, MPS for flowers, Rainforest Alliance for tropical fruits and Fairtrade for vegetable growers in the developing countries. On the other hand they also consider national differences; for example a separate certificate of social responsibility is demanded only from growers in countries

marked by experts to have a high risk level. Laatutarha seems to be enough for the Finnish suppliers at the moment, but in the long term GlobalGAP-certifications might become more relevant.

If the interviewed growers would have the chance to decide, they would not make GlobalGAP compulsory for all. The interviewees argue that GlobalGAP does not bring anything new, just more documents to fill. Some growers do not want GlobalGAP, even though they could easily pass it, because no customer has so far demanded any kind of a CR certificate from them. The development of Laatutarha to include stricter requirements on the other hand is desired by many of the audited growers according to the survey and the interviews. Then again a significant part of those growers, who have not been audited, had a more negative approach already to the current, relatively low requirements of Laatutarha.

Although the future of the CR system is not yet clear, it seems evident that the requirements will be made stricter and more compatible with GlobalGAP. The growers do not have enough bargaining power to resist changes that the large retailers decide to make, which is similar to the development in other geographical regions (Cafaggi 2010). On the other hand, like mentioned before, the development can be that those growers, who do not sell to the large retailers, decide to drop out of the system because of the stricter and stricter requirements, in which they do not see enough benefits.

R5: Owner

The ownership of the development of the CR system is between the national horticultural organizations, including the Central Organisation for Finnish Horticulture, which develops the system with different projects, the Finnish Horticultural Products Society, which owns the Laatutarha guideline and is responsible for making decisions about its future, and the Finnish Glasshouse Growers Association, which is in charge of promoting the system to its members via the Puutarha & kauppa magazine, amongst others. These organizations are responsible for the development of the system with the financial aid gotten from the state of Finland.

Then again the system's financial structure suffers from the same situation that has been discussed in the literature about agriculture in the developing countries (e.g. Amekawa 2009); the large retailers demand the implementation of the CR system from their suppliers, but the costs of implementing are pushed to the suppliers, often without a chance for the suppliers to get any price increases or premiums for their certification. In other words, the growers pay to be able to participate in the system. Currently they usually pay a membership fee, which is used for the national collectivistic advertising of the products, and in addition they have to pay for the audits. And the growers point out that the costs of the audit and other CR improvements cannot be added to the prices of the products because of fierce competition. The added cost is a matter that annoyed the growers perhaps most in the whole Laatutarha system according to the survey.

The interviewed auditor has also heard comments from the growers that the auditing system has been invented by the Finnish Horticultural Products Society just to collect more money from the growers. But he points out that the travelling costs of the auditors have been included in the auditing price to make the pricing more equal to all, so that the more distant growers do not need to pay more than the ones living closer to the auditors. And overall the price barely covers the costs of the audit to the gardening associations. There are costs that come not only from the travelling, but also from the working time of the auditors and the time used to manage the system. Thus, the membership and auditing prices are already as low as possible, and the horticultural organizations do not have the financial capacity to reduce the prices.

Still, growers argue that the situation with the cost is very different between small and large-scale growers. For growers whose turnover is measured in millions, the auditing cost is approvable. But the small entrepreneurs do most of the work by themselves and they cannot afford hiring another person to help; these growers do not have the time for any environmental investments. In this case everything that is not linked with the daily necessary processes is often leaved out.

With regards to the owner of the system, Laatutarha is similar to other CR systems found within the agricultural sector globally. The system is developed by not-for-profit organizations, which cannot provide the system completely free of charge. The retailers as the customers are not willing to take up the financial burden of implementing responsible practices amongst their suppliers, but have the power to force their suppliers to implementing the system because of their large size and dominating position in the marketplace. Hence it could be argued that the retailers are ultimately the ones driving the system forward, whereas the horticultural organizations are just balancing between demands from different stakeholders, and the growers as the least powerful party are forced to pay the costs of the system, which for some is tolerable but for others a reason to drop out.

R6: Stakeholders

From the interviews with representatives of the horticultural organizations, the retailer and the growers, it seems that all of the stakeholders who have taken part in the development of the system are relatively satisfied with the current system. Understandably the parties have different wishes for the future of the system; growers wishing a reduction to their costs and the retailers hoping for the intervals between audits to be reduced. Overall, it seems as though the small growers are the least satisfied with the current system.

It seems that the representatives of the retail chains have been listened to in developing the CR system and currently the system fulfils their requirements. Retailers believe they have a good communicative connection to the horticultural organizations and the growers. The main thing after all for the retailers is the safety and the quality of the products. But also “if the environmental issues are not taken into consideration, it can mean that the product safety is neither in place”. The greatest risks they currently see for agricultural products are pesticide traces and that the employees are not treated in the correct manner.

The horticultural organizations are constantly developing the CR system to ensure that the other parties are satisfied. The growers appear to have conflicting views; some see the system very positively, whereas others protest against it. The views of the representatives of the government, of the media, of the consumers or of the local governments were on the other hand not examined in this study. Arguably those views might bring a more holistic picture of the situation, but it looks as if those stakeholders would be less important when examining the Laatutarha CR system, because they have less knowledge of the situation.

5.6. Possible improvements to the CR management system

The previous analysis has showed that some particular elements of the Laatutarha CR system could be improved to satisfy the stakeholders better and to support the growers more to improve their level of CR. The following chapter will concentrate on the identified elements of improvement. The object of the analysis is again the practices of the horticultural organizations; how could they improve the CR management system in order to affect the CR level of the growers even more positively?

5.6.1. Improvements to the content

C1: Specificity

The challenge with the specificity and strictness of requirements is the large variety of opinions and levels of CR amongst the growers; however this is not the most pressing challenge of the CR system. One potential solution might be to have different levels of CR requirements depending on the grower's level of advancement. For example, the Svenskt Sigill in Sweden has three different certifying levels; IP Sigill as the basic one, IP Sigill GAP for those who want to comply with the GlobalGAP requirements as well, and Klimatcertifiering for the highly advanced, who wish to show their dedication to reducing energy use and preventing climate change (Svenskt Sigill 2011a).

This is also something that is in progress already with the Finnish horticultural organizations; a project to identifying the differences between GlobalGAP and Laatutarha has already been initiated, to provide an additional set of requirements to Laatutarha, which ensure compliance with GlobalGAP (Rautio 23.2.2011). The growers do not oppose this idea, but they highlight the importance of having only one label under which all growers regardless of the level would be advertised, because there should be one strong brand behind which all parties should stand. The Association representative points out that there already are some differences between the requirements to vegetable growers and flower growers, but this is also something that is not currently visible from the Laatutarha guideline itself, and therefore it could be clarified to reduce the confusion and resulting opposition by the flower growers.

In addition the growers emphasize that the requirements in Laatutarha could include better explanations on how the growers are expected to comply. One practical example is hygiene; currently the guideline only remarks that the grower needs to take care of the hygiene of the equipment and surfaces, but it does not give any instructions on how often and with what detergents it should be done. One should not clean up everything too often either and that with the conveyors you should not use a disinfectant, because it can form a bacteria coating which cannot be removed. Hence to summarize, the requirements should be developed into including different options for different kinds of growers, and their instructive nature should be emphasized.

C2: Continuity

The continuity of processes to enhance the Laatutarha system seems to be in place; however the practices could still be more systematic. The retailers especially seem to emphasize the need for continuous modifications because the Finnish legislation is constantly changing. This is justified since there are elements in which the legislation has exceeded the Laatutarha requirements. Therefore, it would be beneficial for the continuity of the system to have a person in charge of solely the future development of Laatutarha and the improvement of CR amongst the glasshouse growers. There is currently a person responsible for all quality issues of glasshouse and outdoor vegetable

growers, the training of auditors and the management of the certifying processes, and his time does not extend to the active development of the system. And the decision-making of the board of the Society, which is responsible for the development of Laatutarha, seems to be relatively slow, which is understandable due to the multistakeholder approach and different views (Gilbert et al 2011).

The annual goal of developing the guideline and other CR projects should also be written down so that it is remembered when allocating resources and deciding the priority order of projects. The development of CR could overall benefit from having more specifically defined goals. The horticultural organizations seem to have good aims, for example about having a certain number of companies audited each year and writing guidebooks about certain topics. But all of these targets should be explicitly stated and collected in one place, to make them more official.

In addition the recent trends should be taken into account when developing the CR system further. Most negative publicity to the glasshouse growing industry will most probably some in the future from the carbon footprint calculations. These calculations will potentially be in the future printed on food packages, and they will enable the comparison of products based on the carbon dioxide their production process has demanded. This theme is something that should get perhaps more emphasis on the content of Laatutarha, but also within the processes; that communication about it is well-thought and transparent.

The continuous improvement of the Laatutarha system would indeed benefit from a shorter development span. To enable this and the consideration of relevant trends, the responsibilities and aims of the improvement should be formalized.

C4: Type of CR

Currently the system is focused on integrating ethical and sustainable practices to the business, by having certain requirements for good practice and monitoring the growers' compliance with audits. But in the future the system should also include elements of

supporting CR innovation, which the current system is lacking. According to Halme and Laurila (2009), the biggest financial benefits lie in the CR innovations, which increase both the sustainability and the financial situation of the companies. In contrast the audits are according to the growers basically just giving advice for documentation and other types of risk management, whereas they should be about actually supporting the growers to develop their business. One interviewee sees that it is natural that the growers say in the survey that the audits have not changed anything, because the practices are already on a high level in Finland and the audits are not focused on developing the business of the growers.

Hence it is vital that the industry does not settle for the minimum standards outlined by the Laatutarha guideline, but that real improvements to the level of CR are sought. Perhaps the most suitable place for creating the CR innovations is not within the auditing process, but instead in other projects that the horticultural organizations establish. One potential solution would be to have certain focus areas for annual or longer projects, which are targeted at finding elements for innovation. This could be done in close collaboration with the growers, to engage those growers already active on the CR front.

For example, one potential place for real environmental improvement according to some growers is the plastic pots in which the salads and herbs grow, which currently are sent as waste to rubbish dumps. If they could be changed into biodegradable pots, it would decrease the amount of waste created in the production process significantly. But so far the price of the biodegradable pots is too high, and they do not fit the conveyors of the farm, the replacement of which would mean substantial investments. Another example is the more clever marketing of the products. For example spelt is considered to be superfood, which is currently a trend amongst the health fanatics. Similarly the healthiness of the vegetables could be introduced in a more attractive way. Hence, there are areas in the glasshouse growing industry, in which an innovation could improve the sustainability significantly.

But with regards to the growers' dissatisfaction with the increased documentation requirements of the audits and the uselessness of them, it looks as if the current practices of the audits should not be changed. The reason why the documentation is needed from the growers has been explained well by the gardening organization representatives, and the solution of the matter should be to provide this reasoning to the growers as well. The phase of concentrating more into innovating activities should only come after the growers' problem with dissatisfaction and lack of information has been resolved, and therefore this development should not be the first priority.

C5: Scope

It was previously mentioned that some of the legal requirements, which the growers might not be familiar with, can well be a part of the Laatutarha scope, as long as the guideline exceeds the legal regulations in more relevant parts. But the research revealed that there are other ways in which the scope of the guideline could be still expanded, especially so that the triple-bottom line of CR (Elkington 1997) would be fulfilled also from the economic and social sides.

One point related to the conformity between Laatutarha and GlobalGAP is the potential introduction of a more holistic approach to the social responsibility issues to Laatutarha. Currently Laatutarha's social elements are concentrated on workers' health and safety, whereas in the GlobalGAP there are many more detailed topics. In a GlobalGAP audit the employees' living quarters are checked, and it is ensured that all buildings had windows, doors, shelters from rain, sanitary facilities, accessible water and proper sewerage. Also, it is checked that the employees have the right to take part in trade unions. (Rautio 23.2.2011) Although in Finland these basic working conditions are thought to be in place, it is still possible that there are entrepreneurs who do not fully comply. Thus, one suggestion is adding requirements about the working conditions and the treatment of foreign workers, which would be justified from the safety and legal protection point of view. On the other hand the growers comment that the government institutions conduct industrial safety district inspection, which have quite a lot of overlapping requirements with Laatutarha's working condition requirements. Both of

them are mainly checking the compliance with legislation, and the district inspection might be for some parts even stricter than Laatutarha. Therefore all of these requirements linked with the working conditions should be more thoroughly examined before changes are made to Laatutarha requirements.

There are also matters related to the grey economy and organized crime that could become topical in the future. The aspect of human trafficking was mentioned by a grower. There have already been discussions about the treatment of berry pickers coming from Asia to Finland, who have worked long hours, lived in ascetic conditions and have had to hand significant amounts of their salaries to the many intermediaries in the process (Jokinen et al 2011). Another potentially relevant aspect is food terrorism, which is already mentioned by the GlobalGAP in its requirements (2011c). Rautio (23.2.2011) explains that for example in the United States there is a guideline that requires *food defence*, which often includes checking the backgrounds of all of the employees, locking all of the facilities and giving the access passes to the employees, and keeping all harmful substances behind locked doors. In a way this is justified, because if someone wishes to harm people, food is an efficient way.

Also on the side of economic responsibility, new elements could be added. The Central Organisation representative suggests some economic measures such as competitiveness to be added to Laatutarha. Also, the guideline does not include requirements about the procurement practices of the growers for instance, which is something considered as a key CR element for SMEs by the European Commission (2003).

In addition a topic that is not included in Laatutarha is the total prohibition of genetically modified products, which is promoted as a part of Svenskt Sigill (2011b). The necessity to have this can on the other hand be questioned, since genetic modification has been prohibited completely within the EU (Jalkanen 25.5.2011).

Hence, the scope of the CR system is broad enough to cover the different aspects of corporate responsibility. There is a natural focus on environmental issues, because of the specific nature of the production, and because of the usually high level of economic

and social responsibility amongst business in Finland. However, there are points on the more detailed level of the content that could be developed further, within the economic and social responsibilities of the companies. This requires more research though, to be able to define the most proper wording and content for the requirements, and is not the highest priority.

Out of the elements of the content defined by the framework, elements C3 Importance and C6 Necessity are here understood to be suitably dealt with currently. Whether CR is considered to be strategic or not by the growers seems not to be in the hands of the horticultural organizations. The organizations should undeniably promote responsible practices, but they cannot make the growers think strategically about it. Also, the necessity of the system has been increased by making the audits become compulsory in the near future, which seems to be a justified decision. Now it is in the hands of the clients, both retailers and consumers, to show their appreciation to the more sustainable products.

5.6.2. Improvements to the processes

P1: Implementability

Although the implementability of the requirements is relatively high, there are still areas for further development. According to the survey, the growers still wish for more personal advice giving. The consultative communication seems extremely important as a way of providing support for the growers. The support is needed especially because some of the growers feel so uninterested about the system that they will not spontaneously seek more information. In addition, more of the support attention should be put to the challenge of the smallest growers, who need to be present taking care of their crop every day and do not have extra time or resources to devote to the matter.

The interviewed growers suggest that the growers could get a lot of help from practical examples of how things have been done well at some farms. By having different kinds of firms regarding the products and the size of the company in the examples, both small

and larger companies could be supported. They also suggest giving explanations as to why each requirement is needed, to justify their existence. For instance the reference to relevant legislation could be added, so that the growers can familiarize themselves with the laws already beforehand. This is not an extensive development area, but should be developed as one of the high priority areas to affect the attitudes of the growers.

P2: Thoroughness

As mentioned before, the Laatutarha system does not include all of the processes proposed by Rasche (2009). One element from which Laatutarha could benefit would be to have a clear policy statement, which would present the key responsibility practices to which the Finnish glasshouse growers commit and the industry's targets for future improvement areas. This could clarify the importance of corporate responsibility to the public, but also to the growers.

And the policy statement could be utilized also in the communication to the consumers and the media, which could overall be increased. Because the glasshouse growers are SMEs, a large majority of them do not have the resources to promote themselves. The horticultural organizations should take the responsibility of communicating and reporting about the CR of the industry to external stakeholders, as they already do with the marketing, to increase the public awareness of the CR system and the requirements behind Sirkkalehti. The retailer's representative highlights that the Fairtrade organization in Finland has published stories about the growers behind the products and thus gained goodwill and empathy. The Finnish Glasshouse Growers' Association could do the same by for example having growers sign a policy statement and tell their stories on how they pursue sustainable practices in their company.

Positive publicity could also be gained by seeking media attention to sustainability-enhancing projects. The farm of one interviewee had won a "Construction project of the year" prize from the local municipality, for their energy-efficient new facility. This was great for the company because the municipality officials arranged a press conference and the firm got a lot of positive publicity, and since "often people think of glasshouses

as buildings that consume a lot of energy, so it was great to show them otherwise and get good publicity". Seeking positive publicity would also draw the attention of consumers to the sustainability of glasshouse growers in a sense that compensates for the lack of corporate responsibility reports, at least to some extent.

The theme of internal communication between the horticultural organizations and the growers once again was brought up, this time by the retailer's representative, who highlights the need to ensure that all of the growers understand why quality and sustainability work is done; that the aim is that the consumer is satisfied with the product and will gladly purchase them again. The Sirkkalehti label is a sign of trustworthiness. The idea is not to pick on anyone; the most important thing is that the consumption of vegetables would grow, since Finland is still a developing country when it comes to the amounts of fruit and vegetables eaten by consumers in comparison to consumers in other European countries.

To sum up, the future development of Laatutarha should concentrate on the different communications tools, both when communicating internally and externally, and this should be a high priority. The horticultural organizations should take the lead in communicating about the CR initiatives of the industry to the wider public by collaborating with the individual growers. This should aim at increasing awareness and interest to the topic and hence to motivate growers to become Laatutarha-certified.

P3: Accountability

Accountability was previously mentioned as one of the key areas for development for Laatutarha. Because of the cluster approach and the common use of the quality label Sirkkalehti, it is extremely important that the system of requirements and audits works seamlessly, that the practices are standardized between all growers, and that the time between audits is reasonable to prevent any non-compliances. The interviewees agree that it only takes one investigative journalist that decides to examine whether the requirements are complied with, finds out some non-compliances during a visit to a glasshouse facility, and the great image and reputation of the whole industry suffers.

After all, the quality and safety image of the products is invaluable for the whole industry in Finland. Therefore it is not enough that the requirements regarding the measures ensuring safety of the food are high – the system has to be infallible as well.

With regards to the audits, there could be stricter regulations on when the audits need to be done and by whom. The need to have a shorter time period between audits has been clearly argued for by the retailers' representative. This development is quite probable after all growers have been once audited and the growers have become more familiar with the auditing process. In comparison, GlobalGAP needs to be audited every year (Jalkanen 8.2.2011), Svenskt Sigill every second year (Svenskt Sigill 2008) and ISO9001 every third year (Bureau Veritas 2011).

According to the interviewees there might become restrictions on who can do the audits. Currently there is a rule that the same auditor cannot go twice in a row to the same grower, because people might become blind to certain problems and different people usually draw the attention to different elements of the requirements. But for example the auditor can be a person from whom the grower has previously bought consulting services, and therefore they might have a close relationship. It can be that this will be forbidden in the future. One opinion is that the auditor needs to be independent and preferably from some other agricultural field, but on the other hand then the benefit of getting relevant advice is hindered, since the auditor does not know the special characteristics of glasshouse growing. Due to the necessity of giving advice to the growers while auditing it is unlikely that the system would transfer to the use of third parties or even to auditors from other agricultural fields in the near future.

But in the training of current auditors the importance of equal treatment should be emphasized. By bending the rules for one pleasant grower the auditor could make a disservice to the whole industry. It should not be acceptable for any grower to continue using the Sirkkalehti label, if they have not made the corrections to pass the audit in the required three months, at least not anymore after the deadline for audits in 2014. In addition to potential risks related to the responsibilities of the company, bending the rules also makes the other growers angry. For example one respondent wrote in the

survey, that he or she has noticed that a company that has passed the audit has been selling products with bad quality as first quality, and he or she therefore urges the horticultural organizations to give sanctions to companies who are not constantly following the rules.

Other means to ensure accountability, which are not fully parts of Laatutarha are self-assessments and surprise audits. A decision has been made to include a self-assessment between the audits, but it seems that the current instructive communication does not emphasize this in practice. As a response, the current project by the Central Organisation for Finnish Horticulture in order to develop additional criteria for Laatutarha to extend to the GlobalGAP level includes a part of developing an internet-based self-assessment tool, to support and motivate the growers (Rautio 23.2.2011). Self-assessment is also a part of Svenskt Sigill (2008), where it can at least once per year help draw the growers' attention to the CR issues. Then again surprise audits, suggested by some survey respondents, could perhaps be an effective way of determining whether the growers comply with the requirements on a daily basis. But running the surprise audits in addition to the regular ones might demand too many resources from the horticultural organizations to be worth the costs.

To conclude, the accountability matters should be one of the key areas of the development of Laatutarha in the long run. The different possibilities of increasing the accountability of the system should be evaluated based on the perceived benefits and costs, because understandably it can be that the horticultural organizations cannot maintain all suggested processes.

P4: Transparency

Like argued earlier in the Thoroughness section, the only element of transparency that should be developed is external communication to the public. The promotional communication should be increased, in order to the consumers and media representatives to gain knowledge about the CR system. External communication to the consumers and wider public is needed also to increase the perceived benefits of

belonging to the system; the growers will more likely join the system if consumers are aware of it and understand to demand it in the stores. The Association has in fact already begun the work on promoting the system by starting a campaign telling about the sustainability of domestic vegetables (Finnish Glasshouse Growers' Association 2011). Still, the work should be continued also after this one campaign.

P5: Business feedback

Increasing attention to finding and promoting business cases is one of the most important areas for the Finnish Glasshouse Growers' Association. It appears that the horticultural organizations have not completely understood to look for these specific instances, and they should emphasize it a lot more. The business case thinking should according to the Association representative be brought up more particularly in the training events for auditors, who are the ones gathering the most practical knowledge from the growers. Hence, the system of getting business feedback for the whole system should be systematised, and the business case focus should be clarified.

The interviewed growers already had a lot of examples of business cases. Overall business efficiency is thought to be something that is very desirable from the viewpoint of both sustainability and profitability. The aim of future development should be to use less heating, lighting and other productive goods to be able to grow the same amount or even more of the vegetables and flowers. And this would reduce both costs and the environmental footprint of the business.

The interviewed cucumber grower named several business cases of practices that are beneficial for the environment and economically viable as well. One of them is the closed loop water circulation system, which is already compulsory in Sweden but not in Finland, where no water is wasted when it is recycled through certain kinds of decontaminating materials. The system reduces the use of both water and plant nutrients. At their farm, this system has reduced the water bill by a third, and that the 3,000 euro investment was paid back already within a year.

Another business case is the means to reduce energy consumption, as well as switching to renewable energy. For example with good lamps the cucumber company has been able to save 15 % in the energy costs. Other energy-saving investments of the company have been curtains and the automatic adjustment of heating and lamps according to the weather and the length of the day. A potential future innovation is the LED-lamps, which already currently use significantly less energy than regular lamps, but still need further research. Renewable energy then again is an aspect which already has good applications for growers, who can have their own power plants producing renewable energy from domestic by-products of forestry and agriculture.

A third business case is the reduction of waste and increase of recycling. With better planning and recycling of cardboards and plastics, the cucumber company managed to reduce the amount of waste sent to rubbish dumps to 15 % of what it was before. And therefore the costs were reduced significantly as well, since the waste going to rubbish dumps costs a lot, whereas cardboard and plastics waste do not cost at all. The sum saved was between 2000-3000 euros. And this improvement does not even need significant investments like the previous examples do.

The business case thinking can be enhanced by the Glasshouse Growers' Association not only through the audits by also through organizing trips for growers to see how a business case has been implemented at some exceptional farm. It appears that the growers have benefited for example from the trip to see the closed loop water circulation systems in Swedish farms to learn about them. Also, the growers exchange a lot of information between themselves, and it should be encouraged by the Association that if someone has a new system the others can call and arrange a visit.

In addition to the adoption of the business case thinking, the measurement of results of each year and of each project could be more systematic. The interviews with the representatives of the horticultural organizations gave an impression that the measurement of CR results has been quite informal so far. However there are ways to measure the performance resulting from CR management according to the literature (e.g.

Engström et al 2007). Hence the importance of assessing results should increase, especially if the other suggestions made in this paper are implemented.

Overall, the Association should certainly encourage the finding and sharing of business cases with all possible means as a high priority, to improve the existing mechanism for collecting good practices and to engage better with growers. Business cases are also a means to significantly improve the level of CR within the industry, and therefore provide a good balancing element to the guideline and audits, which only outline the minimum requirements.

P6: Flexibility and formality

Considering flexibility and formality, there are no straightforward suggestions for readjusting the flexibility or the formality of Laatutarha. Considering the previous discussion about the importance of accountability, it could be summed up that flexibility is important in Laatutarha, since it is a system for small and medium-sized companies – out of which the largest ones could be considered large within the industry context – and those companies have very different situations. However the flexibility should never be directed to the compliance of growers with the requirements. Similarly, the formality of the system should be on such a level that ensures accountability, but informal advice-giving in addition to that should be allowed and even encouraged.

5.6.3. Improvements to the system's relation to the context

R1: Geography, R2: Industry, R3: Positioning and R4: Aim

The relation of Laatutarha to its context is overall an element that does not need to be altered notably. The geographical context of the system is clear, and there are no desires to expand it. Similarly the industry at which the system is aimed is clearly defined and does not need to be changed. Also, the positioning of the system is feasible with regards to the other CR systems being on offer for the same target group of companies. Laatutarha definitely has its advantage over the other CR systems as a lighter system

with an emphasis on supporting the growers and not only checking their compliance with predefined requirements.

The aim of harmonizing Laatutarha with GlobalGAP in the future on the other hand is justified. Requirements need to be made stricter in the long run, and GlobalGAP is a good benchmark content-wise. But at least first the growers should be given the opportunity to choose the level they want to be on. Perhaps Laatutarha could have a basic guideline, a GAP guideline and something additional for the most advanced companies. The harmonization can be seen to provide the benefits mentioned in the literature; that overlapping CR systems are not created and there becomes no uncertainty on what system will become the most widespread (e.g. Gilbert et al 2011).

Getting a significant part of the growers to adopt the system seems however more important than the tightening of the requirements at this point. Related to the discussion before, there is a notable chance that if the growers feel only the pressure but do not see the benefits of having the CR system they opt out of the whole national collaboration. Already some survey respondents mentioned this as an option for the future.

R5: Owner

It seems that all stakeholders are happy with the horticultural organizations being the developers of the system, because the organizations have the knowledge and resources needed. The cost issue however is still a challenge. It appears that the only way to satisfy a large part of the growers is to lower the price of the audits, or do the pricing relative to the company's size. Would it be possible for the retailers or the State to participate in financing the system? So far external financing has been only provided by one private foundation, which donated some money to the Association to reduce the auditing fees of the flower growers (Jalkanen 25.5.2011).

Another aspect on the financing side is that there should be some means to get financing for the smaller growers to be able to invest on more sustainable equipment and facilities. For example the flower grower points out that even their company, which is not

struggling as much financially as the smaller companies might do, does not have the resources to build a new power plant for starting the use of renewable energy or to do any other significant investments to improve their sustainability at present. Jalkanen (25.5.2011) explains that there have been hopes to get aid for sustainability-enhancing investments from the state of Finland. But the hopes have nearly died down because of the complex process to change the basis for the investment aid. Currently, aid can be requested for investments to build new glasshouses or new production mechanisms, but not for investments done to improve the environmental sustainability.

The owner of the system therefore is clear; it is the horticultural organizations. But who should be the payer? This is certainly one of the biggest dilemmas of Laatutarha, similarly as it is for other CR systems within the agricultural sector worldwide (e.g. Amekawa 2009). Either the prices of audits need to be reconsidered, or the benefits that the growers get from the audits should be improved.

R6: Stakeholders

With the knowledge gained in this study, the stakeholders that have participated in the development of the system seem satisfied, except some of the growers, namely the ones smaller in size and the ones producing flowers. Therefore, in the development stage it is vital that the opinions of those growers are listened to, and that effort is put to making those changes that can positively affect the attitudes of the growers. If growers decide to drop out of the CR system and give up the membership of the Association, there seems to be no way to ensure that their CR standards would be on a high enough level. Of course they can use the material provided by the horticultural organizations, but there will be no way of ensuring their good practices.

It seems realistic that the Laatutarha audits will never reach 100 % coverage of all of the Finnish glasshouse growers. Still, the horticultural organizations should aim at engaging as many growers in the system as possible. Once a significant share of the growers complies with the minimum requirements, the industry can move on to exceeding the minimum requirements and gaining higher and higher CR standards.

More research would be needed in order to be fully able to determine the satisfaction of the other stakeholders with Laatutarha. At least the perspectives of the government institutions and consumers could have provided valuable new information.

5.7. Summary of the empirical analysis

The empirical analysis of the Laatutarha corporate responsibility management system has showed that the system is a full-fledged CR system, including elements described as central parts to the management of CR (e.g. Blowfield & Murray 2008). Its context and processes are similar to those proposed in the literature about international standards (e.g. Gilbert et al 2011), but the scope of the processes is wider than what is usually included in standards. The system also has with a clear emphasis on the particular context of Finland and the glasshouse growing industry.

The review of the system revealed several challenges, but also benefits to the system. A lot of interesting and unique data was gathered from interviews, observation and the survey. Although the horticultural organizations appeared to have done a good job in developing Laatutarha, some of the growers disagreed with the usefulness of the system.

A CR system is nothing without companies adopting it, and therefore the Finnish Glasshouse Growers' Association should pay attention especially to increasing the perceived benefits of the system – both by increasing the financially and sustainably beneficial practices, and by communicating the benefits in a more explanatory way. Luckily the horticultural organizations are in a good position to increase the benefits of the system for the growers. Unlike many other CR systems, the Laatutarha system does not have to be only an objective accountability system, but also a tool for actually changing the ways that the companies operate. In addition to the benefits, the Association should also seek to decrease the perceived costs of the system, including reducing the auditing cost and also the time that growers need to put into audits by

increasing personal consultation and support. Below is a table summarizing the main points of the empirical analysis of the CR system.

Table 7. Summary of the characteristics of the glasshouse growing industry's CR system.

Strengths	**Weaknesses**
- **Specificity**: quite specific requirements - **Scope**: wide scope - **Necessity**: making audits mandatory for Sirkkalehti usage seems to be a valid decision - **Implementability**: consultative nature in the audits and supportive material accessible to all on websites - **Thoroughness**: many key processes established - **Transparency**: those stakeholders, who wish to have a say in how the system is developed have the chance to do so - **Business feedback**: good practices are sought in the audits and shared amongst auditors and growers - **Flexibility and formality**: trust-generating and satisfying informal and friendly audits - **Geography**: developed for the Finnish context in particular - **Industry**: developed for glasshouse growers in particular - **Positioning**: lighter and more flexible system than the other systems, intended to support growers in their pursuit for more advanced CR (not only to ensure compliance with predetermined requirements) - **Aim**: requirements will be made stricter and more compatible with GlobalGAP - **Owner**: developed by the horticultural organizations - **Stakeholders**: all of the stakeholders who have taken part in the development of the system are relatively satisfied with the current system	- **Importance**: a strategic approach yet to be established - **Type of CR**: only CR Integration, which often does not bring instantly visible benefits - **Necessity**: the industry could be divided between those who are practically obliged to have the system and those who do not need it – it can be that a significant part of the growers stop using the Sirkkalehti label completely - **Accountability**: auditors don't usually represent a third party; the interval between audits is currently relatively long; the horticultural organizations might not have fully followed their own rules about the treatment of growers who do not pass the audit and do not send their corrections afterwards to the auditors; the auditing work appears quite individual, and nobody monitors the way the auditors conduct the audits after the very first audit - **Business feedback**: the horticultural organizations have not considered specific business cases - **Flexibility and formality**: the auditor might accept the growers' level of operating too easily - **Positioning**: there is a challenge of overlapping CR auditing systems - **Owner**: the costs of implementing the CR system are pushed to the suppliers, often without a chance to get any price increases or premiums - **Stakeholders**: the small growers are not satisfied with the current system, and might opt to drop out
Areas for development	
- **Specificity**: the requirements should be developed into including different options for different kinds of growers, and their instructive nature should be emphasized - **Continuity**: the continuous improvement of the Laatutarha system would benefit from a	

shorter development span, and the responsibilities and aims of the improvement should be formalized
- **Type of CR**: in the future the system should also include elements of supporting CR innovation
- **Scope**: there are many points on the more detailed level of the content that could be developed further
- **Implementability**: the growers still wish for more personal advice giving, and they could be helped more with practical examples of how things have been done well at some farms
- **Thoroughness**: generally the future development of Laatutarha should concentrate on the different communications tools, both when communicating internally and externally, and Laatutarha could benefit from having a clear policy statement, which would present the key responsibility practices to which the Finnish glasshouse growers commit
- **Accountability**: the accountability matters should be one of the key areas of the development of Laatutarha: there could be stricter regulations on when the audits need to be done and by whom; there could also be a shorter time period between audits; in the training of current auditors the importance of equal treatment should be emphasized; and self-assessments should be developed further and surprise audits could be established
- **Transparency**: external communication to the public should be developed
- **Business feedback**: one of the most important development areas is increasing attention to finding and promoting business cases
- **Flexibility and formality**: the flexibility and formality of the system should be on such a level that ensures accountability, but informal advice-giving in addition to that should be encouraged
- **Aim**: in the future the harmonizing Laatutarha with GlobalGAP should be an aim, without making the system too expensive and bureaucratic
- **Owner**: the costs to the growers should somehow be lowered: lowering the price of the audits overall, or doing the pricing relative to the company's size, or finding financial support from the State or the EU

The current CR system is a good starting point for the development of corporate responsibility amongst the industry. Much of the progress that will be done in the future depends on the demands of the consumers and consequently the requirements of the food retailers. The overall economic situation and the threat posed by cheaper imported products affect the will of growers to invest on more sustainable equipment or practices. Also the financial support given by the Finnish State or the European Union impacts the improvements made in the future. But most importantly, the horticultural organizations are in a key position to drive the industry forward. They need to explain the importance of the CR system to their members, and find ways to make the highly ethical practices into a competitive edge for the Finnish glasshouse vegetables and products, at least if they want to utilize the full potential of the system.

6. CONCLUSION

Corporate responsibility is definitely a topic which will become more and more important in the future, within the agricultural sector but also across industries. The glasshouse growing industry as part of the food industry has had its own share of the attention, especially with the latest cucumber scandal about the deadly ehec-bacteria in Germany, although the accusations of the cucumbers' guilt were withdrawn (Pulkkinen & Lappalainen 1.6.2011). In situations like this the management of corporate responsibility and good production processes become the centre of attention, and it is important that the companies can show their good intentions and thorough preparation.

6.1. Summary of the findings of the study

The main results of this study characterize the management of CR within the specified industry and geography. The characteristics of the glasshouse growing industry's CR system are a result of the external forces on the industry, namely the strong and powerful retailers and their CR demands, the global need to produce safe food, and the relatively strict legal framework provided by the Finnish government. The system has also been shaped by the structure of the industry, which consists of often family-owned SMEs scattered around a large geographical area, with different kinds of product types and therefore also with different kinds of interests towards sustainability. The companies are guided by the horticultural organizations, which have had a significant role in improving the CR of the industry. As a consequence the system is aimed at supporting the small businesses, and the auditing of the companies has a consultative nature. The system ensures that all of the growers comply with certain minimum requirements and concentrate their efforts on mitigating risks.

One main strength of the system seems to be the clear focus on the specific industry and geography. This enables the close collaboration with the growers and good fit between the actions to improve CR and the needs of the companies. Another benefit is that the system is run by the central horticultural organizations and not some more distant global

organization, because then the growers can get practical support for their CR work. In addition from the stakeholder perspective the CR system appears transparent, because the central interest groups have taken and will also in the future take part in the development of the system.

There are nevertheless many weaknesses as well. Somehow the horticultural organizations need to influence the attitudes of the growers towards the audits, because they are an integral part of the system as well. The close collaboration between growers and the horticultural organizations poses also a dilemma regarding accountability ensuring; there is a chance that the audits are not equally handled with each grower, and hence the accountability of the system could be questioned.

Due to these weaknesses, several areas for improvement were identified. The business case thinking should definitely be highlighted in order to bring true improvements to the level of CR within the industry. Still, the horticultural organizations should also motivate the growers to order audits by communicating more about the benefits of the audits and by trying to reduce the perceived challenges with the audits. Accountability should be increased and continuity enhanced by structuring the CR work better and rethinking the processes within the CR system.

6.2. Theoretical contribution of the study

As has been mentioned, there are not a lot of studies in the literature that have focused on describing the actual CR management systems of companies in detail (Blowfield & Murray 2008). Researchers have also been keen on examining large multinationals, whilst smaller companies have lacked the attention they deserve (Hillary 2004). Also, the agricultural sector has been a topic of interest, but mainly from the developing country point of view (for example Bagumire et al 2009, Jaffee & Masakure 2005). There is thus a clear gap in the studying of a CR management system, targeted at SMEs, within the glasshouse growing sector in a developed country. And this study has aimed at filling all of these gaps.

Within the research process it became clear that there are no suitable frameworks for analysing CR management systems, and therefore a new holistic framework had to be developed in the process. The framework itself can hence be considered an important contribution of this paper to the existing literature on the management of CR. The framework and the empirical case study respond exactly to the academic needs emphasized by Rasche (2009); that there should be studies that empirically test the relevance of different dimensions of CR management instead of only describing them. Hence this study has found that Rasche's (2009) three areas of CR management evaluation – content, processes and context – are very much relevant dimensions to evaluate CR systems, at least with regards to this particular case. Then again this study concludes that Rasche's (Ibid) model for evaluating CR standards is not enough when examining more complete CR systems, and hence new elements for evaluation were proposed.

The framework developed here could definitely be used in other studies looking at CR management systems anywhere in the world, since the dimensions of the framework are all based on research published in international peer-reviewed academic journals, without any focus on specific industries or geographical regions. The framework could especially be used when examining SMEs, since their particularities were taken into consideration when establishing the framework, although the framework should fit larger organizations just as well.

An aspect that needs to be highlighted though is that what has been considered positive elements for this particular CR system might not automatically be good for other CR systems. For example the cluster approach of having the central horticultural organizations in charge of the CR system suits the Finnish glasshouse growing context, because the industry consists of SMEs in a highly competitive environment and because the horticultural organizations have established such a strong presence. This in contrast might not be the most suitable solution for an industry consisting of larger international companies, which have more resources and willingness to control and develop their own CR activities. Therefore a researcher needs to carefully evaluate what can be

considered beneficial in a CR management system separately for each individual case when using the framework developed here.

In addition to the framework, this study contributes to academic literature by providing some evidence about a CR management system designed specifically to SMEs, to the developed country context and the agricultural industry. The study highlights that CR systems designed specifically for SMEs can be different from systems for larger organizations. A system for SMEs can benefit significantly from having a consultative nature – that the SME receives guidance and support from the establisher of the CR system. This could be done for example through the cluster approach proposed by Battaglia et al (2010), which is also the way in which the CR system has been organized within the Finnish glasshouse growing industry, or generally by providing training on the adoption of a system to the SMEs, like has been done with the COLEACP standard (Sterns & Busch 2002). Otherwise it can be more difficult to motivate the SME to adopt the system, especially if the benefits of the system are unclear and if there are potential challenges, such as lack of time and resources, which often is the case (Hillary 2004). Overall it appears at least in this case that the SMEs usually want to act responsibly, but they are unable to devote their scarce resources to improving their CR, especially since they are in the commodity goods industry which has high price competition.

Contradicting some previous literature (e.g. Murillo & Lozano 2006) it is concluded in this study that CR should not be particularly scaled down or made easier to SMEs with regards to the content, at least not in this case. Similar minimum requirements should be set and goals for future improvements should be defined as is done in larger companies, but the atmosphere should be more informal and supportive. Also opposing the viewpoint of Jenkins (2004) that the business case thinking does not apply to SMEs, it is here argued that in fact business cases can be found for SMEs too. It is true that SMEs are often not as dependent on a strong image and therefore are not as worried about their reputation as larger organizations are, and they do not have a strong employer brand to protect either. But then again at least in this case CR was found to bring competitive advantage against imported products, and mitigating operational risks of the growers, which are business cases mentioned by Kurucz et al (2008). There were

also some more specific cases, which bring simultaneously more sustainable and financially beneficial practices – the use of renewable energy as an example. Also, it is argued here that the CR types of philanthropy, CR integration and CR innovation do apply to SMEs, unlike argued by Halme and Laurila (2009); SMEs are likely to benefit most from CR innovations and least from philanthropy.

In addition, this study shows that CR management systems within the agricultural sector are in some ways similar all around the world but in some ways different. One similarity is the power structure: the retailers are large and powerful, and they can force the small and dispersed growers into adopting CR systems (Hatanaka et al 2005), which was seen in Finland as well. There appears to be also overlapping CR systems and audits regardless of the country in question, which again increase the pressure towards SMEs (Cafaggi 2010). Consequently the growers across countries need to bear the financial burden of implementing a CR system, and they cannot transfer the cost increases to the prices (e.g. Amekawa 2009). It seems that globally the retailers are the driving force of CR standards, or at least of audits. In Finland though the need to differentiate from competitors as well as the regulative changes brought by Finland's entry to the EU have also driven the development of CR within the industry.

The original aims of having a CR management system with a guideline for good practices were also found to be the same in Finland as they have been internationally within agriculture: to ensure the safety and quality of the fresh food (García Martinez & Poole 2004). Hence, the CR systems and standards of the agricultural industry seem to have been developed with the wellbeing of the consumers in mind, but partially also to take the responsibility of food safety away from the retailers. In the Finnish context the horticultural organizations have however thought about the interest of the growers as well; that the Laatutarha requirements protect them legally and also that the growers get support for their CR improvements, such as adopting the use of renewable energy.

One significant difference is in addition that since the level of national legislation is very high in Finland, the retailers do not demand as much accountability from the CR system as they do in the developing countries, and therefore a lighter auditing system is

enough. Hence in Finland the control of the regulative development has stayed public, which is different from the overall international development (Cafaggi 2010). Also, in Finland both the consumers and the horticultural organizations are starting to be interested in more advanced CR, such as minimizing the carbon footprint of the products, whereas for example in developing countries the focus appears still to be in ensuring compliance with minimum CR standards.

With regards to the definition of corporate responsibility, this paper shows the complexity of the topic. In the literature part CR was defined to be always something above legal requirements, following for example Halme and Laurila (2009), but the case showed that the definition should be broadened to sometimes include also the compliance with legislation, even in a developed country, as proposed by Carroll (1979) amongst others. Compliance with legislation was found to be responsible behaviour, because for SMEs in particular it can be extremely demanding to keep up-to-date with all of the legislative developments. Ensuring the compliance with legislation requires special interest in the CR topic and can thus be included in the definition in this case.

In general the research created completely new knowledge about the case and about evaluating CR management systems. There have not been other academic studies of the Laatutarha CR system, nor about the corporate responsibility of the glasshouse growing sector in Finland as such. The framework developed in this study enabled a completely new approach to evaluating CR management systems, and the case analysis confirmed the benefits of using the framework in such a study.

6.3. Managerial implications and suggestions for further research

The implications of the study for practitioners, above all the horticultural organizations, have been presented in the previous chapter describing areas of development. It needs to be emphasized that the study does not give solutions on what is a good CR system and what is not; instead it seems to depend on the specific situation. Perhaps the main argument is that regardless of the type of the system, the most important thing is that the

system satisfies the needs of the stakeholders. It is especially important to listen to the views of the companies and individuals using the system, because in the end the system is worthless, if nobody uses it.

The framework could be used by any company or organization, to either support the establishment of a CR management system or to assist in the review of a current system. By defining an answer to each of the elements of the framework an organization can understand better what kinds of elements of CR management they have in place and what elements could be improved.

The way forward from here in the academic sense would be to develop the CR system evaluation framework further, and to test its relevance with other CR systems and situations. The glasshouse growing industry will most likely develop their CR management to something even better as a result of this study and therefore it would also be interesting to review their practices again after a few years or a decade. There are vast amounts of research being done on corporate responsibility these days, but the research about the ways in which responsible behaviour could be encouraged and managed, especially from the practical point of view and amongst SMEs, could be increased.

To conclude, the study has shown that SMEs and agricultural companies are important types of firms to be included in the corporate responsibility work. There remain challenges in their inclusion and encouragement, but at least the Finnish example shows that improvements are being done in providing them a management system that supports their quest for higher and higher levels of sustainability through a cluster approach. Hillary (2004: 567) concluded in her study that "the large majority of SMEs still remain unconvinced of the need to tackle environmental issues". What can only be wished by the writer of this study is that this situation will be changed, and that the corporate responsibility researchers and experts can one day convince businesses and individuals of the benefits of more sustainable practices.

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8. APPENDICES

Appendix I. Questions of the EU-wide SME survey on the establishment of environmental management systems

These questions taken from the survey done by Hillary et al (1998) were used as an example for the survey conducted within this study. The questions that were used with some modifications have been underlined.

S.1 What year was your site registered to EMAS?

S.31 How many employees does your **a)** company and **b)** site have?

S.32 What is your company's turnover?

S.33 Is more than 25% of your company's capital owned by another organisation/company?

S.2a Is your site certified to ISO 14001?

S.3 Was the certification to ISO 14001 undertaken before, at the same time, or after EMAS validation?

S.4 Was the certification undertaken by the same organisation that undertook your site's verification?

S.2b Does your site/company intend to obtain certification to ISO 14001?

S.5a (For sites with EMAS only) Could you estimate how long achievement of EMAS took from the start of EMAS implementation to the verification of the site?

S.5b (For sites with EMAS and ISO 14001) Could you estimate how long achievement of
EMAS took from the start of EMAS implementation to the verification of the site and **5c** how long for the achievement of certification to ISO 14001?

S.6.a) Thinking about EMAS implementation at your site could you go through the elements of
EMAS implemented at your site (include ISO 14001 elements if certified before or at the same time as EMAS) at your site?

S.6.b) What element of EMAS took the most time to implement?

S.6.c) Which element of EMAS was the most difficult to understand?

Appendix I, 2. Questions of the EU-wide SME survey on the establishment of environmental management systems (2/3)

S.6.d) Which elements of EMAS do you think need additional guidelines?

S.6.e) Which parts of EMAS need external assistance to be implemented?

S.7 What are the sites main environmental objectives?

Reduce noise
Minimise risk to land/ground water
Involve local community
Improve monitoring/data inventories
Assure legal compliance
Reduce water usage
Increase training, education and awareness
Reduce air emissions
Reduce/reuse raw materials
Reduce effluent/ water pollution
Reduce energy consumption
Reduce waste/hazardous waste
Increase communication with stakeholders

S.8 What is your site's environmental audit cycle length, i.e. when all activities at the site have been audited and a new environmental statement is produced and verified?

S.9 What is the frequency of the audit cycle for the most environmental significant area at your site?

S.13a How many of your site's environmental statements have you distributed in total so far?

S.13b How many specific requests have you had for your site's environmental statement (i.e. those directly contacting the site/company and asking for copies)?

S.14a What, in your opinion, are the 3 main audiences (or stakeholders) for your site's environmental statement?

Appendix I, 2. Questions of the EU-wide SME survey on the establishment of environmental management systems (3/3)

S.14b Which are the 3 main groups that have actually requested copies of your site's environmental statements?

Customers
Consultants
Accredited environmental
Verifiers
Researchers/people in
Education and schools
Media/press
Competitors
Other companies
Suppliers
General public
Regulators
Employees
Local
Government/municipalities
Local community to site

S.15 In your opinion, has the site's environmental statement been a useful communication tool with the site/company's stakeholders that you've mentioned?

S.16a What are the 3 main benefits of EMAS implementation?

Cost savings
More customers/greater customer satisfaction
Training of employees/staff awareness
Improve documentation/EMS
Competitive advantage
Assured regulatory compliance
Better organisation, programme and targets
Improve environmental performance
Improved employee moral
Better image

S.16b Would it be a benefit to be able to use your site's registration to EMAS in conjunction with your products?

S.28 Does your site intend to maintain its registration to EMAS?

S.29 In your opinion, do you feel that the market has rewarded your site for achieving registration to EMAS?

Appendix II. Survey questionnaire sent to the members of the Finnish Glasshouse Growers' Association

1. Mitkä ovat yrityksenne tuotteet? Merkitkää oikeat vaihtoehdot.

____ Kurkku
____ Tomaatti
____ Salaatit/yrtit
____ Leikkokukat
____ Ruukkukasvit ja ryhmäkasvit
____ Muut, mitkä? _____

2. Montako työntekijää yrityksenne työllistää, mukaan lukien viljelijä-omistaja(t)? Merkitkää oikea vaihtoehto.

____ 1-2
____ 3-5
____ 6-10
____ Yli kymmenen

3. Mikä oli liikevaihtonne vuonna 2010 (100.000 euron tarkkuudella)?

4. Mikä on yrityksenne maantieteellinen sijainti? Merkitkää oikea vaihtoehto.

____ Ahvenanmaan lääni
____ Etelä-Suomen lääni
____ Itä-Suomen lääni
____ Länsi-Suomen lääni
____ Oulun lääni
____ Lapin lääni

5. Oletteko tietoinen Laatutarha-ohjeistosta? Merkitkää oikea vaihtoehto.

6. Oletteko tietoinen esimerkiksi Kauppapuutarhaliiton suorittamista ympäristöauditoinneista, joissa tarkastetaan, toimitaanko tilalla Laatutarha-ohjeiston mukaisesti? Merkitkää oikea vaihtoehto.

Appendix II, 2. Survey questionnaire sent to the members of the Finnish Glasshouse Growers' Association (2/5)

7. Onko tilallanne suoritettu Laatutarha-ohjeiston mukainen auditointi? Merkitkää oikea vaihtoehto.

____ Kyllä
____ Olen saanut kirjeen, jossa kehotetaan tilaamaan auditointi, ja olen jo tilannut sen, muttei auditointia ole vielä järjestetty
____ Olen saanut kirjeen, jossa kehotetaan tilaamaan auditointi, mutten ole vielä ehtinyt tilata auditointia
____ Olen saanut kirjeen, jossa kehotetaan tilaamaan auditointi, mutten halua tilata auditointia
____ Ei

⇨ *Jos vastasitte edelliseen kysymykseen ei, tai olette saanut kirjeen, muttette halua tilata auditointia, siirtykää kysymykseen numero 12. Jos vastasitte, että olette saanut kirjeen, mutta auditointia ei ole vielä järjestetty tai tilattu, siirtykää kysymykseen numero 14.*

Kysymykset 8.-11. on tarkoitettu auditoinnin läpikäyneille!

8. Milloin tilallanne suoritettiin auditointi? Kuka toimi auditoijana?

9. Kuinka paljon aikaa käytitte auditointiprosessiin? Merkitkää oikea vaihtoehto.

____ 1-2 päivää
____ Noin viikon
____ Enemmän kuin viikon

10. Mikä osio tai yksittäinen vaatimus Laatutarha-ohjeistossa vei eniten aikaa panna täytäntöön?

11. Minkälaisia käytännön muutoksia auditoinnin myötä tilallanne on tapahtunut?

⇨ *Kysymykset 12. ja 13. on tarkoitettu niille, jotka eivät halua tulla auditoiduiksi.*

12. Miksi ette ole katsonut auditointia tarpeelliseksi?

13. Mitä muutoksia pitäisi tapahtua, jotta haluaisitte tulla auditoiduksi?

⇨ *Kysymykset 14.-26. on tarkoitettu kaikille vastaajille!*

Appendix II, 3. Survey questionnaire sent to the members of the Finnish Glasshouse Growers' Association

14. Mitkä seuraavista ovat mielestänne tärkeimmät Laatutarhan auditoinnista saatavat hyödyt? Merkitkää maksimissaan viisi.

____ Asiakastyytyväisyyden varmistaminen
____ Työntekijöiden koulutus sekä ympäristötietojen ja -taitojen karttuminen
____ Toiminnan dokumentoinnin paraneminen
____ Kilpailukyvyn säilyttäminen
____ Lain määräysten mukaisuuden varmistaminen
____ Kaikenlaisten riskien välttäminen
____ Taloudelliset säästöt
____ Toiminnan tehokkuuden paraneminen
____ Työtehtävien parempi järjestely auditoijan antamien vinkkien pohjalta
____ Tavoitteiden selkeä asettaminen
____ Yrityksen haitallisten ympäristövaikutusten alentaminen
____ Työntekijöiden moraalin ja asenteen paraneminen
____ Yrityksen parempi imago
____ Parempi viestintä yrityksen työntekijöiden kesken
____ Parempi viestintä ulkoisten sidosryhmien kanssa
____ Auditointi ei tuo hyötyjä, vaan vain lisäkustannuksia
____ Muu, mikä? _____

15. Mitkä seuraavat toiminnan osa-alueet ovat auditoinnin myötä muuttuneet vastuullisemmiksi tai minkä osa-alueiden uskotte voivan auditoinnin myötä muuttua vastuullisemmaksi? Merkitkää sopivat vaihtoehdot.

____ Valo- ja äänihaittoja vähennetään
____ Maaperän ja vesistöjen saastumisriski minimoidaan
____ Kasviensuojelutoimenpiteet käydään läpi
____ Toiminnan seuraaminen ja valvonta tulevat systemaattisemmaksi
____ Työntekijöiden hyvät työolot ja toimeentulo varmistetaan
____ Lain määräysten täyttäminen varmistetaan
____ Veden käyttöä vähennetään
____ Hyvä hygienia varmistetaan
____ Ruoan laatu ja turvallisuus varmistetaan
____ Raaka-aineiden, lannoitteiden ja muun materiaalin käytön suunnitelmallisuus varmistetaan
____ Veden käyttöä vähennetään
____ Energian käyttöä vähennetään
____ Siirrytään uusiutuvaan energiaan (ainakin osittain)
____ Siirrytään kotimaiseen energiaan (ainakin osittain)
____ Jätteen määrää vähennetään ja kierrätystä lisätään

Appendix II, 4. Survey questionnaire sent to the members of the Finnish Glasshouse Growers' Association

____ Viestitään paremmin tärkeiden sidosryhmien kanssa
____ En usko minkään muuttuvan tai muuttuneen auditoinnin myötä
____ Muu, mikä? _____

16. Mitkä ovat yrityksenne tärkeimmät ympäristötavoitteet? Merkitkää vaihtoehdoista maksimissaan viisi.

____ Valo- ja äänihaittojen vähentäminen
____ Maaperän ja vesistöjen saastumisriskin minimointi
____ Kasviensuojelutoimenpiteet
____ Toiminnan seuraaminen ja valvonta
____ Työntekijöiden hyvien työolojen ja toimeentulon varmistaminen
____ Lain määräysten täyttämisen varmistaminen
____ Veden käytön vähentäminen
____ Hyvän hygienian varmistaminen
____ Ruoan laadun ja turvallisuuden varmistaminen
____ Raaka-aineiden, lannoitteiden ja muun materiaalin käytön suunnitelmallisuus
____ Veden saastutuksen vähentäminen
____ Energian käytön vähentäminen
____ Siirtyminen uusiutuvaan energiaan
____ Siirtyminen kotimaiseen energiaan
____ Jätteen määrän vähentäminen ja kierrätys
____ Tärkeiden sidosryhmien kanssa viestiminen
____ Yrityksellämme ei ole ympäristötavoitteita
____ Muu, mikä? _____

17. Mitä haittoja, kustannuksia tai haasteita auditoinnista on teille koitunut, tai uskotte mahdollisesta auditoinnista koituvan?

18. Mikä osio tai yksittäinen vaatimus Laatutarha-ohjeistossa on tai oli ennen auditointia hankala ymmärtää?

19. Onko Laatutarha-ohjeistossa sellaisia kohtia, jotka vaatisivat mielestänne lisäselityksen, ja mitkä nämä kohdat ovat?

20. Minkä koette olevan Laatutarha-ohjeiston tärkein tarkoitus, eli miksi se on olemassa? Merkitkää sopivin vaihtoehto.

____ Kuluttajien odotuksiin vastaaminen
____ Kaupan edustajien odotuksiin vastaaminen

Appendix II, 5. Survey questionnaire sent to the members of the Finnish Glasshouse Growers' Association

____ Yrityksen kannattavuuden parantaminen
____ Yrityksen toiminnan kehittäminen
____ Tuotteiden laadun varmistaminen
____ Vastaaminen kaikkia toimialoja koskeviin kestävän kehityksen vaatimuksiin
____ Yrityksissä syntyneen tietotaidon jakaminen kaikkien viljelijöiden kesken
____ Maailman parantaminen
____ Puutarhajärjestöjen kontrollin ja vallan kasvattaminen
____ Muu, mikä? _____

21. Mitkä ovat mielestänne yrityksenne tärkeimmät sidosryhmät ympäristö- ja laatuasioiden näkökulmasta? Merkitkää maksimissaan kolme vaihtoehtoa. Sidosryhmillä tarkoitetaan tahoja, jotka voivat toimillaan vaikuttaa yritykseen tai joihin yritys voi toimillaan vaikuttaa.

___ Työntekijät
___ Kuluttajat
___ Päivittäistavarakaupat
___ Laatutarha-auditoijat
___ Kilpailijat ja muut yritykset
___ Puutarhajärjestöjen edustajat
___ Media
___ Paikallishallinnon edustajat
___ Lainsäätäjät
___ Paikallisyhteisö

22. Mitä mieltä olette siitä, että Laatutarha-ohjeiston vaatimusten auditointi tuli pakolliseksi Sirkkalehti-merkin käyttäjille?

23. Kuinka tärkeää Sirkkalehti-merkin käyttö on teille?

24. Kuinka koette seuraavat Laatutarha-ohjeiston ja auditointien osat, ovatko ne hyviä vai huonoja? Merkitkää asteikolla yhdestä viiteen; 1 = erittäin huono, 2 = melko huono, 3 = en osaa sanoa, 4 = melko hyvä, 5 = erittäin hyvä.

Kauppapuutarhaliiton viestintä Laatutarhasta ja auditoinneista
Auditointien käytännön järjestelyt……
Laatutarha-ohjeiston sisältö……..
Auditointeja suorittavat henkilöt……..
Auditoinnin hinta, 525 euroa + ALV…….

25. Kuinka kehittäisitte Laatutarha-ohjeistoa ja auditointeja? Kaikki kommentit ovat arvokkaita!

Appendix III. Questions guiding the interviews with growers

- Mitä puutarhallanne viljellään, ja milloin tila on perustettu?
- Paljonko teillä on työntekijöitä ja mikä on liikevaihtonne? Oletteko harkinneet tuotteiden viemistä ulkomaille?
- Ketkä ovat asiakkaitanne ja käytättekö Sirkkalehtimerkkiä tuotteissanne?
- Mitkä ovat suurimmat haasteet tai kehityksen alla olevat asiat tilanne toiminnassa tällä hetkellä?
- Mitkä ovat suurimmat riskit yritystoiminnassanne?
- Koetteko ympäristö- ja yhteiskuntavastuuasiat yrityksellenne tärkeiksi?
- Onko Kauppapuutarhaliitto muulla tavoin koettanut edistää jäsentensä ympäristö- ja yhteiskuntavastuullisuutta kuin Laatutarhan ja auditoinnin avulla?
- Pyrittekö edistämään ympäristö- ja yhteiskuntavastuuta tilallanne, vai oletteko tyytyväinen tämänhetkiseen tilanteeseen? Minkälaisia asioita haluatte edistää (tavoitteet)?
- Onko jotakin sellaista, miten Kauppapuutarhaliitto voisi auttaa teitä parantamaan ympäristö- ja sosiaalisia vaikutuksia ympäristöönne? Vai onko auditointi ja erilaiset puutarhaliittojen laatimat ohjekirjaset riittävä tapa auttaa?
- Miksi luulette että viljelijät suhtautuvat auditointeihin noin negatiivisesti kuin kyselyssä on tullut ilmi?
- Onko Laatutarha-auditointi pelkkää byrokratian lisäämistä vai onko siitä hyötyäkin tilallasi (jos sellainen on suoritettu)? Millä tavoin viljelijät voisivat saada auditoinnista vielä enemmän hyötyä?
- Koetteko, että on olemassa uhka, että kuluttajat vähentävät tuotteidenne ostamista koska suomalaisten kasvihuonetuotteiden hiilijalanjälki on niin suuri verrattuna ulkomaisiin ja korvaaviin tuotteisiin?
- Keksittekö jonkin sellaisen ympäristö- tai yhteiskuntavastuuta parantavan asian, joka parantaisi myös yrityksenne tulosta tai kannattavuutta (jotakin energian käytön vähentämisen lisäksi)?