

Understanding Strategic Corporate Social Responsibility (CSR) in Finnish Consumer Goods Industry Case Fazer Group

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Objectives

The main objective of the study is to understand how the various elements of strategic Corporate Social Responsibility (CSR) are utilized as a source of differentiation, and even as a competitive advantage for a company. The study explores the different company approaches to CSR, and widens the understanding of strategic CSR through a Finnish case company that aims to utilize CSR as a competitive advantage. The theoretical background of this study lies in academic literature about viewing CSR as a competitive advantage.

Methodology

The research is qualitative in nature, and follows ontology and critical realism as philosophical viewpoints for a qualitative research. The study represents an intensive case study research. Six well-experienced managers were interviewed at the case company with a semi-structured data collection method. The interview transcriptions form the empirical data of the study.

Findings

The study contributes to the existing research by clarifying the various company approaches to CSR and their differences. Previous research suggests that company approach to CSR can be categorized as project-oriented, quality-oriented, or strategic. The case study showed that the lines between these categories are rather wavering. The case company utilizes numerous elements of strategic CSR, but evidence to some of the elements remained weak. For example, innovativeness related to responsibility issues and outstandingly effective CSR communication both on company level and on product level were aspects that still need attention, when the purpose is to clearly differentiate with CSR. Finally, the study showed that the strategic CSR approach has a lot to offer for consumer goods companies aiming at utilizing CSR as a competitive advantage.

Keywords Corporate Social Responsibility, strategic CSR, competitive advantage, Finnish consumer goods companies, Finnish market

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Tavoitteet

Tämän pro gradu-tutkielman tavoitteena on ymmärtää tarkemmin strategisen yritys vastuun eri elementtejä, ja tarkastella kuinka näitä elementtejä hyödynnetään yritykselle erottautumiskeinona, jopa kilpailuetuna. Tutkielma tarkastelee erilaisia yrityksen lähestymistapoja yritys vastuuta kohtaan, ja laajentaa ymmärrystä strategisesta yritys vastuusta suomalaisen case yrityksen avulla. Tämä case yritys pyrkii hyödyntämään yritys vastuuta kilpailuetuna. Tutkielman teoriatausta nojaa aiempaan akateemiseen tutkimukseen yritys vastuusta kilpailuetuna.

Metodologia

Tutkimus on luonteeltaan kvalitatiivinen, ja noudattaa ontologiaa sekä kriittistä realismia filosofisina katsantokantoina laadulliselle tutkimukselle. Tutkimus edustaa intensiivistä tapaustutkimusta. Pääasiallisena aineiston keruun menetelmänä kuutta esimiestehtävissä työskentelevää työntekijää haastateltiin case yrityksessä puolistrukturoiduilla syvähaastatteluilla. Haastattelujen puhtaaksikirjoitettu teksti muodostaa tutkimuksen empiirisen aineiston.

Löydökset

Tutkielma täydentää aiempaa tutkimusta selkeyttämällä erilaisia yrityksen lähestymistapoja yritys vastuuta kohtaan. Aiemman tutkimuksen mukaan yrityksen lähestymistapa yritys vastuuta kohtaan voidaan luokitella joko projektiorientoituneeksi, laatuorientoituneeksi tai strategiseksi. Empiirinen tutkimus osoitti, että rajat näiden kategorioiden välillä ovat melko häilyviä. Case yritys hyödyntää lukuisia strategisen yritys vastuun elementtejä, mutta joihinkin elementteihin saatiin vain heikosti näyttöjä. Esimerkiksi vastuullisuuteen liittyvät innovaatiot ja erityisen tehokas vastuullisuusviestintä sekä yritys- että tuotetasolla nähtiin alueina, jotka yhä kaipaavat kehittämistä, kun tavoitteena on selkeästi erottautua yritys vastuun avulla. Tutkimus osoitti, että strateginen lähestymistapa yritys vastuuta kohtaan tarjoaa paljon mahdollisuuksia yrityksille, jotka pyrkivät hyödyntämään yritys vastuuta kilpailuetuna.

Avainsanat yritys vastuu, strateginen yritys vastuu, kilpailuetu, päivittäistavarakauppa, suomalaiset yritykset

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1 INTRODUCTION

Corporate Social Responsibility (CSR) is a concept that every 21st century company manager certainly recognizes. In a world of scarce resources, tightened laws, escalating poverty and increasing competition, CSR has piqued interest towards the possibilities that sustainable business actions have to offer (Halme, Laurila 2009). Problems, such as pollution, progressive climate change and child labor abuse plague especially large organizations (Guarnieri, Kao 2008). Responsible actions are a must, and any company that considers operating at the expense of a society, quickly finds out to have chosen a rocky road (Haanaes et al. 2013, Porter, Kramer 2006). The possibility of raising CSR to a totally new level by utilizing it as a competitive advantage has recently gained attention in academic business research (Nwagbara, Reid 2013, Porter, Kramer 2006, Quisenberry 2012). Social and economic goals are not any longer conflicting (Porter, Kramer 2002). CSR is nowadays seen as a strategic investment that truly pays off, rather than as a voluntary expense or a necessity to brighten a brand image (Orlitzky, Schmidt & Rynes 2003).

Indeed, the focus has shifted from studying the definitions of CSR to specifying different company attitudes towards responsibility, in order to better understand CSR outcomes. Recent literature has paid attention to different action-orientation types of CSR, which has helped to understand that not every type of CSR activities can increase the firm competitiveness (Halme, Laurila 2009). Companies have started to realize that a strategic performance in CSR have also notable implications on the company's financial performance (Becchetti et al. 2012, Lee 2008, Orlitzky, Schmidt & Rynes 2003). There is evidence that investments in CSR sections, for example employee relations or environmental risk management contribute noticeably to reducing companies' cost of capital (El Ghouli et al. 2011, Sharfman, Fernando 2008). Thus, the reason for interest in sustainability is more and more economic (Martin, Schouten 2012, 15).

Organizations are taking issues of environmental protection, sustainability and social accounting serious in order to survive in the changing business time (Nwagbara, Reid 2013). Through CSR there's a potential of enhancing brand reputation, bringing value to more and more conscious consumers and increasing customer loyalty, saving costs in the long run and acting as a credible corporate citizen. Shared value creation is a new trend phrase that combines business and societal interests into a win-win situation (Lantos 2001, Porter, Kramer 2006), so it is not a surprise that CSR is a current hot theme in marketing and business literature. More specifically, strategic CSR has been seen as the answer for companies' long-term success and differentiation problems (Husted, De 2006, Lantos 2001, Martinuzzi, Krumay 2013, Porter, Kramer 2006). Strategic CSR aims at utilizing CSR as a competitive advantage for a company. This win-win situation of connecting responsibility and profits has recently gained a lot of attention among academic research (Halme, Laurila 2009, Lantos 2001, Martinuzzi, Krumay 2013, Porter, Kramer 2006).

In addition, Finnish consumers increasingly value products that are sustainably produced and good in quality, which seems to be a consequence of the wellbeing in a Finnish society (Tripod research 2010). Finnish consumers are nowadays wealthier, well educated and therefore more conscious about companies' responsibility issues, which have affected to their buying habits. Recent years there has been discussion around the LOHAS, Lifestyle of Health and Sustainability consumers, and the increase of this consumer segment in Finland. According to the study of Tripod Research (2010), even 48% of 15 to 75 year old Finnish consumers could be categorized as LOHAS consumers, according to their consuming choices and attitudes. The study consisted of 2158 interviewees, and the results forecasted that the meaning of CSR to Finnish consumers is going to increase during the next five years. (Tripod research 2010) Consequently, also consumer goods companies in Finnish market have started to realize the potential of CSR as a source of differentiation. For example, the Finnish special journal 'Ekonomi' for business students and professionals recognized the possibility to differentiate with CSR, and encouraged companies to adapt to consumers' increasing demands of responsibility (Mäki 2013).

Despite of the potential, there is only little research focusing on Finnish consumer goods companies and their CSR practices. More specifically, there is no academic research available of the strategic utilization of CSR as a competitive advantage for a company, in a Finnish market and as a focus on Finnish consumer goods companies. In addition, a recent research found out that Finnish companies have controversial understanding on sustainability, as they find it hard to see the relationship between corporate responsibility and the firm profitability (TNS Gallup 2014). Therefore, more research is needed about the elements of strategic CSR and how they can be utilized to enhance the firm competitiveness. This paper aims at fulfilling that research gap by focusing on one Finnish case company and its strategic CSR practices. The more specific research objectives are explained next.

1.1 Research objectives and research problem

The primary objective of this study is to understand, how a Finnish consumer goods case company is utilizing the various elements of strategic CSR, and to ponder the company's current possibilities to utilize CSR as a source of competitive advantage. This company is chosen according to a recent research of the top responsible Finnish companies, and according to a pre-research to online sources such as the potential case company's websites and LinkedIn sites, and by analyzing the latest annual review (2013). This pre-research evaluates the case company's attitude towards CSR and its practices' similarities to the theoretical framework framed in chapter 2. In chapter 2, the theoretical framework and the main elements of strategic CSR are presented. The purpose of the pre-research is to justify that the case company is truly aiming at utilizing CSR as a competitive advantage.

Therefore, the primary research problem is framed as a question:

“How are the various elements of strategic Corporate Social Responsibility (CSR) utilized for the purpose of differentiation in a Finnish consumer goods company?”

This research question will be approached through qualitative interviews to a Finnish case company, Fazer Group. Fazer Group is, according to the pre-research, aiming to utilize CSR as a competitive advantage. This case company is introduced in more detail in the methodology part of this study. The focus of the research will be on company-level, not on product-level. Regarding the forecast that Finnish consumers increasingly prefer companies that pay attention to CSR issues (Tripod research 2010), it is fruitful to study Finnish consumer goods company's possibilities to utilize the elements of strategic CSR as a competitive advantage. As said, there is a variety of recent research about CSR's possibilities as a competitive advantage for a company (Andreas 2011, Flint, Golicic 2009, Martinuzzi, Krumay 2013, Quisenberry 2012), but this research focuses more specifically on Finnish consumer goods companies that operate mainly in Finnish market. The purpose is to understand, how Fazer Group has succeeded in differentiating its company brand through CSR, what these CSR actions are and what is the role and position of CSR in this company.

The greatest contribution of this paper is to provide methodological advices of the types of implications that are needed in order to strategically differentiate as a responsible consumer goods company, and even gain a competitive advantage with CSR. The purpose is to structure the elements of strategic CSR, and thus bring new knowledge of the fairly new concept, with the help of the case study. This information is fruitful to other consumer goods company managers operating in Finnish market that consider utilizing CSR as a competitive advantage in an overly increasing competition. This study will contribute to the extant literature by adding a new context, that is a Finnish consumer goods company operating mainly in Finnish market, and testing the existing theories of strategic CSR in this context.

1.2 The structure of the thesis

The thesis study is divided into five (5) main chapters.

Chapter 1 provides an introduction to the topic of the paper. The study background and motivation are presented, and the relevance of the research topic is justified. Research objectives and research problem are explained, in order to show a study gap in the existing literature of CSR.

Chapter 2 covers the theoretical background of the study. This literature review discusses the concept of CSR and the transformation of its role in organizations to a more strategic direction, clarifies the growing interest towards CSR in Finnish market and explains the possibilities that strategic CSR approach has to offer as a competitive advantage and as a source of sustainable differentiation. In the end of the chapter, the importance of sustainable marketing is discussed.

Chapter 3 presents the methodology of the study. The first subchapter introduces the research methodology used and enlightens the research approach and research philosophy that serve as a frame for the whole study. Then, the actual research process is explained. The research process includes reasoning behind the case company chosen, introduction of the case company, data collection methods, data analyzing process and evaluation of the trustworthiness of a qualitative research.

Chapter 4 details the findings that the qualitative interviews have produced. The findings are categorized according to the main themes covered in the interviews. In this chapter, the emphasis is on the strategic CSR actions in the case company.

Chapter 5 presents a comprehensive review of the study findings and discusses the similarities and differences with the theoretical framework created in chapter 2. Managerial implications, limitations of the study and suggestions for further research are presented in the end of the paper. At this point, the whole research is evaluated.

2 LITERATURE REVIEW

This chapter presents the theoretical background of the paper. First, introduction to the concept of CSR in general is presented, in order to understand better the more specific approach, strategic CSR. This subchapter contains the multiple definitions of CSR and shows the transformation of CSR to a more strategic direction. Second, the previous literature of Finnish companies' growing interest towards CSR is covered. This subchapter shows that Finnish companies are increasingly interested in enhancing their competitiveness through CSR. Third, the main literature related to the theoretical framework of the research is introduced. This subchapter includes literature related to CSR as a competitive advantage to a company, explains the attitudinal classification of CSR and the reasons why strategic approach to CSR is the most appropriate when aiming at differentiation with CSR. Also, the importance of sustainable marketing is covered. The final theoretical framework is provided at the end of the chapter.

2.1 The concept of CSR and its role in organizations

It is not self-evident how CSR should be implemented as a source of differentiation, because there seems to be diverse understandings of the term CSR to companies (Montiel 2008). This subchapter aims at deepening the understanding of the multiple faces of CSR. The role of CSR in organizations depends on how the term CSR is understood in companies' point of view, so a deeper review to the concept is needed at this point. Only after that, it is reasonable to take a look at the possibilities that CSR offers as a competitive advantage.

CSR is a complicated phenomenon, as it relates business to society (Halme, Laurila 2009). It contains a series of sections, ranging from for example employee relations, human rights, corporate ethics, community relations and environmental sustainability (Moir 2001). There is not only one type of right way to implement CSR, because different cultural, national and social contexts should be taken into

consideration when planning CSR actions (Atle Midttun, Kristian Gautesen & Maria Gjølberg 2006).

Therefore, CSR has been defined and approached in several ways. One of the narrowest views, the neo-classical view of CSR proposes that the only social responsibility include the provision of employment and payment of taxes (Moir 2001). This viewpoint of CSR reminds of the Nobel Prized-winning economist Milton Friedman (1962), and his famous statements of social responsibilities of a business. Friedman simplified company's social responsibility by stating that the one and only responsibility of a business is to make as much profits as it can to its shareholders, within the laws and regulations (Friedman 1962, 133). It is proposed, that he was worried about shareholder funds being used inappropriately, because he did not believe that managers truly had the proper abilities to address social problems. Social issues were seen as politicians' and civil society's responsibility, not companies'. (Lee 2008)

Indeed, the concept of CSR has developed since the 1950s, from the responsibility of simply maximizing profits to include social responsibility and company's responsibility to act as a corporate citizen, a citizen of a society. The statements of Milton Friedman portray the decade of 1960s, and company representatives' limited understanding of CSR. The decade concentrated on questioning the meaning and importance of CSR to business and society (Carroll, Shabana 2010). Since then, several researchers have questioned this provocative perspective of CSR and the concept has evolved (Ashford 2010, Moir 2001, Prasad, Holzinger 2013). However, Friedman's extreme view provides a decent starting point for fruitful discussion of CSR's current role in organizations.

Undeniably, the concept of CSR and its meaning in business has not spared from critique. For example, Votaw (1972) questioned the whole term about its confusing meaning for companies, and stated that CSR (or just 'social responsibility' in short) carries the idea of legal responsibility, or responsible actions ethically speaking. In the 1970s the concept was paralleled by relatively simple actions, such as charitable contributions. However, concern over the

increasing global ecological issues drew researchers' attention already back then, and a new phenomenon of social responsibility that focuses on long-term mind-set of the company was suggested. (Votaw 1972) A very early stage of the today's popular corporate citizenship idea was announced.

Only by the late of 1990s, the concept gained attention, because CSR seemed to be one answer to question, why some companies obstinately perform better others. CSR was conceptualized to include activities such as responsibility to stakeholders, which was much easier to understand and manage by the company managers. This point of view was named as the stakeholder theory of CSR. (Lee 2008) In the end of the decade, the first researches showed that there is a linkage between management commitment to ethical and socially responsible behavior and a company financial performance (Verschoor 1998).

In the 21st century, CSR is finally stated to be a core business issue in academic research (Carroll, Shabana 2010, Orlitzky, Schmidt & Rynes 2003). Researchers have now focused on streamlined organizational-level analysis of CSR, from the analyzing of macro-social effects of CSR (Lee 2008). Since the early 2000s, the business community searched for rationalization to its actions, and the term sustainability and sustainable development became trendy. Also the discussion of the business case for CSR became popular. The business case for CSR can be divided to narrow and broad view. The narrow view refers to the direct cost savings that justify CSR activities, and the broad view focuses on the win-win situation and the competitive advantage, through cost and risk reduction and reputational benefits. (Carroll, Shabana 2010) As the earlier decades focused on creating shareholder value, the shift is increasingly to the 'enlightened self-interest' approach that can create value for all stakeholders (Guarnieri, Kao 2008).

Consequently, academic research no longer focuses on defining CSR, but rather on its impact on business success. It is time to measure the current and potential benefits of CSR, rather than speculate about the various understandings of the concept. The role of CSR is increasingly strategic and related to financial performance of a company (Carroll, Shabana 2010, Orlitzky, Schmidt & Rynes

2003, Porter, Kramer 2006). CSR is also nowadays something to be proud of, about engaging the commitment of conscious employees (Guarnieri, Kao 2008, Panapanaan et al. 2003). Leading companies have noticed that CSR is a strategic weapon to attract talented professionals and drive business growth. Employees are increasingly applying to jobs where they can find meaning to their work, a possibility to make a difference. This is something beyond work and getting a salary. (Guarnieri, Kao 2008)

Certainly, the actions of social responsibility have widened during years, to include themes such as product safety, ethicality in all business practices, safe working conditions, fair trade, sustainable marketing, stakeholder involvement, transparency through processes, and moral codes of conduct (Andreas 2011). Companies have started to be interested in CSR, because solving societal problems is not anymore seen as an extra cost to a company, but rather as a possibility to greater profits and differentiation. Shared value creation is a new trend word that emphasizes the win-win situation that CSR can provide when managed effectively. It is even proposed that the term 'corporate social responsibility' brings coercive and negative attitudinal associations, and should be changed to a positive 'corporate social integration'. (Porter, Kramer 2006) These recent researches and the attitudinal transformation in the concept of CSR justify the importance and topicality of this thesis.

In this paper, the terms CSR and *corporate sustainability* (CS) are used equally to refer to both social and environmental management issues, as there seems to be no clear distinction between the two terms. These terms are used as interchangeable for example in Global Reporting Initiative (GRI), where companies have used various titles in order to refer to their annual reports of social and environmental initiatives. (Montiel 2008) In addition, CSR and *corporate responsibility* (CR) are used as synonyms as well, because academic publications use both of these terms equally when referring to CSR (Halme, Laurila 2009, TNS Gallup 2014).

2.2 Finnish companies' growing interest towards CSR

As already mentioned in the introduction of this thesis, Finnish companies have increasingly started to examine the possibilities that CSR can offer for their competitiveness. CSR management in Finnish companies has been studied especially during the last decade (Panapanaan et al. 2003, Vuontisjärvi 2006). The prospects seem to be good for Finnish companies, as they are noticed to progressively manage CSR, particularly locally. CSR challenges are seen as opportunities and as a key to a better competitiveness. It is interesting that the views and management of CSR in Finnish companies are seen to be influenced by some cultural aspects, such as the typical Finnish thinking that one should behave ethically in business. It is said that this high moral understanding of business responsibilities is typical for northern European companies. (Panapanaan et al. 2003)

Stakeholders, NGOs and media are increasingly demanding corporate responsibility in many levels, especially when a company grows and starts to operate globally. In addition, young Finnish professionals are highly educated and nowadays so conscious about sustainability issues that it is even hard to tempt these employees if a company has poor image regarding its CSR initiatives. (Panapanaan et al. 2003) According to a recent research, especially employee issues are well managed in Finnish companies (Panapanaan et al. 2003, Vuontisjärvi 2006).

Corporate Responsibility Network FIBS is a leading non-profit corporate responsibility network in Finland, which conducts for example responsibility-reporting competitions for companies that want to gain visibility for their CSR efforts. Most of the FIBS members (currently over 230) are large companies that benefit of the FIBS cooperation with different international networks, such as CSR Europe, Global Reporting Initiative and CSR 360 Global Partner Network. These types of networks make corporate responsibility visible and tempting, as it is said to enhance risk management, promote innovativeness and enable growth in the long run. FIBS is established in 2000, and it states to help companies find a

competitive advantage with responsibility by offering information about the trends in CSR, about the best practices and a possibility to share ideas through FIBS network. (FIBS 2014)

According to a very recent FIBS survey, conducted by TNS Gallup (2014) about the possibilities of sustainability, Finnish companies are well aware of the benefits of CR, the rising trend related to it and the possibilities it has, but can not see the true impact on the financial performance of the company. Almost 50% of companies state the responsibility to be the starting point of their business, but only 15% of them see responsibility to have an impact on the share value. Interestingly, over 50% thought that investors and shareowners play a major role in leading the firm towards more responsible actions. It seems that Finnish companies have controversial understanding on sustainability. They seem to understand the potential of it, but find it hard to measure and see the relationship between CR and profitability. More ambitious financial targets are needed in order to concretize the true impacts of CR efforts. Also the integration of CR to company strategies was seen as the largest managerial challenge related to CR. (TNS Gallup 2014) However, that integration is almost essential for companies that aim at differentiating with CR, so this research back up the importance and novelty value of this thesis.

These results, of the most extensive research surveying CR practices in large Finnish companies, can be seen as opportunities for companies willing to differentiate with CR, because not so many Finnish companies utilize the full potential that corporate responsibility can offer as a source of differentiation. It is even stated that the new model of shared value is not yet adopted in Finland, but a growing number of executives saw the investments in CSR to increase within the next five years. (TNS Gallup 2014)

In addition, the concept of CSR seems to be mainly related to environmental responsibility, for Finnish companies (Panapanaan et al. 2003). Energy efficiency, recycling and waste management are seen as the main activities in that theme (TNS Gallup 2014). Also Vuontisjärvi (2006) noticed that Finnish companies are

diligent to publish environmental reports, but there is only few researches conducted on social disclosures. Finnish industry has scored the leading position out of the Nordic countries on reporting according to GRI (Atle Midttun, Kristian Gautesen & Maria Gjølberg 2006), so structured reporting of current achievements seems to be one of the strongest parts in Finnish companies' CSR management. As said, the concept nowadays includes the 'triple bottom line' practices that simultaneously value business, society, and the environment when aiming at win-win situation (Martin, Schouten 2012, 19). None of these aspects should be emphasized over others when searching for competitive advantage through CSR.

However, it should be remembered that CSR is a relatively new concept in Finland (Vuontisjärvi 2006), so some differences between the literature review and empirical results are even expected. This comparison makes the study even more interesting to conduct.

2.3 CSR as a competitive advantage

Due to globalization, competition is increasing and resources are reducing all the time, and companies are seeking for new possibilities to differentiate from competitors. It is increasingly admitted, that 'doing well' economically and 'doing good' can go hand in hand. Superior products, supporting the environment and inspiring and safe work environment are all part of today's corporate responsibility. (Guarnieri, Kao 2008) If a business develops a reputation for quality, caring for people and the environment, current and new customers will consequently reward these efforts with their loyalty (Martin, Schouten 2012, 17). Furthermore, if CSR actions can provide company a competitive advantage, the reasons to be interested in CSR are clear.

When a company owns one or more competencies that create superior value compared to its competitors in a specific market segment, a firm can be said to enjoy a competitive advantage (Hunt, Morgan 1995). It is no longer the question whether companies should pay attention to CSR, as it is 'the right thing to do', but

instead as it is 'the profitable thing to do'. The advance of a technology has made it more profitable for companies to put effort on sustainable initiatives, during the last decade (Quisenberry 2012). Again, if growing amount of Finnish companies is seeking for possibilities to differentiate with responsible actions, how wide activities are then needed, in order to clearly separate from competitors and position the company as a truly responsible in stakeholders' minds?

This subchapter tackles that question by presenting the different strategies that academic literature has recently suggested for companies to utilize, when aiming at using CSR as a competitive advantage. The first section shows the attitudinal classification of CSR, as a base for this topic. The second section introduces the recent literature dealing with strategic CSR as a competitive advantage, and aims at concretizing the concept to specific actions. Concretizing is important, in order to develop a clear theoretical framework in purpose of the empirical research. This framework is provided in the last section, and will be utilized when it is time to discuss the interview results and their fit to the previous academic literature. Also, the importance of sustainable marketing and reporting is discussed in the third section, to show some critique and challenges that differentiating through CSR might arouse.

2.3.1 Project-oriented, quality-oriented and strategic CSR

Several research back up the idea that CSR can serve as a long-term competitive advantage to a company (Husted, De 2006, Lantos 2001, Martinuzzi, Krumay 2013, Porter, Kramer 2006). CSR actions have a significant effect on corporate image, service quality, and consumer purchase intentions. For example, consumer purchase intentions strengthen if a company succeeds in convincing consumers that the company is not aiming at seeking profits without concern for others. (Chun-Chen Huang et al. 2014) Indeed, the reputational consequences of CSR efforts seem to be the main incentive for most of the companies (Quisenberry 2012, TNS Gallup 2014, Vilanova, Lozano & Arenas 2009). However, it is important to pay attention to the ways that companies implement corporate responsibility,

because not all types of actions are profitable for the company, in the long run (Halme, Laurila 2009). The business case of CSR can be understood better when the concept is divided to three different approaches which each of them explain the attitudes that a company can have towards CSR. These three approaches are introduced next.

A *project-oriented approach* to CSR indicates that company wants to behave decently, and understands the importance of philanthropy relating to CSR (Martinuzzi, Krumay 2013). This approach is sometimes called as altruistic or humanitarian CSR (Lantos 2001), or responsive CSR due to its goodwill of acting as a decent company (Porter, Kramer 2006). Most typically companies conduct some temporary social or environmental projects, which are easy to communicate to stakeholders and use as brand promoters (Martinuzzi, Krumay 2013). As these CSR projects are terminable and do not influence the company as a whole, project-oriented CSR can not be seen as a proper approach to managing CSR as a competitive advantage. However, this approach seems to be very in common among companies, probably because of its easiness and clearness of the costs that are spent to CSR projects. (Martinuzzi, Krumay 2013) Also, contributions to common good are conducted at the probable expense of the business. This includes actions that are beneficial for the company's stakeholders but not necessarily for the company itself. It is stated that this altruistic CSR lies outside the company's strategic activities, despite of its noble initiatives. (Lantos 2001) In the end, pure goodwill is not enough when the goal is to differentiate, because a certain level of responsibility is even required nowadays. Consequently, project-oriented CSR is only a first step towards sustainable management, but this approach is not enough when transforming responsibility into success for companies (Martinuzzi, Krumay 2013).

Another approach aiming at 'quick wins' through responsibility is the *quality-oriented CSR*. This viewpoint focuses on protecting the company brand and license to operate through e.g. different environmental management systems, such as the ISO14001 or ISO 26000. (Martinuzzi, Krumay 2013) A company tries to avoid 'doing bad' as it understands the value of a responsible reputation and

stakeholders' increasing demands towards responsibility. (Lantos 2001, Martinuzzi, Krumay 2013) Reasons to be interested in CSR are therefore mainly avoiding threats of some responsibility crisis. Quality-oriented approach is also named as the ethical CSR, as it involves fulfilling the company's ethical and moral duties. This approach relates to the project-oriented approach, as ethical actions are enforced at the expense of sacrificed profits. (Lantos 2001) However, quality-oriented CSR provides a systematic approach with standardized quality management instruments, which enable easier measurement of companies' CSR achievements. It is also suggested that quality-oriented CSR requires at least some level of changes in organizational structures. For example, a proper implementation of a quality management system involves validation and auditing, which benefits the company to develop further a more professional approach to CSR than terminable projects. (Martinuzzi, Krumay 2013). Still, it should be emphasized that these actions are very general and do not differentiate a company as an outstandingly responsible actor.

The third approach is called *strategic CSR*. When companies aim at differentiating through CSR, a strategic point of view is the most suitable approach. Strategic CSR is modern companies' approach to utilize the full possibilities that CSR can offer, as a success factor for the whole business (Martinuzzi, Krumay 2013). In order to understand strategic CSR as a source of competitive advantage, it is beneficial to take a deeper look at the definition of strategy. Michael Porter (1996) is probably one of the best-known authors in the field of business literature. He emphasized the purpose of a strategy to separate a company from its competitors. A widely accepted definition to a strategy is that it is long-term, sets directions for future and describes company's position. Strategy outlines the position that is hard to imitate. Operational effectiveness is important, but it is not enough to provide uniqueness for a company. A sustainable competitive advantage is therefore created through these, strategic principles. (Porter 1996)

Strategic CSR includes the potential to innovate when integrating the environmental and social ambitions into company's long-term goals (Lantos 2001, Martinuzzi, Krumay 2013). The purpose is to create new business models through

responsibility, and create a win-win situation between a company and the society (Porter, Kramer 2006). Husted and De (2006) noticed that it is more profitable for a company to act strategically than to respond coercively into making investments in CSR. They investigated the possibilities and different approaches (altruistic, coerced egoism and strategic) for a company to maximize profits and social performance simultaneously. The coerced egoism approach reminds of the ethical approach, as the company is seen to be coerced into investing in social implications, in order to survive in business as many of the CSR issues have a direct impact on the firm's license to operate. In this case, CSR actions are not seen as voluntary as in other approaches, because various laws and social expectations demand them. Also the altruistic approach, related to the project-oriented approach explained earlier, did not generate as great profits as the strategic approach. (Husted, De 2006) Interestingly, these viewpoints from various authors relate well to the classification of Martinuzzi and Krumay (2013), of the three approaches to CSR (project-oriented, quality-oriented and strategic CSR). Figure 1 shows the similarities of these ideologies.

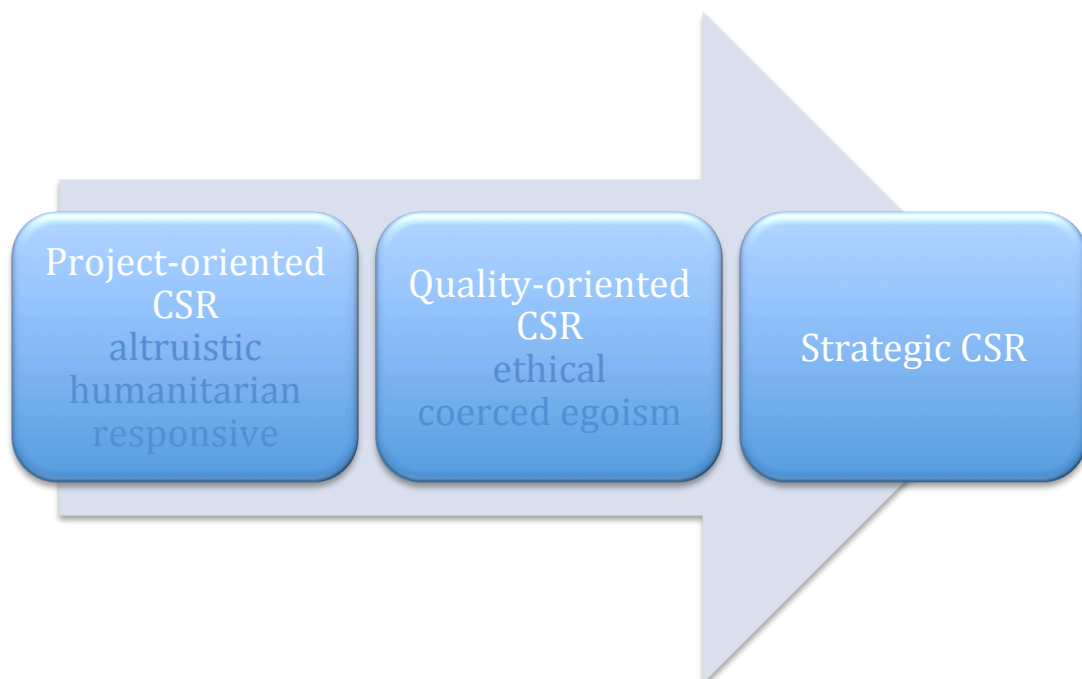


Figure 1 Attitudinal classification of CSR

Indeed, in the recent academic literature of CSR as a competitive advantage, the strategic approach is commonly emphasized and preferred. This approach is also named as the profit-maximizing CSR, because of the enhancements in reputation, the possibility to charge a premium price for company's products, and the use of CSR to recruit quality employees (Siegel, Vitaliano 2007). The next section widens the understanding of strategic CSR, as the main theoretical background for the study.

2.3.2 Strategic CSR as a source of competitive advantage

Strategic CSR is the only approach that can create win-win situations for a company, stakeholders and the society. Investing in CSR is not only humanitarian or ethical, but also profitable. In general, there are two schools of thought in business strategy, when aiming at increasing competitiveness through CSR: the Resource-Based View (RBV) strategy and the Positioning School (PS) by Michael Porter (1985). The RBV strategy looks at internal capabilities that can have an effect on firm's competitiveness. Instead, the Positioning School emphasizes the importance of a clear business strategy and operational effectiveness, with a disparate set of activities (Porter 1985). The premises of PS adapt better to the changing business environment that require continuous redefining of a strategy, and innovativeness. It is stated that relying on internal resources is not enough flexible view in the modern era. (Nwagbara, Reid 2013) The theoretical part of this thesis is also built with an emphasis on the Porter's strategic PS principles and according to that viewpoint.

Baron (2001) and McWilliams and Siegel (2001) were said to be the first researchers to theorize the profit-maximizing CSR (Siegel, Vitaliano 2007). Considering these publication years, it is notable that the research of strategic CSR is at its early stages. Baron emphasized the importance of linking product selling to social causes (Baron 2001). An example could be a situation where a consumer chooses company's product because he/she wants to support the social effects in which the company is committed. CSR is therefore a reason (or at least one of the

main reasons) to buy the product, and in that sense profitable for the company. CSR product differentiation has even proved to be more efficient strategy than product quality differentiation, for example in a situation of predicting export performance (Boehe, Barin Cruz 2010). Also McWilliams and Siegel underlined linking CSR activities into the firm's business-level product differentiation strategies. Emphasizing company's responsible production processes is a good example of using strategic CSR to enhance product sales (McWilliams, Siegel 2001). A company can for example commit to use only genetically modified-free ingredients in its supply chain and tempt aware consumers that way. CSR is a form of product differentiation, a certain method of advertising to establish or increase brand loyalty. This is based on the idea that consumers associate a company that visibly pays attention to CSR as an honest actor that produce better products. (Siegel, Vitaliano 2007)

Another example of strategic CSR actions could be a company that builds a museum, arranges an advertising campaign of it, and as a result gains gratitude and admiration from people, create positive WOM and even loyalty towards the company (Lantos 2001). Or Toyota's example of creating an innovative car model, a hybrid/electric gasoline vehicle Toyota Prius that addresses the problem of automobile emissions and has successfully combined competitive advantage and environmental benefits (Porter, Kramer 2006). Or, when a company supports the community by giving scholarships for training technical programs. In that case, the company also benefits of the qualified labor supply with great levels of productivity, in the long run. (Husted, De 2006) Strategic CSR is about clever brand building, which has long-term benefits for the company. As Lantos (2001) brilliantly concludes the win-win idea of strategic CSR:

'There is nothing morally objectionable to doing well while doing good, to help the stockholders while aiding other stakeholders.'

This statement crystalizes well the main idea and premises of strategic CSR, and utilizing CSR as a competitive advantage. As the goal of strategic CSR is a win-win situation, it should not be criticized as self-serving. However, satisfying several

stakeholders' needs is not an easy task to fulfill. There is a dilemma that large multinational enterprises (MNE) with large production volumes should especially pay attention to CSR issues, but these companies are at the same time those that find it hardest to trace the impact of their actions, e.g. concerning the whole supply chain (Prasad, Holzinger 2013). Companies need to balance between profits and environmental as well as social consequences of their decisions, without emphasizing any of these aspects too much. Thus, agility is needed by the organization, in order to adjust flexibly to the changing environment. (Quisenberry 2012) The idea of shared value for the company and the society is truly relevant, as business decisions and social policies must benefit both (Porter, Kramer 2006).

Therefore the slogan for strategic CSR could be 'rethink your business', as it involves the integration of CSR into the core business sections (Martinuzzi, Krumay 2013). However, this naturally causes some troubles in measuring the effectiveness of strategic CSR, because CSR is no longer separated actions or projects but serve as a base for the whole business (Porter, Kramer 2006). Also, it has been suggested that there lies a risk of upsetting some stakeholders when integrating CSR into strategy (Martinuzzi, Krumay 2013). For example shareowners might be worried about the cost of CSR investments. That considering, it might be wiser to choose the implementation of strategic CSR already in the first stages of starting a business, so that there would not be a risk of losing the position achieved in the market, because of adopting strategic CSR. That would also increase the credibility of a company, as people would not remind of the earlier business practices and compare the past and the present. It should be remembered that strategic CSR has a strong link to societal trust (Martinuzzi, Krumay 2013).

Practical examples of strategic CSR are needed, in order to see the impact of CSR efforts and clearly concretize the benefits. Managing supply chain relationships, leveraging the brand, experimenting with sustainability and appealing storytelling are noticed to be efficient ways of searching for competitive advantage through CSR (Flint, Golicic 2009). Porter and Kramer (2006) propose that building a competitive advantage through strategic CSR starts with a unique value

proposition, which is the base for any strategy. A value proposition describes the value that company's offering can provide to chosen customers, that other competitors cannot. A value proposition therefore answers the question, why to choose our product/service instead of others. Also, the entire value proposition does not have to be built around social issues, but even adding an aspect of it enhances the company competitive position. In addition, a company should prioritize the social issues it is dealing with, and pick up the most relevant to its core business to address. These issues are the most promising to a company to focus on, when turning CSR into a competitive advantage. (Porter, Kramer 2006) It is not cost-effective to try to address several problems, and these attempts rarely benefit the society if they are not deeply addressed. Also some problems are related to a certain industry, in which case it is clever to focus on them, as the example of Toyota and automobile emissions showed. The short-term performance pressures are not easy to fulfill if the focus is not chosen and a company tries to run different CSR initiatives at the same time (Porter, Kramer 2006), which again gives an impression of CSR as rather an expense than a profitable investment.

In order to improve competitiveness through CSR, companies should shift to integrated, affirmative approach to CSR (Porter, Kramer 2006). Strategic CSR involves that all actors of the company must adopt CSR processes and employees need to be fully aware of the strategy, as well as committed to work towards common CSR goals (Martinuzzi, Krumay 2013). Many researchers emphasize the importance of organizational learning and innovation, where company values and procedures are defined and redefined (Halme, Laurila 2009, Nwagbara, Reid 2013, Quisenberry 2012). For example Patagonia, the privately held equipment and outdoor clothing company offers two months paid leave for its employees to work for an environmental cause of their choice (Guarnieri, Kao 2008). Indeed, Patagonia is a pioneer in strategic CSR. CSR innovations have turned out to be the source of a competitive advantage even in emerging markets, where resources are very scarce already when starting the business. In that case, the main focus can be on saving costs and resources with sustainable business practices, but at the same

time the company can utilize its responsible efforts as a competitive advantage. (Haanaes et al. 2013)

Indeed, CSR has to be integrated in business processes, so that it can create innovative practices and competitiveness for the company. Some of the most innovative companies in the world, such as Google, do not even have specific CSR strategies, as they are integrated in most business processes. However, this integration again complicates measuring the CSR processes' relationship between the implications and a firm competitiveness. (Vilanova, Lozano & Arenas 2009) It is also important that the measurement is not focused on short-term success of the business, even though that might be the interest of shareholders, but on long-term success of the company. Of course, there is some evidence that CSR investments affect negatively on the market value of a company, because the market is short-term oriented and investors expect short-term performance by the company (Hassel, Nilsson & Nyquist 2005). However, a sustainable competitive advantage through responsibility provides long-term value for the business, so in the end the investments are expected to pay off. Strategic CSR does not provide the so-called quick wins, but it can serve as a sustainable competitive advantage, which determines the company success in the long run.

The concept of corporate citizenship is frequently related to strategic CSR and differentiation with CSR (Guarnieri, Kao 2008). Windsor (2006) used the classification of ethical CSR, economic CSR and corporate citizenship, when explaining the motives for responsible corporate behavior. The first two approaches explain themselves by name quite well, but the corporate citizenship approach is said to have characteristics from both of these two approaches. This approach is typical for MNEs that aim at strategically building political influence and competitive reputation. Corporate citizenship contains both philanthropic and competitive attributes, as the motivation for CSR is strategic purposes to enhance corporate reputation and market value, by implementing activities that help the society. (Windsor 2006) Figure 2 illustrates the main themes of these three approaches.

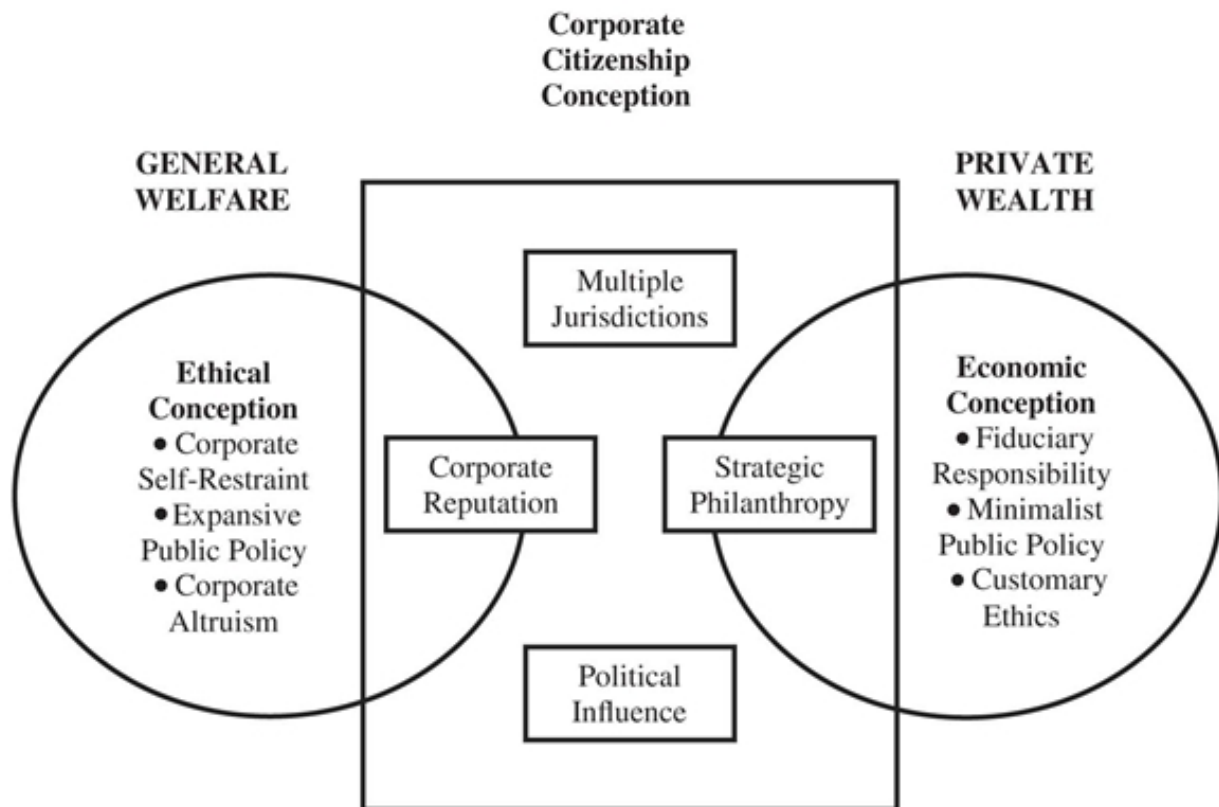


Figure 2 Proposed relationship of three key competing approaches to CSR (Windsor 2006)

As shown in the figure, ethical CSR and economic CSR do not share any interfaces, but corporate citizenship have some convergent aspects from both of these concepts. By combining ethical and economic purposes, the figure shows the position of a corporate citizenship, and how it responds to the needs of different stakeholders. In the earlier subchapters, philanthropy was suggested to refer to simple actions that are required by the company in reputational terms (Halme, Laurila 2009, Martinuzzi, Krumay 2013). In order to enhance company's competitiveness, even philanthropy needs to be strategic, as named in the figure. Annual donations to social causes that have nothing to do with the company's core business are not only costly, but also easy to imitate by competitors. In fact, these actions are so in common nowadays, that they hardly bring any extra value for the company, or increase the company brand image. Strategic, or context-focused, philanthropy focus on contextual conditions that are important to company's industry and strategy, and thus benefit the business as well as society. (Porter,

Kramer 2002) This ideology relates well to the premises of strategic CSR in general. As already explained, strategic CSR can be seen as the most developed or modern form of CSR (Martinuzzi, Krumay 2013), so the corporate citizenship concept relates well to that approach.

Strategic CSR has much to offer for modern companies, when implemented properly. Considering that CSR is a relatively new topic, especially in Finland (Vuontisjärvi 2006), only few companies have understood the possibilities that strategic CSR approach can offer as a competitive advantage. On the other hand, as there are not so many competitors that have managed to do so, it enhances single company's competitive position and makes the chosen strategy even more potential in terms of differentiation. However, the literature review offered only a theoretical framework, but the more specific implications will be following the empirical part of this thesis, when the results of the interviews will be compared to the theory.

2.3.3 Sustainable marketing and avoiding greenwashing

This section deals with the critique towards differentiation with CSR, and provides some advices to fight against greenwashing, which can be seen as the opposite of strategic CSR. It is important to understand that strategic differentiation through CSR denotes true investments towards sustainability and not only for example passionate promises of companies' sincere CSR values in their websites. Active CSR advertising is not the same thing as differentiation with CSR.

Sustainable marketing is defined as the "process of creating, communicating, and delivering value to customers in such a way that both natural and human capital are preserved or enhanced throughout" (Martin, Schouten 2012, 10). When CSR is used in purpose of benefitting a company financially, it is important to assimilate the practices that should not belong to the concept of using sustainability as a competitive advantage. Actually, the marketing concept has not changed during decades, as the purpose of marketing is still to satisfy the needs of consumers and other stakeholders. The difference is, that these needs of the stakeholders have

changed, due to the knowledge of limited, global resources. (Martin, Schouten 2012, 7-10) This change in the business environment has created the need for sustainable marketing. As the well-known environmentalist David Brower brilliantly pointed out, 'There is no business to be done on a dead planet'. The founder of Patagonia (the previously represented pioneer in strategic CSR) Yvon Chouinard, has valued this quote and uses it as a motivator for all Patagonia's employees. (Chouinard 2004)

Instead, greenwashing refers to a pure reputation seeking and misleading marketing of CSR with no true responsible actions. The purpose of greenwashing is to show a false image of company's sustainability practices. (Martin, Schouten 2012, 64) Companies that succumb to a temptation of greenwashing usually aim at earning quick reputational benefits from CSR because responsibility is a must nowadays. Some researchers see greenwashing as a true problem, when profitability is related to CSR (Prasad, Holzinger 2013). However, the aspiration of strategic CSR is a long-term brand building and concrete actions towards CSR, so greenwashing cannot provide a company a competitive advantage through CSR.

Some researchers emphasize the importance of company's self-interest towards responsibility, because if a firm sees the possibility to greater profits as the main motivator for utilizing CSR as a competitive advantage, this mindset potentially leads to irresponsible decisions that most certainly do not serve the interests of all stakeholders, but only a few (Prasad, Holzinger 2013, Quisenberry 2012). It is even proposed that publishing annual reports on CSR is a form of biased advertising, because these reports are filtered through managers seeking for image benefits (Siegel, Vitaliano 2007). Sometimes even the motive for CSR reporting is a response to criticism (DeTienne, Lewis 2005). This suspicious towards companies' practices comes from asymmetric information, as some of the companies' activities are hard to observe for consumers and other stakeholders (Siegel, Vitaliano 2007). Therefore, concrete, visible practices that increase trust towards a company and its motives are essential.

2.3.4 Theoretical framework

The last section of the literature review presents the theoretical framework. According to the previous academic literature, a company attitude towards CSR can be classified according to this framework. The framework includes a detailed classification of company attitudes towards CSR, with descriptions of the main characteristics that signify of a certain approach. In this study, the focus is on the strategic CSR, as the case company is chosen according to its potential of utilizing the elements of strategic CSR. The semi-structured interview questions were also based on this framework and its elements.

This framework will be used as a baseline, when it is time to analyze the case company, Fazer Group's, attitude towards CSR and answer the research question, *how are the various elements of strategic CSR utilized for the purpose of differentiation in a Finnish consumer goods company*. The framework is presented on the next page as a table 1.

	Characteristics	Authors
Project-oriented CSR	Quick wins with CSR	Lantos 2001; Martinuzzi, Krumay 2013
	Terminable projects that are easy to communicate to stakeholders	Martinuzzi, Krumay 2013
	Do not influence the company strategy	Lantos 2001; Martinuzzi, Krumay 2013
	Humanitarian and altruistic motives	Lantos 2001
	Implements generic actions, such as charitable contributions	Martinuzzi, Krumay 2013; Porter, Kramer 2006
	Aims at enhancing the brand image	Martinuzzi, Krumay 2013
Quality-oriented CSR	Quick wins with CSR	Lantos 2001; Martinuzzi, Krumay 2013
	CSR a way to maintain good quality and avoid the threat of a responsibility crisis	Lantos 2001; Martinuzzi, Krumay 2013
	Easily measurable systems, such as quality standards that 'prove' company ethicalness	Martinuzzi, Krumay 2013
	Aims at protecting the licence to operate, no inner motives	Lantos 2001; Martinuzzi, Krumay 2013
Strategic CSR	CSR integrated to company strategy and long-term goals	Lantos 2001; Martinuzzi, Krumay 2013; Vilanova, Lozano & Arenas 2009
	Voluntary actions and intrinsic motives, responsibility part of company values	Lantos 2001; Martinuzzi, Krumay 2013; Vilanova, Lozano & Arenas 2009
	Continuous processes and improvement, organizational learning and innovation	Halme, Laurila 2009; Martinuzzi, Krumay 2013; Nwagbara, Reid 2013; Quisenberry 2012; Vilanova, Lozano & Arenas 2009
	CSR product differentiation	Baron 2001; Boehe, Barin Cruz 2010; McWilliams, Siegel 2001
	Value proposition around social issues related to company's core business	Porter, Kramer 2006
	Combines ethical and economic purposes; CSR needs to be profitable	Baron 2001; Husted, De 2006; Lantos 2001; Martinuzzi, Krumay 2013; McWilliams, Siegel 2001; Porter, Kramer 2006
	Utilizes CSR achievements to attract and inspire conscious, talented employees	Guarnieri, Kao 2008; Panapanaan et al. 2003
	Implements concrete, visible practices to increase trust and avoid the impression of greenwashing	Lantos 2001; Siegel, Vitaliano 2007
	Aims at acting as a credible corporate citizen, a pioneer and a benchmark	Windsor 2006

Table 1 Theoretical framework

3 METHODOLOGY

This chapter focuses on the actual research process. It starts with the research methodology, which contains research approach and research philosophy. Second, a justification is provided to the case company chosen, and introduction of the case company is offered. Then, data collection and data analysis methods are presented. Finally, the trustworthiness of the research is discussed.

3.1 Research methodology

This subchapter introduces the methodology utilized in the research. The purpose of this thesis is to provide understanding of the possibilities of CSR as a competitive advantage to a company, from the managerial point of view. In order to study managers' perceptions, a qualitative research approach was chosen as the most suitable approach. In the following sections, the methodological choices are justified in more detail. The concrete data collection method is described in subchapter 3.4.

3.1.1 Research approach

In *mono-method research* only quantitative or qualitative data is used (Saunders, Lewis & Thornhill 2009, 151). This study is a mono-method research as only qualitative data is used, and the data is collected only through interviews. More specifically, a *semi-structured* data collection method is utilized for primary data. This type of method is especially valuable in emphasizing the interviewee's own interpretations and meanings they themselves give to specific issues. The themes covered during the interviews are the same for every interviewee, but it is typical that they are free discussions between the researcher and interviewee. (Eriksson, Kovalainen 2008, 82-83) This type of a method is suitable for this study, as the purpose is to understand the phenomenon and possibilities, without guiding the interviewee with too straightforward questions. It is important to offer the interviewee a possibility to ponder the theme from different angles in order to

observe if the interviewee emphasizes a specific topic, and a semi-structured data collection method enables well that type of an objective.

The topic of CSR is also in a way a sensitive topic to a company. Responsible actions are required and faults in CSR are highly expensive, if a company loses its reputation due to some CSR crisis. Therefore it is important to take notice of all small nuances in the discussion, and to analyse the data from various viewpoints. Also, for some companies CSR may refer to only one part of CSR (e.g. emphasizing the actions of environmental responsibility), and in that case the interviewee's understanding of CSR is very subjective, limited, and should be taken into consideration when analysing the data. It is important to remember that "corporate social responsibility means something, but not always the same thing, to everybody" (Votaw 1972).

As said, the study is conducted as a case study research. One of the greatest benefits in a qualitative business-related case study research is that it enables to present some complicated business issues in an accessible and down-to-earth format. It is typical that these case studies are frequently practical in nature and aim at enhancing the performance of for example one organization in a specific business context. (Eriksson, Kovalainen 2008, 116) There are generally two types of case studies; intensive case study research and extensive case study research. *Intensive case study* aims at grasping one case from the inside and develop deep understanding from the perspectives of the people involved, for example in an organization. *Extensive case study*, on the other hand, aims at elaboration or generation of generalizable theoretical constructs by comparing several cases. This study is an intensive case study, as the purpose is to focus on one company and therefore the key interest is in the case itself. Intensive case studies do not focus on producing generalizable knowledge in the conventional meaning, but aim at analysing one case as a unique example. (Eriksson, Kovalainen 2008, 118-121) The uniqueness of this case company chosen is justified in subchapter 3.2.

3.1.2 Research philosophy

Even though several practically oriented business researchers do not even explicitly state the philosophical standpoint of their study (Eriksson, Kovalainen 2008, 11), it is important to understand the methodological background of the research. The research philosophy and research approach serve as a certain frame and starting point for the whole study. Philosophical issues provide the reader with a better understanding of why the researcher is interested in specific topics and research questions (Eriksson, Kovalainen 2008, 11). Therefore, the research philosophy is next explained.

According to Eriksson and Kovalainen (2008, 13), *ontology* as a philosophical concept for a qualitative research concerns the ideas about, the existence of and relationship between people, society and the world in general. Therefore, the reality and researched phenomenon are seen as subjective. In this case, the reality can be seen as subjective by the company perspective; e.g. there is no generally accepted truth or facts about CSR's possibilities as a competitive advantage for a Finnish consumer goods company. The understanding of the possibilities may vary with different companies, interviewees and over time, so ontological philosophical concept describes well the research philosophy of this thesis.

More specifically, *critical realism* represents the philosophical viewpoint of this thesis, as this philosophical position combines both positivist and constructionist ideas. It could be said that this viewpoint includes more critical and subjective thinking towards the researched phenomenon than purely positivist approach, which understands the reality as value free and is therefore more suitable approach for a quantitative study. Critical realism is suitable for studies that focus on management and organizations' practices. (Eriksson, Kovalainen 2008, 18-19) The purpose is to critically interpret the interviewees' answers, if for example the interviewee intentionally emphasizes some themes at the conversation. However, as the research problem focuses on the methods how strategic CSR is implemented, purely interpretative approach is not appropriate for the purpose of this study. Critical realism understands that the world is socially constructed, but

the researcher can approach the researched phenomenon as an observer (Eriksson, Kovalainen 2008, 18-19).

3.2 Selection of the case company

Choosing the appropriate case company started by looking for recent research of Finnish consumer goods companies that are prized and evaluated as the most responsible, because that could indicate of the intentional differentiation with CSR. The idea was to search for a research that would not be only focused on sustainable reporting, but rather consumers' perceptions on companies' responsibility actions. Differentiation with CSR is based on positioning the company as a responsible company in stakeholders' minds, and sustainable reporting is only one part of that entirety. As the purpose is to study consumer goods companies' differentiation with CSR, consumers' perceptions play a major role in evaluation of companies.

The Sustainable Brand Index™ by Sustainable Brand Insight, which is Scandinavia's largest brand study on sustainability, matched these purposes. It covers the largest brands in Sweden, Norway, Denmark and Finland, as 24 000 consumers annually evaluate 633 brands and their sustainability level. The brand selection for the study is based on the following parameters:

- Market presence in the country concerned
- Turnover and market share
- General brand awareness

Therefore, the study automatically consists of the scope of appropriate companies; large, well-known companies operating mainly in Finland, that are evaluated according to their CSR efforts with a wide sample. Small companies are automatically left out of the research scope, because it is more critical to a larger company to pay attention to CSR issues. Differentiation with CSR is mainly related to large companies, as the societal impact is more meaningful when a company has

larger production volumes. In addition, the selection of brands for the Sustainable Brand Index™ is primarily focused on corporate brands, due to the brand selection criteria. At least 1000 people evaluate each brand, and the ranking is based on the percentage of consumers who assess the company's sustainability efforts as good (4) or very good (5) on a scale of 1-5 plus "I don't know". The study covers both companies' environmental and social responsibility. (SB Insight AB 2014) All of these characteristics of Sustainable Brand Index™ brand study seem to fit well for the purposes of this thesis.

The most recent Sustainable Brand Index™ for Finland, 2014, included 103 brands operating in Finnish market. The top 10 brands were, at this specific order (SB Insight AB 2014):

- 1. Valio**
- 2. Oululainen**
- 3. Fazer**
4. Prisma (S-group)
5. Vaasan
6. S-market (S-group)
7. K-kauppa (KESKO)
8. Sokos Hotels (S-group)
9. Paulig
10. Saarioinen

Therefore, it is justified to say that these brands have managed to differentiate themselves in the eyes of consumers, as responsible companies. It is delighted to notice that even though the study consisted of companies that operate in Finland, but are not particularly of Finnish origin or established in Finland (such as Volkswagen or Lidl), the top 10 brands were actually also of Finnish origin. It seems that it is easier for a Finnish company to differentiate with CSR in consumers' minds, possibly because Finnish consumers value Finnish origin and believe that these companies truly have a passion to benefit Finnish society as well, while aiming at making profits.

This current research worked as a pre-listing of the potential Finnish consumer goods companies for this thesis' purposes. As Valio succeeded to get evaluated as the most sustainable company in consumers' minds, the researcher decided to choose it as a case company. However, they declined from the interviews due to some organizational changes and suggested if we could delay the interviews with two months. This delay would have slowed the whole thesis process too much, so the researcher decided to contact the Fazer Group instead. There was also a good reason to choose Fazer as a case company, as the Oululainen product brand that was evaluated as secondly best in the study, is a part of Fazer Leipomot. Therefore, the researcher decided to do a quick pre-research to Fazer's websites, in order to evaluate their emphasis of CSR and attitudes towards it, to confirm their potential for this thesis.

On Fazer Group's websites, there are a company introduction sites, and five sub-category sites under it. One of the sub-categories is 'corporate responsibility'. The corporate responsibility sites include several pages, each of them focusing on a specific topic of CSR, such as the Fazer's general approach to CR, CR program with six sections (responsibility of the personnel, stakeholder relationships, responsible business, responsible sourcing, responsibility to consumers and responsibility of the environment), CSR reporting, CSR management, ethical principles and co-operation partnerships. (Fazer Group b)

According to Fazer's annual review (2013), detailed goals and objectives are set for each area of the CR program and achievements are reviewed on a regular basis. Fazer's strategic mission is 'to create taste sensations' and vision 'to be the best choice'. The company states to take a strategic approach to corporate responsibility, because it aims at providing consumers with products and services that enable their responsible lifestyle. Fazer is committed to operate in a responsible manner and states that CR is an inseparable part of the Fazer brand and corporate identity. The Group's management strongly believes that responsibility increases trust towards the company, brings extra value and has a possibility to create competitive advantage for the company. In the group

president's review, the current CEO Christoph Vitzthum aligns that quality is a competitive advantage for Fazer, as "Quality excellence" is one of Fazer's core values. More specifically, the short explanation for quality excellence is "Responsibility in everything we do." Other two company values are "Passion for customer" and "Team spirit". Therefore it is justifiable to say that at least the company itself aims at creating a competitive advantage with corporate responsibility. Corporate responsibility practices are also said to create benefits via resource intelligence. (Fazer Group a)

The researcher wanted to confirm this impression and went to Fazer's LinkedIn sites, in order to see if sustainability issues were recently emphasized there as well. LinkedIn provides probably more timely information about, what is going on in the business, as company websites may not be updated that frequently. Fazer is an active LinkedIn user, as it has published an update at least every five days, usually every other day. Fazer's latest LinkedIn update, on October 22nd 2014 deals with Nordic reputation research, where Fazer has been evaluated as having the best reputation, out of Finnish companies. The Burson-Marsteller's reputation research ranked companies that take their CSR seriously and communicate clearly the company values and purposes to various stakeholders. The top three Finnish companies were Fazer, KONE and Valio. (Fazer LinkedIn)

The second most recent update on October 17th deals with CSR as well, as it is about Fazer's contribution to the Red Cross and Red Crescent Societies and Caritas, to support the Ebola virus care and prevention efforts in West Africa. Ebola is a disease and worldwide health threat that has caused 4881 deaths, mainly in Africa, as of October 22nd 2014 (Wikipedia). The specific amount of the donation is not defined. The third update on October 11th is about visitor Bill Guyton, the president of the World Cocoa Foundation (WCF), which is an international membership foundation that promotes a sustainable cocoa economy. Mr. Guyton was visiting Fazer's employees in order to tell more about his work. Fazer has been a member of WCF since 2005. Also the older updates address sustainability issues, such as Fazer's commitment to palm oil work, supporting the breast cancer campaign 'Roosa nauha' with their Geisha chocolate brand and Fazer's

commitment to renewable energy resources. It is also notable that there are only few comments from other LinkedIn users to these updates, and all of them are positive. Therefore, it is clear that Fazer is not facing much critique or suspicion towards its business actions in social media. In addition, even though I was visiting Fazer's general LinkedIn site, still most of the updates dealt with CSR issues. (Fazer LinkedIn) It seems that CSR is something that Fazer truly wants to stress, in their business.

At this point, it is not possible to go deeper into the analysis of this case company's strategic CSR, but it is justifiable to state that the pre-research produced some promising results of Fazer's differentiation with the elements of strategic CSR. The purpose of the semi-structured interviews is to verify this impression of Fazer's CSR practices, and to analyze some aspects that still need attention and are experienced as challenging in Fazer's differentiation with CSR. A short company introduction to this case company chosen is provided in the next subchapter.

3.3 Introduction of the case company: Fazer Group

Established already in 1891, Fazer Group is a family-owned company offering confectionery and bakery products to its home markets in Finland, Russia, Sweden and the Baltic countries. In addition, Fazer is a leading food service provider in the Nordic countries, operating nearly 1200 restaurants in Finland, Sweden, Norway and Denmark. Fazer is a remarkable actor in the Finnish industry, and is evaluated as one of Finland's most beloved brands over the years. Fazer has also bakery shops and cafés in Finland and Sweden, and owns a mill in Lahti, Finland, that provides raw materials for Fazer's own production as well as to domestic and international customers. (Fazer Group a)

Fazer's founder Karl Fazer was guided by a quest for excellence and a desire to make delightful products available to all. The founder's heritage lives in Karl Fazer milk chocolate brand, which is probably Fazer's best-known product brand. According to Fazer's annual review (2013), the Group's net sales were 1695,7

million euros and employed 15 595 people by the end of 2013. Fazer Bakeries accomplished the highest net sales by business area (42%), following by Fazer Confectionery (20%), Fazer Food Services (32%), and others 5%. (Fazer Group a)

3.4 Data collection method

The data-collection method for primary data was face-to-face interviews to Fazer's employees that were responsible of for example corporate responsibility as a part of Corporate Responsibility (CR) team, corporate brand, stakeholder relationships and partnerships, corporate communication, marketing of certain product brands and marketing and concept creation. The purpose was to get a wide company perspective of Fazer Group's CSR practices, which is why also people outside the CR team were interviewed. At Fazer Group, the CR team contains four people in total, one of them physically located in Sweden. From three of the team members working in Finland two were interviewed, as one of them could not find time for a meeting. The questions were same for every interviewee. They were related to the companies' strategic CSR activities, the role of CSR in their business and their position as a responsible company, compared to their main competitors. The research also surveyed the possible difficulties that Fazer has faced related to its CSR practices and communication of them to stakeholders. Fazer is headquartered in Vantaa, Finland, where also all of the interviews were located in.

The data collection started by contacting Fazer by email and by sending an interview invitation to the Corporate Responsibility Director Nina Elomaa. After her affirmative answer to Fazer's cooperation, rest of the interviewees were reached according to her suggestions of potential interviewees, and by evaluating the candidates according to their LinkedIn profile and work history at Fazer. The possibility to use a person inside the organization as a certain promoter for the study increased the potential interviewees' interest towards the study, or at least increased pressure for them to answer to the request. In a qualitative business research, this method is called snowball sampling. Snowball sampling uses a small pool of informants to nominate other participants who meet the required criteria

for a study. This method is useful in situations where there are no obvious sources for locating the potential participants for a study. (Morgan 2008, 816-817) In this study, the researcher was a person outside the organization, which made it difficult to find potential managers for the study. Snowball sampling can be criticized of biased and subjective subset of the participants, as the initial informant has the freedom to choose the following interviewees. (Morgan 2008, 816) In this study, the final participants were not all suggested by the first interviewee, but the researcher increased the variety among respondents by choosing some of the potential respondents by herself, according to their LinkedIn profile and work history at Fazer.

The purpose was to interview only employees that had been working for Fazer at least one year, in order to confirm a person's comprehensive view of the company. It was also emphasized, that the research is not meant to be a commission, but Fazer would rather serve as a case company that provides good perspective for the researched topic. In total, 14 invitations were sent, of which six participated in the interviews, four declined due to scheduling problems and four people considered to participate but did not answer any longer to researcher's contact requests. As an outside researcher, it was rather difficult to settle the meetings, even though the researcher was very flexible on her side and let the interviewee decide the suitable date and time. However, most of the invitation receivers seemed to be excited about the topic and eager to participate, but the timing was challenging at the end of the last quarter in December 2014. More details about the interviews are provided in table 2.

Date	Interviewee name	Gender (M/F)	Title	Interview duration (min)
25.11.2014	Nina Elomaa	F	Director, Corporate Responsibility	55
8.12.2014	Liisa Eerola	F	Manager, Partnerships and Heritage	56
9.12.2014	Sanna-Maria Hongisto	F	Senior Manager, Nutrition	35
18.12.2014	Aku Lipsanen	M	Senior Brand Manager	35
19.12.2014	Maarit Piela-Liesalho	F	Director, Marketing and Concept Creation at Fazer Group, Fazer Cafés	57
9.1.2015	Satu Ikäheimo	F	Senior Manager, Communications	50

Table 2 Summary of interviewed managers at Fazer Group

In the findings part of this study, the interviewees are presented and quoted in this consecutive order, i.e. Nina Elomaa cited as interviewee 1, Liisa Eerola as interviewee 2, and so on. The language for the interviews was Finnish, because all of the interviewees were Finns. Finnish was chosen, as the answers were expected to be richer and more fluent in interviewee's native language. The researcher translated the comments of the interviewees from Finnish to English, when direct quotes are used in this thesis. The purpose of these translations were, that they would be as accurate as possible, in order to avoid misunderstandings in words' meanings. The possibility to send follow-up questions for interviewees was confirmed, in order to cover all aspects of the topic. The researcher also promised to send the final version of the thesis to all of the interviewees, in order to avoid false assumptions and to increase interviewees' trust towards the aims of the research. All of the interviewees wished to see the final version before publishing it. All of the interviewees complied to use their full name and job title in the final

paper, when confirmed by the researcher. This confirmation was done only after each interview, in order to avoid biased answers.

In the beginning of the interviews, the full research objective and research question were not revealed, but the researcher introduced the topic as related to Fazer as a company in general, company competitiveness and corporate responsibility. Therefore, the interview questions were not sent to any of the participants beforehand. In addition, it was emphasized that the answers are used only for the purposes of this thesis, so it was highlighted that no third parties will reach the confidential data gathered with the interviews. All of these practices were expected to increase trust towards the research and outside researcher.

3.5 Data analysis method

The data analyzing process started with a comprehensive transcription of the data material. Each interview was transcribed right after recording them, in order to avoid too overwhelming burden when there would be a large number of material to handle after the last interview (Saunders, Lewis & Thornhill 2009, 485). In addition to the transcriptions, the researcher summarized the main outcomes and most important findings of each interview, which helped comparison of the answers. These summaries produced additional 18 pages of notes to support the data analysis process.

In a qualitative research, there is actually not some standardized approach or methods, on how the data analysis should be conducted. One typical way is to organize the data into categories, find some similarities and differences from the data and collect relationships. (Saunders, Lewis & Thornhill 2009, 490-491) This data analysis method is called *coding*. Coding refers to the process of searching for concepts, themes, and categories from the qualitative data, in order to organize and interpret data. Coding data analysis method tends to differ in quantitative and qualitative research. In a quantitative research, the researcher typically creates the codes before the data collection. However, as this is a qualitative research, coding

refers to the process of generating concepts from data, such as interview transcripts. Therefore, coding in a qualitative research is about categorizing e.g. interesting events, features, phrases and separating them with labels, which are further differentiated so that they form conclusions from the data. (Morgan 2008, 86) This coding method was utilized also in this study.

After a comprehensive data analysis, five main themes were found. These themes were: company competitive environment in general and company values, the interviewees' understanding on CSR terminology, project orientation to CSR, quality orientation to CSR and finally, strategic CSR actions. The findings of the study will be presented according to the main outcomes related to this categorization, with an emphasis of the strategic CSR actions.

3.6 Trustworthiness of the research

The trustworthiness and quality of a qualitative research can be approached through the concepts of validity, reliability and generalizability (Eriksson, Kovalainen 2008, 292-294). *Validity*, as an evaluation criterion for a qualitative research, refers to the study conclusions and their accuracy, meaning that the findings truly represent the phenomenon they address. *Reliability* refers to the repeatability of the research, denoting that another researcher is able to replicate the study at hand and end up having similar results. (Eriksson, Kovalainen 2008, 292) Finally, *generalization* indicates that the study results are extendable into a wider audience, so in a qualitative study this usually requires several case examples that prove that the results are generalizable and do not only refer to one specific case company (Eriksson, Kovalainen 2008, 293).

However, it is suggested that these traditional concepts should be replaced with an alternative evaluation criteria, if the study relies on ontological or epistemological qualitative approaches (Eriksson, Kovalainen 2008, 294). As explained in the introduction, this study relies on ontological assumptions of a reality, so the alternative evaluation criteria are utilized. Lincoln and Guba (1985) created this

alternative concept of trustworthiness, by dividing it to four aspects: dependability, transferability, credibility and conformability as ways to evaluate ontological qualitative research.

Dependability refers to the research process and its ability to produce accurate information to the reader. The research process should follow a logical order, it should be fully traceable in every part of the process and all the information should be documented properly. In this research, the researcher is committed to include all relevant information regarding the research process, without adding or deleting any parts of the process.

The researcher is also responsible of presenting the connection of this study and the previous research and their results. Even though every qualitative research is unique as it is focused on a specific context (or one case company in this study), there can be found similarities to other study results. Therefore, a research should be *transferable* to other contexts.

The evaluation of *credibility* deals with the researcher's credible and trustworthy argumentation. This evaluation is especially focused on evaluating the correctness of the discussion part of the thesis, as there should be found strong links between the theoretical background of the study and the results produced in the empirical part of the study. The data should be wide enough to cover all the aspects of the topic, and it should be good in quality in order to convince the reader about the researcher's claims. The correctness of the data was confirmed by sending the final version of the thesis to all interviewees, so that misunderstanding could be avoided. This is an effective method to make sure that the researcher is not interpreting the answers too much, and creating false meanings to answers.

The last aspect also relates to credibility, as *conformability* refers to the researcher's commitment to link the study findings to the data in a method that is consistent with the interpretations. Conformability could be threatened for example in a situation where a researcher is working in a case company and knows the interviewees personally, so the interpretations could not be as objective as an

outside researcher's. In this study, the objectivity is enhanced as the case company is chosen according to a research, Sustainable Brand Index™. The researcher does not know the interviewees personally and cannot evaluate their personal opinions towards the topic. Data analysis is therefore conducted objectively, even though full objectivity is not possibly in a business research. (Lincoln, Guba 1985)

In spite of some limitation, it can be stated that the study overall is done according to appropriate conventions of academic business research. More specific limitations to the study are specified in subchapter 5.3, at the end of the paper.

4 FINDINGS

This chapter presents the main findings of the study with corresponding quotes from the interviewees. The interviews contained five themes that investigated the utilization of strategic CSR practices at Fazer Group. These themes were (1) company competitive environment in general and company values, (2) the interviewees' understanding on CSR terminology, (3) project orientation to CSR, (4) quality orientation to CSR and finally, (5) strategic CSR actions. The final research model presented in the end of chapter 2 served as a theoretical framework for the study, as well as a base for the interview questions. Table 3 summarizes the interview themes.

	Description of the theme
1	Company competitive environment and company values
2	Understanding on CSR terminology
3	Project-oriented CSR actions
4	Quality-oriented CSR actions
5	Strategic CSR actions

Table 3 The interview themes

The first subchapter focuses on the results related to Fazer Group's competitiveness and company values. Also, managers' understanding on the relevant terminology related to CSR is briefly discussed. As the interviewees' understanding related to the terminology was overall in a decent state, these findings will not be presented in a separate subchapter. The second subchapter presents the practices that indicate of Fazer Group's strategic orientation towards CSR, the main findings of the study. The discussion and conclusions chapter will cover some aspects related to project- and quality-oriented CSR actions, as there was found only few elements related to these categories. However, some insufficiently strategic elements were also found, and will be presented in third subchapter.

4.1 The elements of competitiveness and company values

It is important to understand the competitive environment and company values, in order to evaluate the possibilities of CSR as a competitive advantage. The interviews started with the interviewees' associations related to Fazer as a company. It was interesting to note that the three adjectives that the interviewees' chose to describe Fazer as a company tended to reflect the whole conversation and rest of the answers as well. In addition, half of the managers mentioned quality as one of the associations, which is also one of Fazer's official values. As an example, interviewee 5 mentioned good quality, entrepreneurship and pioneer, and these words recurred throughout the conversation. The following quote is related to the question of Fazer's competitiveness:

“What differentiate us from the competitors are these quality products and a unique service, which we aim at. (...) It is said that Fazerin Sininen (nickname for the Karl Fazer milk chocolate brand) comes from the breast milk for Finns, Finns know us. (...) Finnish background is an advantage especially now that so many international competitors are entering the market.”

Interviewee 5

Especially this manager's description of the brand's strong position and conspicuousness in Finnish market shows some of the key elements of Fazer's competitiveness: Finnish family company background and Fazer's consumer associations to good quality products. This was an outcome that all of the interviewees emphasized one way or another. The following quotes prove this outcome:

“Many of the choices that consumers make are directed by what they are used to eat, in their childhood or... A tradition to it. And that is our advantage, we are a family company and have been here for over 120 years, especially in Finland we have this strong background. If you think about confectionery business, our founder Karl Fazer was one of the

first to create new Finnish confectionery industry that did not exist earlier, so we have a remarkable societal role in Finland.”

Interviewee 6

“Domesticity is the first as we are a Finnish company. Also quality, trustworthiness and conspicuousness, these are big things for us.”

Interviewee 4

“Family company and our history and background are competitive advantages for us, so that the owners are well-known and present, we are not some ‘faceless international’, big company, but rather easy to perceive. (...) We are domestic and production is here in Finland, bread market is local and bread is baked in a country that sells it, and confectionery products are produced in Finland. Quality is one factor.”

Interviewee 3

“Quality, domesticity, Finnish production and raw-materials are factors that we can afford to argue. We can say that all the confectionery plants are located in Finland.. (...) And we really pay a lot of attention to the quality.”

Interviewee 2

“We are a family company and we have a certain ownership, and we have a long history.. (...) One thing is that Fazer brand is really strong. That certainly differentiates us.”

Interviewee 1

As said, the company official values are ‘Passion for customer’, ‘Quality excellence’ and ‘Team spirit’. The interviewees were asked to name these values, in order to evaluate the personnel’s commitment to the company strategic purposes. Most of the interviewees could memorize them without a help of the researcher. CSR related terminology was also familiar to interviewees, probably as they all work as senior managers with most of them having an academic background. Most of the

interviewees also described CSR actions through Fazer's own CSR program of six sections, introduced in subchapter 3.2. It was notable that this program was very well known by the managers and even nicknamed as 'the six-pack':

"You have probably heard of our six-pack? That is a base for also all that communication, which is mine and my colleagues' work and a base for the dialogue that we carry on with our stakeholders.."

Interviewee 6

"For me it (CSR) means many sections, as we have outlined this six-pack.."

Interviewee 5

It is an encouraging sign that the CSR program has a nickname, because it shows that Fazer has succeeded in packaging the program to an understandable form that is easy to remember and perceive by the employees. Interviewees also appreciated the fact that Fazer has outlined this specific program and aims at continuously developing it, as not all companies put so much effort on responsibility issues. What it comes to the terminology and the triple bottom line (environmental, social, economic) of CSR, one of the interviewees clearly emphasized the environmental responsibility when talking about CSR in general and at Fazer:

"We need to live in balance with the nature. With material choices we need to make sure that we use those materials that are suitable for the nature's circle, to burden the nature as less as possible."

Interviewee 4

As it was expected according to the literature review part 2.2, of Finnish companies' understanding on CSR, some managers still relate the concept to mainly environmental aspects, over social and economic.

4.2 Strategic CSR actions at Fazer Group

The study provided some promising results about the utilization of strategic CSR at Fazer Group. In this subchapter, the evidence of a strategic approach to CSR in Fazer Group's business is presented.

4.2.1 CSR integrated to company strategy and long-term goals

The pre-research already showed some potential indications that CSR would be integrated to company strategy, as one of Fazer's three values, 'Quality excellence' was explained as 'Responsibility in everything we do'. The interviewees provided several examples from the company history that shed light on the background of this value. Most of the interviewees related to the company founder, Karl Fazer, whose mindset of doing business has clearly affected to the whole company strategy:

"..A pioneer as well, I really think so even though we are sometimes slow in our movements because we are so big company, but it comes from our history, as Karl Fazer already was such a forerunner, exploring new ideas worldwide and took them back here. (...) Already Karl Fazer wanted to bring these goodies close to people and wanted to make it possible for everyone to get these products, to bring joy to people's lives. So it is self-evident that we participate into corporate responsibility activities, we feel that we have a certain role in this country."

Interviewee 5

Especially the founder's passion to bring joy with goodies for all people enlightens the company background and motives. The following quote relate to honoring the founder's heritage and keeping up his views on how to do business:

"It is part of Fazer brand, and we want to include responsibility into our brand. It is a part of our strategy and part of our strategic practices in

everyday work. (...) It comes from our heritage as Karl Fazer already thought so.. We want to be honest, open, it is responsible to do so."

Interviewee 1

As suggested in the literature review, social motives should be adopted already when starting a business, in order to increase credibility and to win conscious consumers' loyalty. It seems that Fazer Group has had these social motives from scratch, due to the founder's ideology of responsible business. Indeed, several answers back up the outcome that CSR naturally belongs to the company strategy. Two interviewees talked about the 'Fazer DNA', indicating that responsibility is an inseparable part of Fazer Group:

"We talk about Fazer DNA, as the quality standards and exceeding our customers' expectations are somewhere deep inside. We typically refer to Karl Fazer because he was so brilliant, I have been told that he was a person who wanted to take care people and the environment, there was thoughts to this responsible business already back then."

Interviewee 6

"It is said already in the heart of the brand, in DNA, that it is important for us. It comes strongly from our values, not so much due to outside pressure but it is rather strongly built in the Fazer DNA."

Interviewee 2

In order to be strategic, CSR was outlined to be part of long-term company goals. Shorter, easily terminable CSR activities would rather indicate project-orientation to CSR than strategic. This was an issue that all the interviewees emphasized, one way or another. The following answers showed signs of long-term commitment and continuous improvement:

"We are a big energy user, so energy efficiency has a great role in our business. We have set a goal for renewable energy usage, as our target

is to decrease energy consumption 20% per produced ton by the year 2020. That's a big thing."

Interviewee 1

Interviewees 2 and 6 discussed the reasons why long-term CSR activities and continuous processes are more useful for the company. Interviewee 2 pondered the topic from the partnerships point of view, and interviewee 6 from the communications point of view:

"Of course sometimes we might do these 'one-off' types of projects to a certain event or something, but we definitely aim at doing rather less and long-term cooperation projects, that really help us as well to think these issues through.

Interviewee 2

"We don't want to fragmentary communicate some projects but rather create a streamlined picture of what we are and what we do. CSR issues are typically those types of things that change slowly, for example if you think of cocoa sourcing end else."

Interviewee 6

Even though Fazer already has a strong company brand and is not struggling with problems related to conspicuousness, continuous development is always required in order to stay on the achieved level and to avoid responsibility crisis.

4.2.2 Intrinsic motives and voluntariness to CSR

The interviews provided a large number of evidence of Fazer's intrinsic motives on CSR. Not only did the interviewees verbally highlight that Fazer is doing these actions voluntarily and as a motive to be a pioneer in the industry, but also some of the examples of CSR actions strengthen this conclusion:

“There is a lot of intrinsic development of things of which the consumer does not even know of. For example this domestic rye; consumers did not even know that we had a problem with it and then it started inside the house, we started to work on it.”

Interviewee 6

This quote shows that there are some practices that are not started by the pressure of various stakeholders, but by Fazer’s own motives. Or, the company wants to be ahead of stakeholders, to solve the problems before they gain interest. In this example, Fazer decided to provide consumers with bread made of Finnish rye only, because Finnish background and securing the employment in Finland is important to the company, on a value basis.

Another example related to voluntary CSR actions is the company investments in research and development of nutrition. Interviewee 4 suggested that Fazer is one of the few, if any other, that puts so many resources on research and development in the area of nutrition, as a confectionery producer:

“We have this research organization that investigates the effects of sugar to a human body, these types of things.. (...) Or at least on the confectionery side we are probably the only Finnish company that has resources for this, that is a big effort from our point of view.”

Interviewee 4

In addition, the person responsible of nutrition in total is a part of the corporate responsibility team, and is named as interviewee 3 in this context. In a confectionery industry, nutrition research is indeed an important part of corporate responsibility. However, one could speculate about the motives of these researches, whether they are used for the company’s benefit and thus could diminish for example sugar’s effects on a human body. Still, research and development provides valuable results to convince the consumers that the company understands its responsibilities especially when the company’s one of the biggest target groups are children.

In addition, the interviews showed that investing in CSR is not only the right thing to do, but also clever business for the company. For example, interviewee 1 clarified the reasons why Fazer is voluntarily putting effort on CSR:

“Stakeholders only give us guidelines for the future, about what is the next thing that you should focus on. But the development is mostly intrinsic because we understand well the meaning of cost effectiveness, good reputation and brand value, it comes due to these aspects.”

Interviewee 1

This answer shows the strategic motives on CSR. As the literature review covered, CSR can be utilized as an effective way to reduce costs, enhance reputation and secure long-term competitiveness. If a company only reactively answers to stakeholders' critique, part of the reputation is already lost. Therefore the prevention of these problems is essential, if the purpose is to differentiate with CSR.

Interviewee 4 pondered some examples of CSR activities Fazer is implementing that would differentiate them from competitors, and told about Fazer's commitment to environmental protection:

“The whole Fazer family is a great environmentalist, as Fazer has a lot of conservation areas, for example at the Baltic Sea, or in Lapland there are conservation areas established by Fazer. This environmental protection has been important for Fazer since the beginning. For example, we have an employee that is committed to sea eagle rescue operation, and the company is supporting that by letting him do that rescue work alongside his work.”

Interviewee 4

This is a good example of a concrete social responsibility action. The employees are encouraged to participate into CSR activities alongside their work. In the sea

eagle rescue operation example, CSR is totally voluntary and intrinsic, as these practices seem to be visible for only internally and are not used for commercial purposes. These types of actions are important to motivate the employees, enhance employer image internally and attract new, talented professionals. Indeed, one of the key elements of strategic CSR was that CSR achievements are used as a motivator for employees, to bring more inner purpose for their work. (Guarnieri, Kao 2008) The personnel is also encouraged to take part in developing the CSR program:

“It has been a real eye-opener for us to see how motivated they (employees) are, how proud they are of our accomplishments. (...) It is a huge asset. We have even planned that the personnel would become our brand ambassadors, who can talk about this theme more specifically. It is a huge potential, as we have over 15000 employees at Fazer, that is a great number of people capable of talking about this thing.”

Interviewee 1

As the literature review showed, one element of strategic CSR is that the employees need to be fully aware of the company strategy, as well as committed to work towards common CSR goals (Martinuzzi, Krumay 2013).

4.2.3 CSR supports economic goals

One key aspect that separates strategic CSR from project-oriented and quality-oriented CSR is that the company CSR activities should have a strong link to profitability. This denotes that CSR supports business growth and has a great role in the company success.

Several interviewees highlighted the importance of CSR to Fazer's profitability. For example, interviewee 1 pointed out the cost savings when a company puts effort on CSR activities:

“Efficient resource usage creates savings. We have concretely noticed this, for example related to energy issues, it is a huge amount of money that can be saved with these investments. (...) Raw materials are expensive; there is this moral aspect but economic aspect as well. In a way, you are not allowed to make spoilage, to waste that precious raw-material.”

Interviewee 1

According to this quote, CSR actions support economic goals with cost effectiveness. Motives to invest in CSR are therefore both moral and economic, just as the literature of strategic CSR suggested. When CSR is seen as a strategic issue, it is considered as an asset rather than as an item of expenditure. As can be seen, this section relates strongly to the first section of CSR’s role in company strategy and long-term goals. Interviewee 2 saw competitiveness as the greatest reason to invest in CSR:

“Well, competitiveness (laugh). We don’t have any chance to succeed if we don’t act transparently, if we don’t handle certain things well. (...) I strongly believe that it is not possible to increase shareholder value without integrating CSR strongly to the core business. It finally appears on the bottom-line as well.”

Interviewee 2

Indication to the bottom-line shows the strong connection to profitability. Also interviewee 3 highlighted the link between profitability and CSR efforts:

“Consumers are so conscious these days, so I believe that reputation correlates to profit, especially now in challenging times it matters. Of course locality, domesticity and brand affect as well, but responsibility is part of it.”

Interviewee 3

These answers show the benefits of a well-planned CSR strategy. In order to be profitable, CSR needs to be integrated to the company strategy and then all sides of the triple bottom line are equally valued.

4.2.4 Concrete and transparent CSR actions to increase trust

One of the key elements of strategic CSR is that the company should put effort on concrete and transparent CSR actions. If a company openly communicates about its actions and their consequences, production, supply chains and possible challenges, stakeholders will reward it with their trust. For a consumer goods company, the full trust of consumers is naturally essential. The interviews indicated that Fazer is aiming at transparent CSR actions to convince consumers of their responsible actions. For example, interviewee 1 emphasized the importance of voluntary transparency:

“Even though we are not an exchange-listed company with certain reporting obligations or else, we still aim at delivering the information outside as much as possible. (...) And if you think that we are operating in food industry, our consumers need more and more information. They want to know what they put in their mouth, and therefore responsibility issues increasingly rise.”

Interviewee 1

As already covered in the second section, voluntariness to CSR increase trust towards the company and defines especially strategic approach to CSR. In addition, interviewee 2 highlighted traceability as one of Fazer’s core CSR values:

“In World Cocoa Foundation there are this criteria of responsible cocoa sourcing, people, planet and profit, but in fact we have added traceability to it. Traceability is therefore one of the criteria but also a way to get into these three other criterion, because if there is no

*traceability, you cannot know the consequences for the environment or..
It is both criterion and a tool."*

Interviewee 2

Related to openness, interviewee 5 brought out a press conference a few years back, where Fazer proactively wanted to discuss the supply chain challenges they are facing. A member of the Fazer family was also present to answer the media, bloggers and press questions:

"This event gained such a lot positive feedback, even though the topic is indeed difficult, as it is, and we cannot guarantee the traceability till the end but.. It gained such a great feedback that we openly discussed this and raised this topic for discussion and common good."

Interviewee 5

This type of proactive discussion from Fazer's side shows that they are willing to talk about challenges in CSR, even though there is always a risk of giving a wrong impression or unintentionally creating a negative image. However, this risk is worth of taking as proactive actions towards CSR are one of the key elements of strategic CSR. Interviewee 6 pondered the challenges of credible CSR communication and told about a project that had caused them negative reputation temporarily, due to heavy marketing of that CSR action:

"It (CSR) is a certain form of art.. (...) The purpose was so good behind the whole thing, but what I think of.. Is that yes, of course companies need to be criticized if they don't do clever things, but does it actually scare companies for doing different charity campaigns or other if they gain a bad eye anyway?"

Interviewee 6

This quote shows the risks that typically exist in CSR communication and marketing. The interviewee was worried about the possible consequences if the communications strategy is not well-planned and even turns against the company,

no matter how good the initial purpose of the CSR action was. It is challenging for companies to find the right balance between transparent and proactive CSR marketing and to avoid the impression of greenwashing and reputational-seeking marketing at the same time. Interviewee 5 emphasized the sensitivity of this topic:

“We need to be careful when we cover this area, let’s say the sourcing of cocoa, as the communication can shift into a totally different direction, even though the purpose was good. These are emotive issues, after all.”

Interviewee 5

The answer demonstrates that CSR communication is typically risky, because stakeholders have high demands on responsibility and these demands are nowadays hard to exceed. Responsibility issues easily raise conversation among consumers, but that should be seen as an asset, not as a threat when the purpose is to strategically manage CSR. Interviewee 2 emphasized the meaning of partnerships and deserved respect related to enhancing stakeholders’ trust towards the company:

“If for example WWF talks about our palm oil sourcing, it means that they have investigated it, how it is purchased and certified and stuff.. If they have said it is okay and tell that to other people, of course that is much better from our point of view.. (...) They also challenge us and help us get through these challenging issues. That is partnership at its best.”

Interviewee 2

As companies’ own communication is easily judged as biased, a reference from a well-known and trusted outside actor is an effective way to avoid the impression of greenwashing. For example WWF (World Wildlife Fund) is an international conservation organization, which states to ‘Conserve nature and reduce the most pressing threats to the diversity of life on Earth’ (WWF), so they naturally choose only partners that fit their own values and strategic purposes.

4.2.5 CSR product differentiation

The interviews showed some signs of CSR product differentiation, but concerning Fazer's total offering, there could be found only a few examples. The most frequent example of product differentiation was the Pantteri confectionery brand, which has been committed to the conservation of highly endangered Amur leopards for over sixteen years. This is an encouraging example of strategic philanthropy, where CSR efforts are well in line with the product brand. As the mascot of the brand is an endangered animal, it is logical to preserve these animals and enhance the brand image at the same time. As discussed earlier, generic donations that have nothing to do with the core business are not only costly, but also bring no extra value for the business. Therefore Pantteri product brand shows how strategic philanthropy supports the company aims to differentiate with CSR. Senior brand manager of Pantteri brand saw that this persevering conservation work has been so innovative and rare in the industry, that it can even differentiate the company from competitors:

"We have been so long in this 'Pelastakaa Pantterit' (save the panthers) operation, even since the 1990s, wanted to preserve these Amur leopards and have been cooperating with Korkeasaari and everything, I have not seen anything like this at the competitors. It has lasted for so long."

Interviewee 4

Interviewee 2 enlightens the reasons, why Fazer has been so committed to this conservation work for over 16 years:

"..As it is an animal, this is a good example of a workable story that has possibilities for a long-lasting work. It all started with an advertising campaign when an advertising agency made up this 'Pelastakaa Pantterit' slogan as the conservation of big cats was a hot topic. Well, the campaign ended but we found the conservation work with

Korkeasaari so important that it has lasted since then.. (...) One can concretely see the meaning of the work, that is rewarding.”

Interviewee 2

Also Geisha confectionery brand was mentioned due to its over six years long partnership with cancer foundation. Traditionally, Fazer donates two cents per Geisha chocolate bar sold during the ‘Roosa-nauha’ campaign season in October. For example in 2013, the campaign raised 406 000 crowns for Sweden’s cancer foundation(Fazer Group a). The brand’s theme color is pink and it is clearly targeted for women, as geishas are traditional Japanese female hostesses. Once again, the brand has a strong link to CSR actions attached to it, as the campaign is mainly about enhancing the awareness of women’s breast cancer and cures for it. Therefore, Geisha works as another example of strategic philanthropy.

In addition, Dumle confectionery brand was suggested to differentiate with CSR, as the brand supports sports and youth work. For a responsible confectionery company, wellbeing of the young is naturally important. However, CSR product differentiation denotes that the consumer chooses the product due to its CSR efforts, so regarding this definition, Dumle may not be on a level of CSR product differentiation yet. For example, these CSR efforts are not clearly visible in the product package. In addition, most of the interviewees found it hard to name examples of Fazer’s products that would get differentiated with CSR. They also highlighted that CSR product differentiation may not even be Fazer’s goal, because that might disadvantage those product brands that have not chosen this CSR differentiation strategy:

“Our idea in marketing is that corporate responsibility and sustainability are attached to the Fazer company brand, it has to be there as one element. We communicate these CSR actions mostly as a Fazer Group level. Yes, we have added some responsibility elements to certain brands, but how strongly, or could we add more? Well, certainly we could. (...) But consumer communications is very demanding.”

Interviewee 1

These answers once again show the challenges in CSR marketing and communication. It seems that it is rather unclear to Fazer at this point, should they differentiate with CSR through product brands more evidently, or continue the communication mainly on a group level.

4.3 Insufficiently strategic CSR actions at Fazer Group

Even though there could be found strong evidence that Fazer Group is utilizing strategic CSR implementations in their business, some deficiencies were found. The most relevant findings related to insufficiently strategic CSR actions at Fazer Group are presented in next sections.

4.3.1 Lack of truly innovative CSR practices

The final questions of the interview focused on Fazer's differentiation with CSR through marketing and communications that would show the company exceptional position in the market as an outstandingly responsible actor. Strategic CSR includes innovative responsibility practices that stand out against competitors, which again leads to the possibility of using CSR as a competitive advantage.

However, when asked about some innovative CSR actions, some of the interviewees found it hard to name examples. Some even pondered, should the term 'innovativeness' even be attached to Fazer, as 'traditional' is a word that better describes the company:

"Well, I don't know.. I would not probably add Fazer to that, I mean CSR innovations at all (laugh), as we are quite traditional after all. For example, responsible sourcing of cocoa was a big effort for us, but I guess that's not very innovative."

Interviewee 3

“Mmm, what could be more creative, I think most of our actions are mainly typical.. (silence) I guess I am being too critical, but I can’t think of any examples of innovative CSR actions.. (...) Not anything mind-blowing.”

Interviewee 6

One interviewee mentioned the previously discussed Amur leopard conservation work as innovative, as it has lasted for so long, almost two decades. Interviewee 2 emphasized the recent efforts in social responsibility area, as Fazer has encouraged its employees to cycle to work by attending the Finnish Red Cross’s cycling campaign that raises money to crisis areas. Last summer, over 200 of Fazer’s employees cycled 168 737km and Fazer donated 6750€ to the Red Cross:

“A company could participate to the campaign without the charity aspect, but we wanted to encourage people as an employer and thus decided to take this Finnish Red Cross as a partner, as an extra module. That truly inspired people. The results were public information and they (Red Cross) also wanted to tell about these results as we won the campaign.”

Interviewee 2

All in all, the question of innovative CSR solutions gained rather mixed answers. It is also unclear, how the various stakeholders perceive these actions, as an innovative or generic. It seems to be rather a matter of opinion, what exactly is understood as an innovative CSR action, at Fazer.

4.3.2 Traditional CSR communication

As already discussed, some of the answers indicated a rather traditional way of CSR communication. In order to be strategic, CSR communication should be creative and distinguishable, which could make Fazer stand out from the

competitors. It is not enough that the company itself believes to be a pioneer in responsibility issues, if the stakeholders do not clearly get the same impression. Many interviewees saw that Fazer is not communicating enough of its CSR actions and thus utilizing all its possibilities as a competitive advantage:

"I really believe that we have a challenge of communicating about these things, we do a much more than we tell in public. Communications could be more active, but of course that is a resource question as well.."

Interviewee 3

Also interviewee 5 analyzed the level of CSR communication in total, when the researcher asked about the methods, how consumers are being informed about responsibility issues:

"I think we are on a level satisfactory. In my opinion, we should communicate more, we cannot make it to the level creditable yet, not at all. We tell about these things, but only too little."

Interviewee 5

Interviewee 6 discussed the link between CSR product differentiation and clear communication. This answer once again shows the mixed opinions of CSR product differentiation, as interviewee 6 preferred it due to communicational reasons:

"It would help my work considerably if we would have determined more clearly, which brands are in a way the spokespeople of responsibility. (...) Well, such as Real (rye bread brand) or Xylimax (chewing gum brand) which are easy to communicate. (...) For us, the consumer communication and taking it to the product level are the greatest challenges."

Interviewee 6

The employees seemed to be overall well informed of responsibility issues, but some improvement suggestions were mentioned. Many of the interviewees

discussed the communicational challenges for employees in all levels, as not everybody has an access to modern communication channels:

“In the field, especially in our restaurants or in the production side, not every aspect is familiar to them, so communication is important, especially internally. But during these few years the awareness has increased.”

Interviewee 5

“I think that people are well aware of the social responsibility issues, for example wellbeing at work, but environmental responsibility may not be that clear to everybody, or if we talk about brand value or something, that might be hard to understand for some. (...) People in the production don’t use the internet too much, so this is a challenge to deliver the message to everybody.”

Interviewee 1

These answers show the challenges of a large corporation to implement a unified communication strategy on all levels. However, interviewees emphasized recent progression in communication. For example, interviewee 2 mentioned that CSR communication is the most important theme in the communication department’s next year strategic planning, and will be concretized better during the year. Also interviewee 5 saw that communication towards stakeholders has improved during the last few years, even though marketing communications directed at consumers was still considered as challenging. Marketing communications includes the already discussed CSR product differentiation, which somewhat remained as an open question. Interviewee 5 also emphasized the importance of the current CSR program, which helps the company to set more specific goals and measure achievements.

All in all, the interviews produced some interesting findings of the current state of CSR at Fazer Group. These findings serve as a base for discussion of the theoretical framework’s fit to the case company’s business practices.

5 DISCUSSION AND CONCLUSIONS

This chapter discusses the main findings of the study. It presents how the findings develop the previous understanding of CSR as a source of competitive advantage. The aim of this paper was to analyze, how the various elements of strategic Corporate Social Responsibility (CSR) are utilized for the purpose of differentiation, in a Finnish consumer goods company. Therefore, the aim was to explore, whether the case company's approach to CSR truly was strategic, even though the public websites of the company and overall impression of the company strategic goals (i.e. pre-research) led to the assumption that the company is aiming at utilizing CSR as a competitive advantage. As stated in the literature review, implementing strategic CSR practices is the most prominent way for a company to differentiate, and even gain a competitive advantage with CSR.

The first subchapter summarizes the main findings of the study. First, the main contribution to the theoretical framework and previous academic research of CSR as a competitive advantage is addressed. In addition, managerial implications are offered in order to concretize the main findings of the study. Finally, the limitations of the research as well as suggestions for further research will be covered at the end of the paper.

5.1 Discussion of the findings

The case study showed that utilizing CSR as a source of competitive advantage is not an easy task to fulfill for a Finnish consumer goods company. Based on the present research, the theoretical framework served as a decent starting point for the analysis of the case company's approach to CSR. Before the current study at hand, there was no research of Finnish consumer goods companies' strategic CSR actions that could bring knowledge of how CSR is utilized as a source of differentiation. Therefore, the study conveys interesting new insights and widens the understanding of organization's approaches to CSR. It contributes to the existing research by clarifying the various company approaches to CSR and their

differences. As the motivation for CSR is increasingly economic (Martin, Schouten 2012, 15), it is important to understand the main elements of strategic CSR and how they can be utilized for the purpose of differentiation and even as a competitive advantage for a company.

As said, the theoretical framework served as a starting point for the case study. The purpose was to explore and classify the case company's approach to CSR, with the help of the theoretical framework. According to the earlier research, a company approach to CSR can be directly determined with the theoretical framework presented in the end of chapter 2. The study extends previous research by claiming that the lines between project-oriented CSR, quality-oriented CSR and strategic CSR are rather wavering. It would be too simplifying to state that a company should only choose one of the three categories, when analyzing its approach to CSR.

Consequently, when evaluating the position of CSR in an organization, too strict categorization should be avoided, as some elements from different categories can easily be found. For example, Fazer Group could be categorized to all of these groups, as there was evidence to all three approaches. The company puts a lot of effort to different environmental management systems, and aims at auditing and quantifying the CSR results as well as possible. According to the theoretical framework, this could signify of a quality-oriented attitude towards CSR. On the other hand, the company sometimes conducts short-term projects that are easy to communicate to stakeholders, and find them easy to relate to different product brands. This type of a behavior might signify of a project-oriented approach to CSR. These examples show that the theoretical framework should not be interpreted too directly, as variations can easily take place when some real-life examples are taken into consideration, as in this study. However, as the case company fulfilled most of the characteristics from the strategic CSR category, it can be justifiably stated that the company attitude towards CSR is strategic, and it is aiming at utilizing CSR as a competitive advantage.

Indeed, the study succeeded in finding evidence to the strategic CSR approach in the case company. However, the study showed that strategic CSR is a wide concept, and finding evidence to all of the elements that signify of strategic approach to CSR turned out to be too ambitious goal for one company. The case company, Fazer Group seems to have a strategic attitude towards CSR, because of several issues that relate well to the theoretical framework. The most important aspects that prove this outcome are explained next.

Fazer Group is a consumer goods company that clearly sees CSR as a strategic element to increase profits, as CSR motives are integrated to the company strategy and long-term goals. This choice was made already in the beginning of the business, which signify of a commitment towards continuous development of the different CSR areas. Also, the company values represent commitment to responsibility issues. Fazer Group implements voluntary CSR actions as some of these actions are not even communicated to stakeholders and thus utilized as 'quick-win' brand promoters. Thus, the findings showed evidence to intrinsic and proactive motives towards CSR. The impression of greenwashing is also taken into consideration, and partnerships are seen as a good way to convince conscious stakeholders. Fazer Group understands that their own communication can easily be judged as biased, so trusted partners play a key role in convincing consumers of their responsibility aims and goals. The company attitude and motivation towards CSR is highly positive and proactive. CSR is seen as a potential way to increase profits and thus create win-win situations between the company and a society. CSR achievements are also utilized as a motivator for current employees and employees are encouraged to take part in developing CSR related issues and the company CSR program. Transparency and full trust of the stakeholders is seen as essential for the company. Fazer Group aims at acting as a credible corporate citizen and understands its responsibilities as a part of Finnish society.

However, the reality is rarely as straightforward as it seems. The theoretical framework showed that strategic CSR requires continuous learning and innovative ability from the organization. The findings showed that innovations related to CSR were not one of Fazer's strongest areas. Several answers showed that the company

is ready to continuous learning, but the answers related to innovativeness showed that the company is rather trusting to a traditional CSR management. Fazer Group is avoiding risks as it aims at staying on an achieved reputational level. Too radical actions are seen as a threat for the company's current reputation, so true CSR innovations are not considered at the moment. According to the theoretical framework, it was presented that CSR communication should be creative and bold, so that it could clearly stand out from competitors' CSR actions. Therefore, CSR actions should be communicated effectively both on company level and on product level. Company level communication seems to be in a good state, despite of some problems related to employees working on different levels and thus using different communication channels. The study at hand showed that Fazer has still a lot of work to do in the area of CSR product differentiation. CSR product differentiation is utilized with some product brands, but clear differentiation is still rare. On the other hand, if consumers associate Fazer's products to good quality, and if responsibility in total is seen as a great part of that quality, then the company is differentiating itself with responsibility, on a company level.

All in all, some of the characteristics of strategic CSR, such as truly innovative CSR actions and effective CSR communication both on company and product level, did not gain enough support according to the findings and compared to the theoretical framework. However, that does not mean that the company approach to CSR could not be evaluated as strategic. It is clear that if evidence to all of the strategic CSR elements were found in the study, the company would have greater potential in utilizing CSR as a competitive advantage. At this point, it could be concluded that Fazer is truly aiming at utilizing CSR as a competitive advantage, but there is still work to do for a clear differentiation from competitors.

Indeed, the findings showed that quality in its entirety is a competitive advantage for Fazer Group, and CSR is only one part of that quality. Still, even clearer differentiation with creative, distinctive innovations related to e.g. social or environmental initiatives could be suggested, in order to employ CSR as a source of differentiation more evidently. However, it should be remembered that these issues are complicated, long-term choices for a company. Emphasizing some

element and aiming at creating a competitive advantage with it is first and foremost a strategic choice for a company. Therefore, a comprehensive analysis of the current situation in organizations' environment is needed before direct suggestions to the company current strategy.

5.2 Managerial implications

The study provides managerial implications primary related to understanding the elements of strategic CSR in the context of consumer goods industry. As the pressure to pay attention to CSR issues increases all the time, the study provides a clearer categorization to the various company approaches to CSR. Especially in the consumer goods industry, companies are nowadays almost forced to choose their position and approach to CSR, as consumer demands are getting higher and higher (Tripod research 2010). This study provided some useful knowledge of the types of CSR actions that truly differentiate the company from competitors. Far too frequently companies end up implementing generic CSR actions that do not bring any extra value for them and only increase costs that are not realizable as profits.

Therefore, managers responsible of the company's responsibility issues struggle with the right positioning of the company, mainly to avoid the impression of reputational-seeking CSR marketing. It is highly important for them to understand that the utilization of CSR as a competitive advantage for a company requires long-term planning and even some high qualifications for the company, so this competitive strategy may not even be applicable to all consumer goods companies. Each company should choose their approach to CSR carefully, with the help of the theoretical framework. It should be also remembered that the different approaches to CSR are not presented in order of preference, or that strategic CSR would be the most suitable option for all consumer goods companies; it is only most suitable option for companies aiming at utilizing CSR as a competitive advantage.

However, for example a young company with no clear competitive strategy and an emphasis on sustainability issues in its main business could well benefit from the contributions of this paper. As the case study showed, Fazer Group's attitude towards CSR is strategic, but more creative responsibility-related innovations were needed for a clearer differentiation. A newly established company does not have the risks of changing the traditional company brand image too radically, when introducing its CSR themed innovations and lifting responsibility as one of the key differentiation aspects in its marketing and stakeholder communication. The case company showed that sometimes the company's competitive advantage consists of different elements, and emphasizing CSR only may not be reasonable. Once again, each company should choose the competitive strategy that suits its environment and strategic purposes best. Consequently, the study at hand provides support for this strategic decision-making.

5.3 Limitations of the research

This subchapter discusses the limitations of the study. The purpose of the study was not to provide generalizable results, but to provide an example of a unique Finnish consumer goods company and its CSR practices. Thus, the greatest limitation of this study is that it is a context-related and time bound study focusing on only one case company and its business. For example, the earlier academic research did not necessarily determine the industry that strategic CSR actions apply, but this research is focusing only on consumer goods industry, in a Finnish market. In addition, when a research is conducted on a certain market, even some cultural issues might affect the answers. Also, it should be remembered that all of the interviewees were Finns. Therefore the results of this study may not be applicable in some specific context and utilization of the results should be evaluated case-by-case. However, that provides interesting possibilities to replicate the study and test the theories presented in another context.

The research methodology covered only qualitative methods, and the primary data was collected through semi-structured interviews. Therefore, the current study at

hand is somewhat dependent on the researcher's interpretation of the answers, even though the researcher aimed at objectivity at the interview situation as well as when analyzing the answers. The study follows the critical realist research philosophy for a qualitative research, which represents fairly critical and subjective thinking towards the researched phenomenon (Eriksson, Kovalainen 2008, 18-19). This is typical for a qualitative business research, but can be considered as a certain limitation for the study.

Finally, it should be pointed out that all of the interviewees were manager-level employees at Fazer Group, so the similarities between the answers may explain by the interviewees' higher positions. A lower-level employee's understanding on the triple bottom line of CSR was considered as somewhat restricted, so the interviews were decided to conduct on a manager level. In the end, Corporate Social Responsibility is a theoretical and complex concept that still needs attention by the researchers, even on a definition level. However, that brings a limitation to the width of the interviewees' backgrounds and positions at the case company. Still, all of the interviewees were not directly responsible of the company CSR issues, so that provides some perspective and variety for the results.

5.4 Suggestions for further research

The study focused on understanding, how the elements of strategic CSR are utilized for the purpose of differentiation, in a Finnish consumer goods company. Indeed, it gave insights to the conceptualization of strategic CSR, and clarified the various company approaches to CSR. However, more research is needed to study CSR on a product level. This study stayed on a company level analysis of strategic CSR activities and noticed that product differentiation with responsibility is a completely new challenge for companies. Thus, an interesting topic for future research would be strategic differentiation with CSR as a part of product brand marketing strategy. In addition, the interviewees emphasized that the CSR actions are mainly implemented and communicated on a company level, because all case company products should be associated as equally responsible, in consumers'

minds. It would be interesting to study further, how the responsible company brand image reflects to the product brands. Consequently, if the company is stated to utilize CSR as a competitive advantage through the elements of strategic CSR, are the product brands directly benefitting from this competitive position? This research could be conducted as a consumer research, in order to get deeper insights of consumers' associations towards the company brand and specific product brands.

In addition, this research dealt with an international company with large production volumes, as validated more specifically in subchapter 3.2. Even though the discussion related to CSR is mainly attached to multinational corporations due to their heavier impact on the society, it would be interesting to study the possibilities for small and medium-sized enterprises to differentiate with CSR. Some of the elements, such as CSR integration to company strategy and long term goals or intrinsic motives to CSR might be the same for companies of various sizes, but this type of a research would provide deeper knowledge of CSR's possibilities for smaller companies. Smaller companies do not naturally have as many resources to invest in corporate responsibility issues as multinational corporations, so the strategic CSR actions could end up being slightly different.

Finally, this research was conducted as a completely qualitative study, even though the research problem offers great opportunities to approach the topic from a quantitative perspective. For instance, a quantitative research could investigate the relationship between CSR and company financial performance now that the elements of strategic CSR are better structured. As suggested, strategic CSR has a strong link to profitability, but this correlation was not proved quantitatively in this study. A potential method for this type of a research could be measuring brand equity and changes in it after implementing a comprehensive CSR differentiation strategy, according to the elements of strategic CSR presented in the current study. Earlier research has indeed attempted to quantify this relationship (Becchetti et al. 2012, Orlitzky, Schmidt & Rynes 2003), but the results have remained mixed. As the concept is still evolving, further research of the strategic usage of CSR as a source of differentiation is more than necessary.

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