



**DEVELOPMENT OF FINNISH DESIGN BRANDS' SUSTAINABILITY AND  
SUSTAINABILITY REPORTING – CONTENT STUDY**

Lappeenranta–Lahti University of Technology LUT

Master's Programme in International Business and Entrepreneurship

Master's thesis

2022

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Examiners: Professor Juha Väätänen, Post-Doctoral Researcher Roman Teplov

## **ABSTRACT**

Lappeenranta–Lahti University of Technology LUT  
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### **Development of Finnish design brands' sustainability and sustainability reporting – content study**

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77 pages, 11 figures, 2 tables

Examiners: Professor Juha Väättänen, Post-Doctoral Researcher Roman Teplov

Keywords: Sustainability, CSR, corporate responsibility, social responsibility, circular economy

This master's thesis studied the development of the Finnish design industry's sustainability and sustainability reporting. The theoretical framework of the research consists of the commonly accepted sustainability theories, the most significant of them being Triple Bottom Line, and the context of CSR to help understand the sustainability reporting more comprehensively.

The method used in this research was qualitative thematic analysis research method. The empirical data was compiled from the public sustainability reports of Marimekko and Fiskars Group. The research found that the content and trends in the reports hardly changed between the years. Both companies were engaged with several strategic actions towards more sustainable business. The most remarkable actions happened with social and environmental sectors, such as sourcing more sustainable materials, participating in charity, giving up with harmful materials, and engaging with circular economy. Economical sustainability actions were short compared to the other two sectors. However, by strengthening its own economy, the business will also affect to the health of its support networks and community.

## TIIVISTELMÄ

Lappeenrannan–Lahden teknillinen yliopisto LUT  
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Julia Taivaljärvi

### **Kestävän liiketoiminnan ja yritysvastuuraportoinnin kehitys suomalaisissa designyrityksissä – sisältötutkimus**

Kauppatieteiden pro gradu -tutkielma  
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Tässä tutkimuksessa tutkittiin kestävä liiketoiminnan ja yritysvastuuraportoinnin kehitystä suomalaisissa designyrityksissä. Tutkimuksen teoreettinen viitekehys koottiin yleisesti hyväksytyistä kestävä kehityksen teorioista, joista merkittävimpänä Triple Bottom Line -malli, sekä yritysvastuun teoriasta, joka auttaa ymmärtämään yritysvastuun raportointia paremmin.

Tässä tutkimuksessa käytettiin kvalitatiivisen tutkimuksen temaattista analyysimenetelmää. Empiirinen data tähän tutkimukseen on kerätty Marimekon ja Fiskars Groupin julkisista yritysvastuuraporteista (sustainability report). Tutkimuksessa havaittiin, että raporttien sisältö ja trendit muuttuivat hyvin vähän tutkittavien vuosien aikana. Molemmat yhtiöt tekivät useampia strategisia toimenpiteitä kohti kestävämpää liiketoimintaa. Merkittävimmät toimet tapahtuivat sosiaali- ja ympäristösektorilla jättäen taloudellisen sektorin vähemmälle huomiolle. Toimet sosiaali- ja ympäristösektorilla liittyivät isolta osin kestävämpien materiaalien hankintaan, hyväntekeväisyyteen, haitallisista materiaaleista luopumiseen ja kiertotalouteen osallistumiseen. Vaikka raporteissa taloudellinen sektori ei korostunut niin voimakkaasti, voidaan silti nähdä, että yrityksen taloudellista asemaa vahvistamalla yritys vaikuttaa kuitenkin myös tukiverkostojensa ja yhteisönsä hyvinvointiin.

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27<sup>th</sup> March 2022

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## Table of contents

1	INTRODUCTION.....	1
1.1	Research background.....	1
1.2	Research problem.....	2
1.3	Theoretical framework.....	3
1.4	Key concepts.....	7
1.5	Research methodology.....	8
1.6	Structure of the research.....	9
2	THEORETICAL FRAMEWORK.....	11
2.1	Concept of Sustainability.....	11
2.1.1	Sustainability definition.....	12
2.1.2	Triple Bottom Line.....	13
2.1.3	Circular economy.....	14
2.1.4	Sustainability in fashion and design industry.....	18
2.1.5	Measuring sustainability.....	20
2.2	Concept of CSR.....	21
2.2.1	CSR definition.....	22
2.2.2	CSR as a marketing tool.....	27
2.2.3	Measuring CSR.....	28
2.3	Difference between CSR and sustainability.....	29
3	RESEARCH METHODOLOGY.....	30
3.1	Data description and collection.....	30
3.2	Data analysis.....	31
3.2.1	Familiarizing yourself with the data & generating codes.....	31
3.2.2	Searching, reviewing, defining, and naming themes.....	33
3.2.3	Producing a report.....	34
3.3	Companies.....	35

4	ANALYSIS .....	37
	Marimekko Oyj.....	38
4.1	Social.....	40
4.1.1	Employees .....	40
4.1.2	Stakeholders .....	42
4.1.3	Charity .....	43
4.2	Economic .....	45
4.2.1	Development .....	45
4.2.2	Product & Service .....	47
4.3	Environmental.....	49
4.3.1	Circular Economy.....	49
4.3.2	Environment .....	50
4.3.3	Manufacturing .....	52
	Fiskars Group.....	54
4.4	Social.....	55
4.4.1	Employees .....	55
4.4.2	Stakeholders .....	56
4.4.3	Charity.....	57
4.5	Economic .....	58
4.5.1	Development .....	59
4.5.2	Product & Service .....	60
4.6	Environmental.....	62
4.6.1	Circular Economy.....	62
4.6.2	Environment .....	63
4.6.3	Manufacturing .....	65
5	CONCLUSIONS AND FUTURE RESEARCH.....	66
5.1	Main findings and contributions .....	66
	Marimekko Oyj.....	67
	Fiskars Group.....	68

5.2	Discussion .....	68
5.3	Limitations and future research.....	70
	List of references .....	72

# 1 INTRODUCTION

Introduction of this thesis presents the framework of this research, including the research background, research problems, objectives and delimitation, key concepts, and the structure of this research.

## 1.1 Research background

The currently ongoing COVID-19 pandemic has showed how fragile the prevailing economic model is. This outbreak has led us to the situation where we find the take-use-dispose system breaking. We need to change the current economic model completely and focus on moving the business processes to a fully circular economy to maintain the resources in economy and diminish the emerging waste (Crespo 2020, 5).

The current situation prevailing worldwide, whether it is this global pandemic or the environmental issues we are facing, such as climate change, led the writer at this topic. To make better decisions in our everyday lives, we need to understand the topic at hand. The writer has been working for two of the Finland's biggest design companies at consumer goods industry – Marimekko and Fiskars Group. These both companies operating in consumer goods and services industry are under study in this research.

There is discussion around sustainability in business field to an increasing extent. Organizations are paying more attention to more sustainable operations. Previous studies show that B2C companies are more likely to report on their sustainability activities because they are more often scrutinized on them. Large B2C companies receive the highest amount of attention for their activities. The attention is considered a key motivator to improve corporate, social, and environmental performance. The thing changes when moving to SMEs (small and medium-sized enterprises) and B2B companies. They seem to get less market



visibility and are often perceived to be out of sight of end-consumers scrutiny (Johnson et al. 2018, 659-660).

No studies were found where B2C product companies were investigated in terms of their sustainability actions and the development of them. As we have learned, the issue is crucial in the field the companies under this research are operating in. Marimekko and Fiskars Group are highly considered and strong B2C brands both domestically and globally. They offer more expensive premium products compared to other operators in the same field of business. Companies like Marimekko and Fiskars Group are expected to operate sustainably to maintain their stakeholders' trust.

The aim of this research is to understand better the development of the B2C product companies' sustainability actions. In production industry several parameters are important when talking about sustainability. They are such as water usage, waste generation and management, carbon and energy profiles, and impact on natural ecosystems and communities, and they are often specified in the companies' public corporate social responsibility (CSR) reports (Patil et al. 2021, 537). Therefore, these companies' CSR reports, often named as sustainability reports, are chosen to be the data set of this research, which will be later linked into the theoretical framework of this research.

## 1.2 Research problem

The objective of this research is to inspect the development of Finnish design brands' sustainability development. The core problems which this research aims to explain are:

1. How Finnish design brands address and take into account sustainability perspectives in their business processes according to their sustainability reports, and
2. How have the previously mentioned actions evolved during the recent years?

In order to address the above-mentioned problems, the aim is to answer to the following sub-questions:

- What are the trends, concepts and themes found from the sustainability reports?
- How have the sustainability reports changed during the past years?
- What is sustainability and how you can measure it?

### 1.3 Theoretical framework

The target of the theoretical framework is to help to understand the development of the sustainability of B2C design brands in terms of social, economic, and environmental factors. Figure 1 visualizes the research framework of this study.

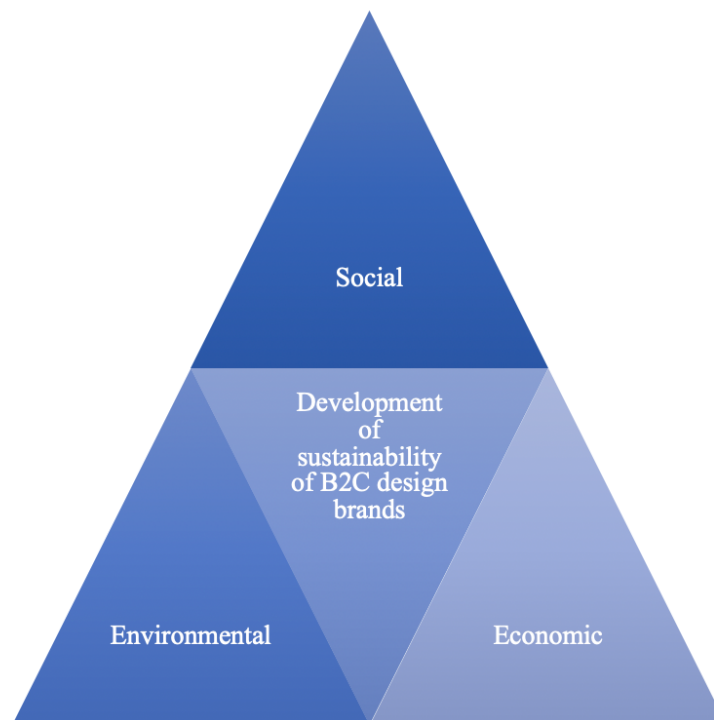


Figure 1. Research framework of this study.

The development of sustainability of B2C design brands based on the brands' sustainability reports is the core of this research. The development of sustainability is measured in terms of social, economic, and environmental factors. All these factors are studied and described in the theoretical framework of this research. The figure is shaped as pyramid because all the factors all are essential and equal in terms of the core of this research.

The following table presents the main literature used in the theoretical framework of this research. The table shows the authors, publishers and publication years, purposes for the publications, types of sources, and the summaries of the content.

<b>Author</b>	<b>Publisher and publication year</b>	<b>Purpose</b>	<b>Type of source</b>	<b>Summary</b>
Archie B. Carroll	International Journal of Corporate Social Responsibility, 2016	To propose a framework for CSR	Theoretical paper	The pyramid of CSR should be seen as a whole and integrated including all four components – economic, legal, ethical, and philanthropic responsibilities. CSR has become a formalized and integrated management

				strategy for organizations.
Maria Salome Correia	International Journal of Strategic Engineering, 2019	To understand the concept of sustainability	Theoretical paper	The Triple Bottom Line is a well-known model for companies to set-up long-term strategies for more sustainable business. The model is based on three important dimensions, economic benefits, social equity and environmental quality. The dimensions are also known as people, planet, and profit (3P).

<p>Gilbert S. Hedstrom</p>	<p>De Gruyter, 2018</p>	<p>To summarize risks and opportunities related to sustainability from a business perspective</p>	<p>Book / eBook</p>	<p>Sustainability is about leadership. It builds foundations for future success. Leaders must adapt and understand the changing needs of the customers. Sustainability has been characterized as Triple Bottom Line, but the model misses the governance. Newer approach uses the term ESG (referring to environmental, social, and governance) to include governance in the model.</p>
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Ellen MacArthur Foundation	Ellen MacArthur Foundation, 2021	To explain circular economy in detail	Website	Adopted linear approach (take-make-dispose) can't work long-term. In circular economy, products and components are designed to be disassembled and regenerated. The model builds long-term prosperity by keeping the materials circulating.
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Table 1. The most important literature concerning sustainability.

#### 1.4 Key concepts

The key concepts of this research are sustainability, CSR, corporate responsibility, social responsibility, and circular economy. These were chosen as key concepts because of their major role in this research. Sustainability and CSR base the whole theoretical framework of this research. The exact definitions of the concepts are presented below.

## Sustainability

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (WCED 1987)*

## CSR or social responsibility (SR) or corporate responsibility (CR)

*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. (Carroll, 1979, 500.)*

## Circular economy

*In our current economy, we take materials from the Earth, make products from them, and eventually throw them away as waste – the process is linear. In a circular economy, by contrast, we stop waste being produced in the first place. (Ellen MacArthur Foundation, 2022.)*

## 1.5 Research methodology

Method adopted to this research is qualitative thematic analysis research method. This research method was chosen due to its convenience to seek understanding on experiences, thoughts, and behaviors across the collected data (Kiger & Varpio 2020, 3). This research makes use of secondary data collected from the two chosen companies' public sustainability reports. The companies were chosen due to the experience the writer has from the industry they are working in. The data was collected from the reports and downloaded to NVivo

software program for further analysis. NVivo is a tool for organizing and analyzing qualitative data.

Both the theoretical framework as well as the analysed data will help us to draw the conclusions at the end of this research and finally answer to the research questions made. The case companies of this study are Marimekko Oyj and Fiskars Group – both operating in consumer goods and services sector and are the most distinguished design and lifestyle brands in Finland. All of their available sustainability reports, starting in 2013, were used to compile the empirical data for this research.

More comprehensive description of the research method, data description and collection, data analysis, and case companies can be found from the chapter three “research methodology”.

## 1.6 Structure of the research

This research is constructed of five main chapters. The research begins with the introduction, where the research background, research problem, introduction to theoretical framework, key concepts, research methodology as well as the structure of the research is presented. The next main chapter explains the concept of sustainability and the concept of CSR. Chapter three presents the research methodology, including data description and collection, and data analysis. Chapter three also briefly presents the case companies of this research. In the chapter four the analysis of the companies’ sustainability actions is presented, and finally chapter five makes the conclusions of the theory and the sustainability actions presented.





Figure 2. The structure of this research.

After the final main chapter, “conclusions and future research”, you may find the list of references used in this research.

## 2 THEORETICAL FRAMEWORK

This chapter includes the concept of CSR and the concept of sustainability. The aim of this chapter is to understand the theoretical concepts of the two, and how they are related with each other. The concept of CSR is often integrated with sustainability. Many organizations presume them to be one. Being socially responsible means investing in sustainability (Carroll 2016, 6). However, they are treated as separate concepts in this research. The concept of CSR is presented to understand the sustainability reporting better when the companies' reports are under investigation. The concept of sustainability (especially in B2C product industry) is important to be able to benchmark it with the contents found from the sustainability reports.

### 2.1 Concept of Sustainability

The over century ago launched industrial model has obsoleted. Decades old major industrial companies have realized that they must change. The “take-make-waste” persuasion has led the human society against the limits of economic and natural systems. The model is not sustainable anymore. The system worked for a long period of time when communities were small and natural resources were abundant. Industries need to adapt to the new conditions and focus on the compensatory business opportunity. By turning your prospective business' offerings to align with the future trends, the upcoming marketplace will be favorable. (Hedstrom 2018, 3-11.)

In the next subsections, the definitions for sustainability and sustainable development are presented. Also, the relevance of the sustainability and sustainable development regarding to the industries at issue are discussed.

### 2.1.1 Sustainability definition

*Sustainability means operating a business in a way that causes minimal harm to living creatures and that does not deplete but rather restores and enriches the environment. (Savitz & Weber 2006, 5.)*

Sustainability as a term originated around 1980s, when there was a growing awareness towards growing business without harming the environment or violate future generations' well-being. To understand the concept of sustainability, it is necessary to find a suitable definition of the subject. There is no single definition for sustainability nor sustainable development (Hussey et al. 2001, 1), but one widely adapted definition for sustainable development by The World Commission on Environment and Development (WCED) from 1987 goes as follows:

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet the present and future needs. (WCED 1987)*

WCED's definition of sustainable development balances the resources and supplies and assures intergenerational equity. A widely used definition for sustainability in business environment is:

*...the pursuit of a business growth strategy that creates long-term shareholder value by seizing opportunities and managing risks related to the company's environmental and social impacts. (Hedstrom 2018, 22.)*

Sustainability in a context of sustainable development is a broad, complex, controversial and challenging issue, says Richards and Gladwin (1999, 11). World Commission on Environment and Development's definition for sustainable development has gone through many interpretations since the beginning, but the following interpretations underscore a Triple Bottom Line focus of economic, social and environment needs integration.

Triple Bottom Line, also known as three-pillar model (3P, people-planet-profit), focuses on three different areas often treated separately – economic, social, and environmental. However, it is in their combination where solutions can be found (Schweikert et al. 2018, 1). The Triple Bottom Line is important for this research, as it is used in our chapter 4, “analysis”, to help with presenting the companies' sustainability actions. The next sub-chapter focuses the theory of Triple Bottom Line more deeply.

### 2.1.2 Triple Bottom Line

Triple Bottom Line is a concept built in 1994 by John Elkington. The idea behind the concept was to transform the current financial accounting focused business environment to more comprehensive approach, which would measure also the impacts and success. Before some businesses used to work only because of their financially bottom line. As a result of the concept, businesses started to realize the connection between the environmental health, social well-being and organization's financial success and resilience. (University of Wisconsin 2022.)

It is important to remember that all the bottom lines, social, environmental, and economic, are not fully individual but connected to each other. Social bottom line considers all stakeholders of the organization, such as employees, communities, individuals in the supply chain, customers as well as future generations. It measures the business' profits in human capital, and address issues such education assistance, community interaction, charitable causes, and fair fare practices (Correia 2019, 32). The social bottom line is higher if business

has fair and beneficial labour practices and if business has good relationships with the community. The social bottom line seeks long-term sustainability of business and refuses to believe that the less you pay for your work force the longer you are able to operate. Rather, it is believed that if you serve a desirable workplace, you will always be able to operate in the future. This is because of the idea, that there will always be work force striving to be a part of your business. (University of Wisconsin 2022 & ERA 2022.)

The environmental bottom line considers the importance of global issues, such as climate change. The view states that the smaller impact the business has on the environment and the fewer it consumes natural resources, the more successful the business will be. Operating successfully in the environmental bottom line acquires managing, monitoring, and reporting the consumption, waste and emissions. These may include e.g. amount of renewable energy and energy consumption, amount of material recycling, the amount of water from local water sources, and amount of greenhouse gas (GHG) emissions such as carbon dioxide (CO<sub>2</sub>). (ERA 2022.)

The economic bottom line is not only about traditional corporate capital, but the impact the business has on its economic environment. By strengthening the economy, the business will also affect to the health of its support networks and community. Of course the business needs also to care for its traditional profits as well, including sales growth, cash-flow, shareholder value etc. This bottom line focuses also on organization's performance through strategic capability management, shareholder value creation, and marketing orientation. After the economic downturn in 2008, consumers became more concerned with businesses' economic sustainability, since it has its direct effects on financial stability and therefore employment. (ERA 2022 & Correia 2019, 31.)

### 2.1.3 Circular economy

In the context where production and consumption are no longer acceptable due to the ineffectual use of resources, Circular Economy (CE) has become a paradigm of sustainable

development (Sanguino et al. 2020, 1). In a consumer product industry, it is important to operate due to CE rather than to linear economy in order to preserve sustainable development. In today's product industry, goods are produced, used and discarded. This process is called linear economy, where the product lifecycle has a clear beginning and an end. In circular economy products and services are designed in a way which allows them to be recycled and reused – whether in biological or technical cycles. (Sustainability Guide 2021.)

CE can be identified as a model to reach green economy. In green economy, the economic growth is achieved while the limitation of the natural resources is taken into account. The current linear economy makes companies suffering from reputational challenges due to company practices with raw material extraction, resource depletion and postconsumer pollution, effecting eventually on human and animal health. Companies can reduce their waste generation and minimize pollution by following the principles of CE. The demand for products is currently increasing, since the global population is growing, and consumers have even growing purchasing power. Since there is growing demand, raw material prices as well as commodities are also increasing in price and they are volatile. Companies gain economically when complying with CE principles, since CE is not just recycling and making use of renewable resources. By following the CE principles, companies can optimize the operational costs by utilizing resources judiciously and avoid unnecessary expenses from litigations and fine payments related to CE legislation. Consequently, it has nearly become a necessity for businesses to have a circular mindset and operate due to circular business model and follow the laws and regulations of the land. (Patil et al. 2021, 532-533.)

Circular economy is a rather new approach which aims raise the efficiency of resource use in order to improve the existing balance between economy, environment and society. The goal of CE is that the flow of materials is closed and raw materials as well as energy are used through multiple phases. The principle of 3R, reduction, reuse, and recycling, are often cited since they are the only acceptable ways that one may dispose waste (Sanguino et al. 2020, 1). The concept highlights the importance of the economy needing to work effectively at every level. Its three main characters are: designing out the waste and pollution, keeping the

products and materials in use, and regenerating the natural systems. Ellen MacArthur Foundation has visualized the essence of the circular economy in one diagram called “butterfly model”. The butterfly model captures the flow of materials, nutrients, components, and products while adding the financial value element also (figure 3). (Ellen MacArthur Foundation 2021.)

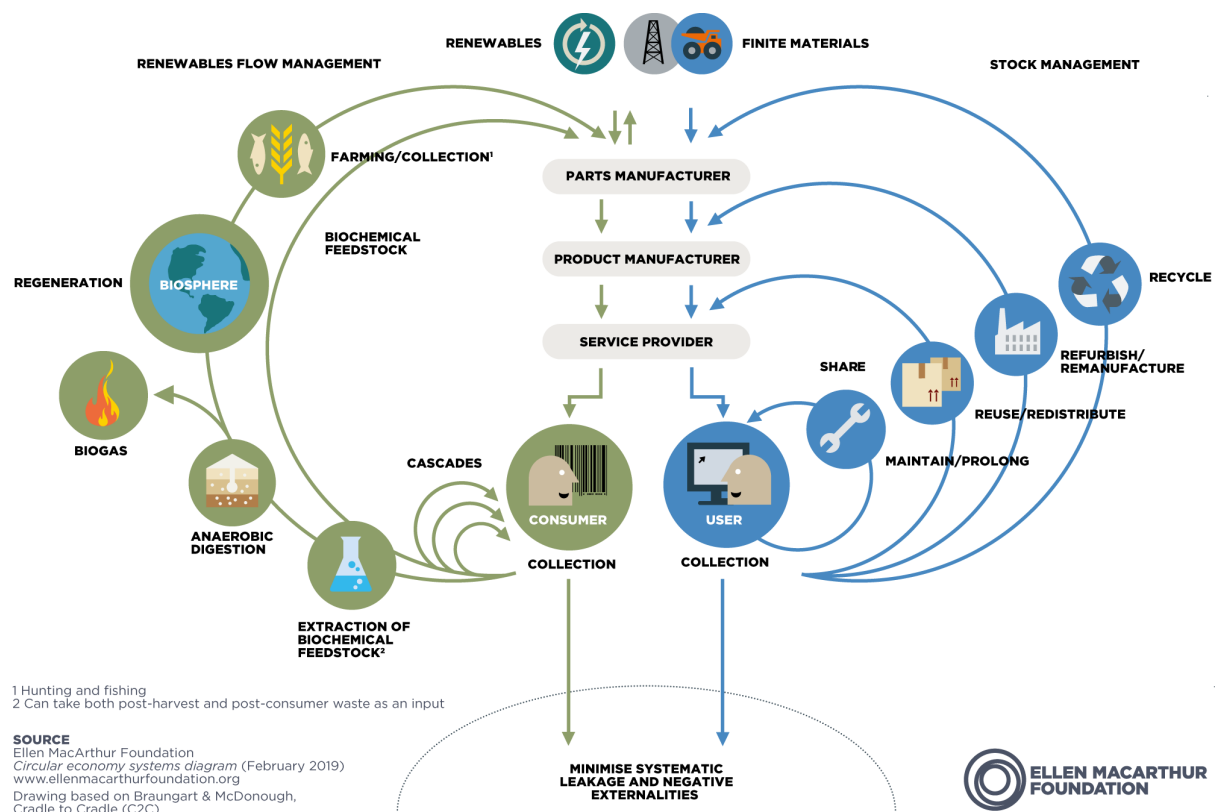


Figure 3. Ellen MacArthur Foundation’s butterfly model of circular economy (Ellen MacArthur Foundation 2021).

In the butterfly model, the diagram has been divided between consumers and users. This distinction has been made between the two, since in circular economy the biological materials cannot be used but consumed, whereas the technical materials are used. We consume food but use our home electronics and cars. (Ellen MacArthur Foundation 2021.)

The butterfly model also raises a question regarding to the necessity of owning the products. We traditionally own the products we use, although what is important is the access to the service which the product provides rather than the product by its own. As an example, what is the benefit of owning a drill when you just need a hole in your wall in order to hang a clock? Or what is the benefit of owning a vacuum cleaner when you just need to clean out the floors once a week? Within this mindset lays the groundwork of the practicalities of moving the economy from linear to circular. (Ellen MacArthur Foundation 2021.)

The primary environmental and system benefits from CE are reduction in material consumption, land productivity and soil health, and reduction of carbon dioxide emissions. The CE could reduce the primary material consumption i.e. with cars, construction materials, real estate lands, synthetic fertilizers, pesticides, water use in agricultural, fuels, and non-renewable electricity. The reduction can go up to 32 % by 2030 by following the principles of CE. By increasing the land productivity, diminishing the waste in the food value chain, and returning the nutrients to the soil will eventually improve the value of the assets of land and soil. When the biological materials are returned back into the soil, it will reduce the need of replenishment with additional nutrients. Following circular economy principles, Europe could halve the carbon dioxide emissions by 2030 relative to the amounts of today's mobility, food systems, and the built environment emissions. (Ellen MacArthur Foundation 2021.)

If companies answer to the principles of circular economy, they could benefit significantly in several ways. Companies could lower the costs and create new profit opportunities with medium-lived products (e.g. mobile phones) and fast-moving consumer goods (e.g. cleaning products in households). Companies can save up to 50 % of the costs incurring in phone manufacturing by remanufacturing the medium-lived products. Also, more expensive cleaning products, such as high-end washing machines, could be leased, which would save consumers money and manufacturers can earn more profits from the leasing contracts. In addition, companies using less virgin materials and more recycled materials will reduce the company's exposure to the prices of volatile raw materials. Also, the risk of the supply chains being violated by nature disasters or geopolitical imbalances is condensed since operators



are decentralized and can provide alternative material sources. If circular economy is maintained, it creates many business opportunities to answer the demand occurred. New logistics companies can be established to support the end-of-use products being restored in to the circular economy system. There will be new product remarketers and sales platforms to support the longer use or higher utilization of the products, and the parties remanufacturing and refurbishing the products will also offer specialized knowledge and services with the products. (Ellen MacArthur Foundation 2021.)

In order to maintain circular economy nationwide or even globally, the shift from linear economy to needs systemic solutions. From a circular perspective, many business operations currently, such as business models, product and service design, legislation, accounting practices, urban planning, farming practices, materials extraction, manufacturing, and even more, have undesirable functions and features. Changing the existing system is very difficult but understanding the complexity of the systems and how they operate is the first step towards maintaining the circular economy. (Ellen MacArthur Foundation 2021.)

#### 2.1.4 Sustainability in fashion and design industry

The companies at issue in this research operates in fashion, kitchenware, home décor, and gardening industries. Marimekko is working in a consumer goods and services industry with its product portfolio of clothing, bags, accessories, home décor items including textiles and tableware. Fiskars Group's brand portfolio include several different companies operating also in consumer goods and services industry. The main products these brands are serving are scissors, gardening tools, kitchenware, glassware, ceramics, knives, and outdoor equipment.

Consumer goods and services industries must operate in a resource-constrained, climate-impacted world. Keeping sustainability as a value and a core business strategy is a premise in order to achieve business success and survive. Those, who commit their business to the sustainable business transformational process will overcome those, who do not integrate

sustainability into their change management strategies. The most successful businesses of the future are those who ensure the transparency and honesty as a fundamental element of their business brand. In order to engage the business to the sustainable business transformation, businesses must follow majority of the processes: creating new business model, innovating and collaborating, and engaging with customers. (Deloitte 2021, 6.)

Legislation and societal norms are changing in order to meet the current sustainability challenges. Businesses will have to adapt to the evolving business environment, and if they do not adapt, in the long run they may go out of business. The European Union has set a target of the carbon dioxide emission reduction of 80 % by 2050. This target needs a radical shift in business operations like sourcing, operational efficiencies, and recycling of products. This shift inquires considerable input and resourcing, but if these inputs are implemented and integrated with the business strategy, there will be financial benefits. (Deloitte 2021, 6.)

Consumers are more sensitivity and conscious about the sustainability. Consumers require even broader range of selection of sustainable, “green” products. Big corporations must invest in R&D and product innovation and pursue practices such as closed loop and localized supply chains, water management, and carbon labelling. Leading organizations are co-operating with the government, civil society, and even with competitors to an increasing extent aiming to resolve the current problems of society. The problems may be related to water scarcity or deforestation for example. (Deloitte 2021, 6.)

Engagement with the consumers is not easy and straightforward, since the choice of consumer is highly affected by social context, cultural attitudes, education, but also by the availability of the product information, the range of choice, and how effectively the goods and services are marketed. Consumer decision-making can be separated into three levels: rational, emotional and contextual (figure 4).

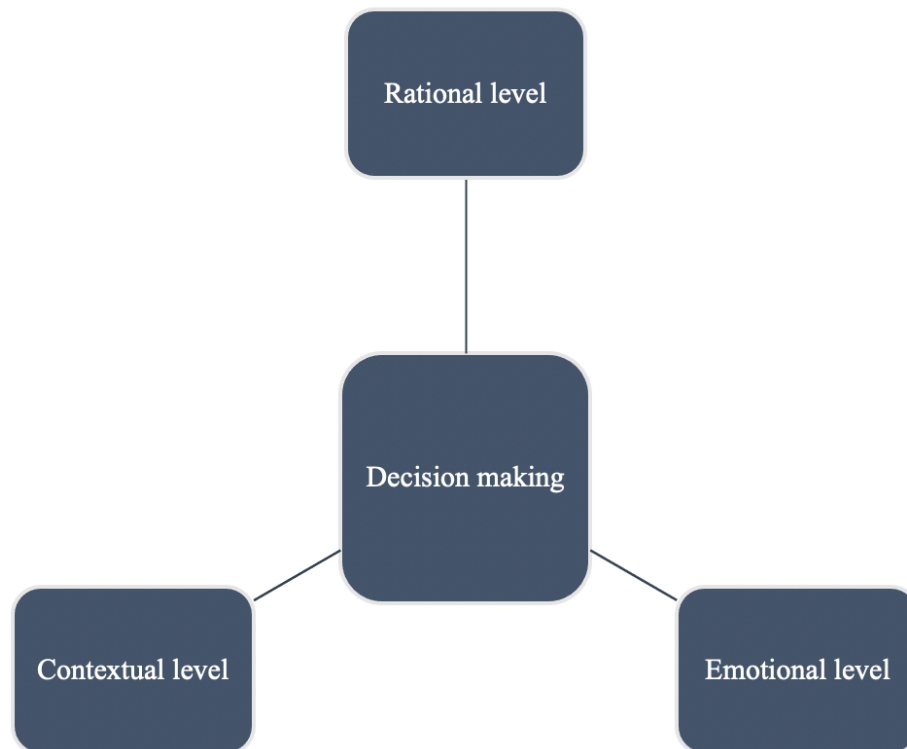


Figure 4. Three levels of consumer decision making (Deloitte 2021, 6-7).

Consumer engagement strategies should address the ways in which consumers choose. On rational level, consumer makes decisions based on the information about the price, attributes and performance of the products and services. Decisions made purely on the rational level are rare. On the emotional level, consumer makes decisions based on their emotion, intuition, or habit. Beliefs, emotions, brand image, established habits, social influences, and heuristics influence on decision-making on emotional level. On contextual level, consumer's decision-making is influenced by the environment, both physical and broader social and cultural context. Social norms as well as personal recommendations matter on the contextual level decision-making. (Deloitte 2021, 6-7.)

#### 2.1.5 Measuring sustainability

To measure company's sustainability the whole supply chain needs to be overviewed. Also, the context of sustainability where the company operates must be considered. However,

there is not any analytical framework which would guide companies to create indicators and indices that would measure enterprise sustainability (Searcy 2016, 120-121). Enterprise sustainability means being capable of anticipating and responding to the needs of current and future generations of customers and stakeholders through the creation and innovation of new commercial business strategies and activities that accelerate positive social change, protect, and preserve environmental integrity, while improving the performance of the business (Zu 2013). To measure sustainability, it is suggested to consider social, environmental, and economic performance (Triple Bottom Line). Though, even these should be measured, they do not provide measurement system themselves. Many industries and organizations develop organization-specific or industry-specific measurement tools and best practices to guide companies to achieve balance across social, environmental, and economic principles (INVEST 2022). For example, SDG Monitor provides a cloud-based tool for monitoring sustainability actions. The tool measures your sustainability by pairing your sustainability actions with the United Nations Sustainable Development Goals (SDGs). SDG indicators are used to measure the actions. With the monitor, you can follow whether the company is making progress or falling behind on each goal. The monitor is also able to convert the sustainability data into index and shows the whole impact of the company's actions on environment, social and governance (ESG) matters (SDG Monitor 2022).

## 2.2 Concept of CSR

Several hundred largest businesses in the United State have a big power and huge impact on decision-making, consequently their actions affect the lives of citizens considerably and in so many ways. This belief led Howard R. Bowen to work his landmark book *Social Responsibilities of the Businessman* in 1953, which marked the modern era of CSR. (Carroll 2016, 1.)

Corporate social responsibility (CSR) is a concept where corporate captures its responsibility of its operations to the environment, its stakeholders and to the society (Fordham & Robinson 2018, 1). It is a modern way for managing businesses by reflecting the actions for the society, natural environment and groups of stakeholders (Olanipekun et al. 2021, 425).

The concept has existed since 1950's and has undergone constant change during the past decades. CSR was highly adopted only during 1990's and 2000's, when corporates started to focus more on the business practice accounting for and meeting stakeholder needs. From 2000's, CSR has been considered as an important linkage between corporate's strategy and sustainable development, and firms utilize it with aligning relevant international and industry standards. Now, CSR has high importance due to global-scale challenges occurred during the last decades, such as climate change, and it is discussed whether CSR should be immediate and integrated response rather than voluntary activity. (Fordham & Robinson 2018, 2.)

Most companies have practiced CSR at least in some form for quite a long time. The motivations for carrying social and environmental activities vary a lot depending on the company under consideration. Some companies use CSR as a tool to engage themselves with their stakeholders, but some seek operational efficiency and better company image as a result of complying with CSR. The key issues which affect CSR's development are company's relationships with consumers and employees, work organization in the company and honest relationships with the customers and stakeholders. Complying CSR can have effects on company's customers, suppliers, society, employees as well as anyone interested in the company. (Soroka & Mazurek-Kusiak 2014, 117-118.)

### 2.2.1 CSR definition

One widely adapted definition for CSR is Archie B. Carroll's four-part pyramid of CSR. The definition was originally stated "Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time". These four components of empirically interrelated, but conceptually independent create a base which helps to define and to frame businesses' responsibilities to the society (Carroll 2016, 2). The definition was published in 1979 but acquired its current form of a CSR pyramid in 1991. The revised model was intended to simplify the four-part framework (Carroll 2016, 4).

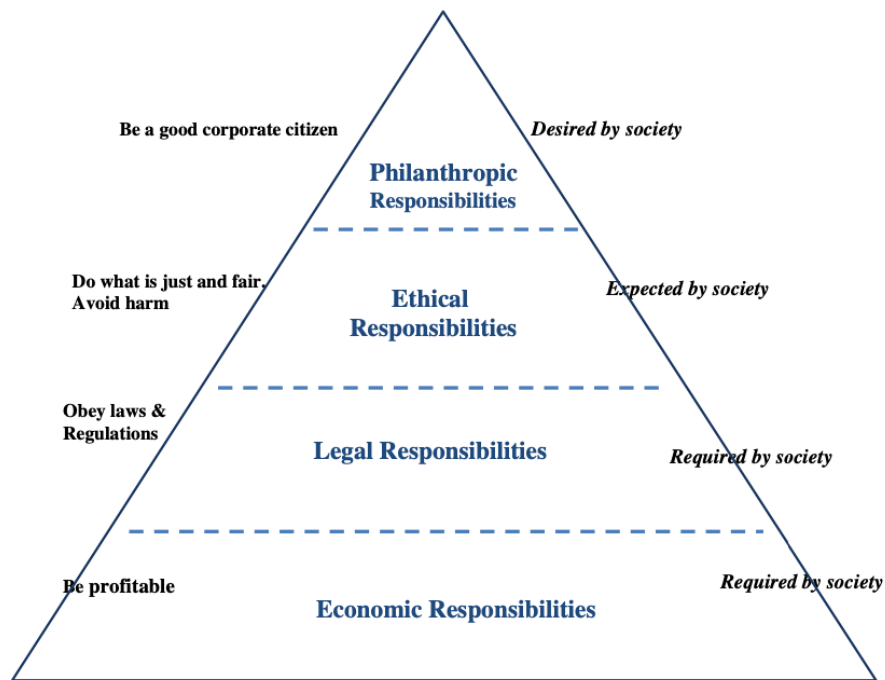


Figure 5. Carroll’s four-part CSR pyramid (Carroll 2016, 5).

A study made discovered the weights and values of these four components, which placed the components in descending order as follows: 1. Economic, 2. Legal, 3. Ethical, and 4. Discretionary / Philanthropic. Each of the components are briefly described next.

The most relevant component, economic, has a social responsibility required by society. To meet the expectations, businesses need to be profitable and have resources as well as shareholders in order to sustain themselves and carry on the operations. Businesses’ underlying aim is to produce and sell goods which the society wants, and in return they get profits. The profits are earned from the created value, and this all benefits the businesses’ stakeholders. Therefore, businesses adapt different business concepts in order to achieve financial effectiveness. In this global business environment, the economic performance as well as sustainability are important topics. If firms are not profitable, they go out of business and they cannot answer to the external responsibilities. Therefore, this competitive business world needs businesses with the economic responsibility as a baseline requirement. (Carroll 2016, 3.)

The next component, legal, requires businesses to operate according to the laws and regulations established by the society to ensure fair business practices. Businesses are expected to perform in a manner which is consistent with expectations of government and law, to comply with federal, state and local regulations, behave as law-abiding corporate citizens, fulfill the legal obligations to stakeholders and provide goods and services which will reach minimal legal requirements at any rate. (Carroll 2016, 3.)

Ethical responsibilities expect businesses to comply their affairs with ethical manner besides what is required by laws and regulations. Businesses are expected to embody ethical activities, norms, standards and practices prohibited by society even they would not be codified into law. The intention is that businesses will comply with range of norms, standards, values, principles and expectations by consumers, employees, owners and community. Businesses are expected to perform in a manner which is consistent with expectations of societal mores and ethical norms, recognize and respect new or evolving ethical/moral norms accepted by society, prevent ethical norms from being jeopardized that one may achieve business goals, be acceptable corporate citizens by operating morally and ethically, and know that business sincerity and ethical behavior exceed compliance with laws and regulations. (Carroll 2016, 4.)

Philanthropic responsibilities include businesses' voluntary activities, such as gifts, product and service donations, volunteerism, and development initiatives for the community. Business giving may not be expected in ethical sense, so philanthropic responsibility is more voluntary for businesses. Philanthropy is more a practical way of proving their good citizenship. Philanthropy has historically been one of the most important parts of definitions of social responsibility. (Carroll 2016, 4.)

This framework is supposed to be seen as an adaptable, dynamic framework which focuses both – the present and the future. Each of these four categories of responsibility address different stakeholders with regard to varying priorities in which they might be affected. Economic and legal responsibilities are the most substantial ones. Economic responsibilities influence primarily shareholders and employees. If the business suffers financially, both of

these groups will be affected. Legal responsibilities influence owners, and the threat of litigation comes often from employees and consumer stakeholders. Ethical responsibilities influence all stakeholder parties. Philanthropic responsibilities influence community and non-profit organizations, as well as employees. It has been found that philanthropic involvement by the company influences notably on employees' morale and engagement. (Carroll 2016, 6.)

Another framework of CSR is the Intersecting Circles (IC) by Schwarz and Carroll. This framework includes all the categories mentioned in the pyramid model but refuses to prioritize them. The model aims to explain that responsibilities can lie upon multiple categories during the same time. Also, the model shows that profits made by the companies can be relevant also to other categories besides to purely economic category, as well as companies acting legally, ethically, and philanthropically can have economic implications in return. Schwarz's and Carroll's Intersecting Circles visualized below (figure 6). (Dai n.d., 3.)



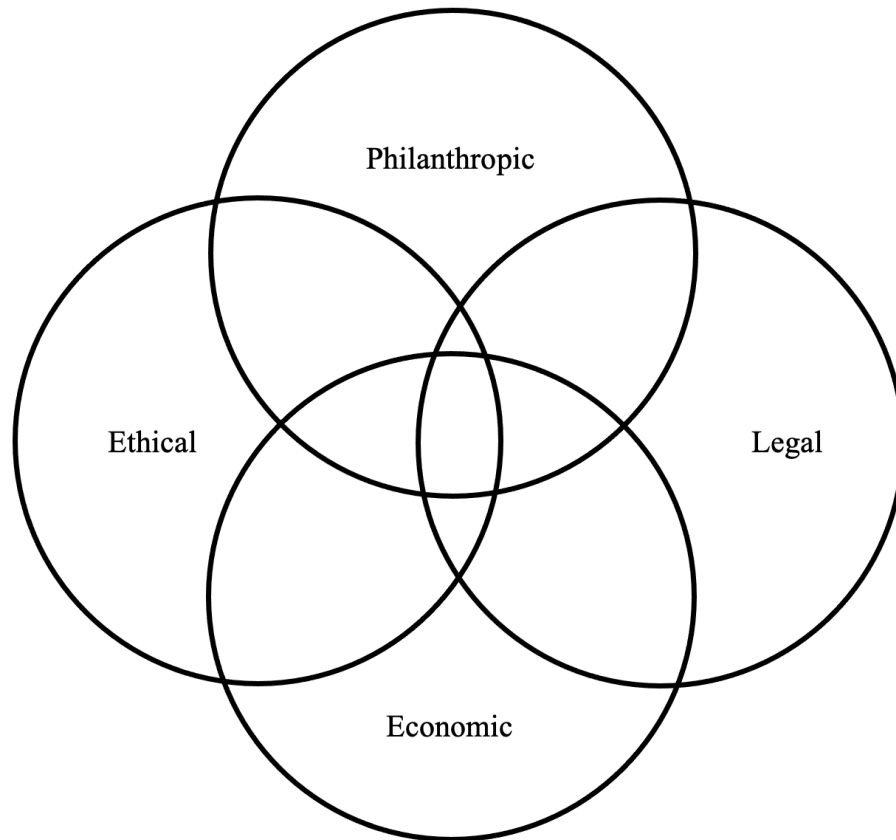


Figure 6. Intersecting Circles by Archie Carroll and Schwarz (Dai n.d., 3).

Last theory of CSR addressed in this research is the Concentric Circle Model suggested by the Committee for Economic Development in 1971. This model locates the different categories with respect to the width of the coverage. Philanthropic has the widest coverage including ethical, legal and economic categories descending (figure 7). Each category covers the next category below. Economic category is placed in the center of the model, which reflects the perspective of CSR being a concept where businesses secure their economic values by protecting the public welfare from violation – not only economically, but also legally, ethically, and philanthropically. (Dai n.d., 4.)

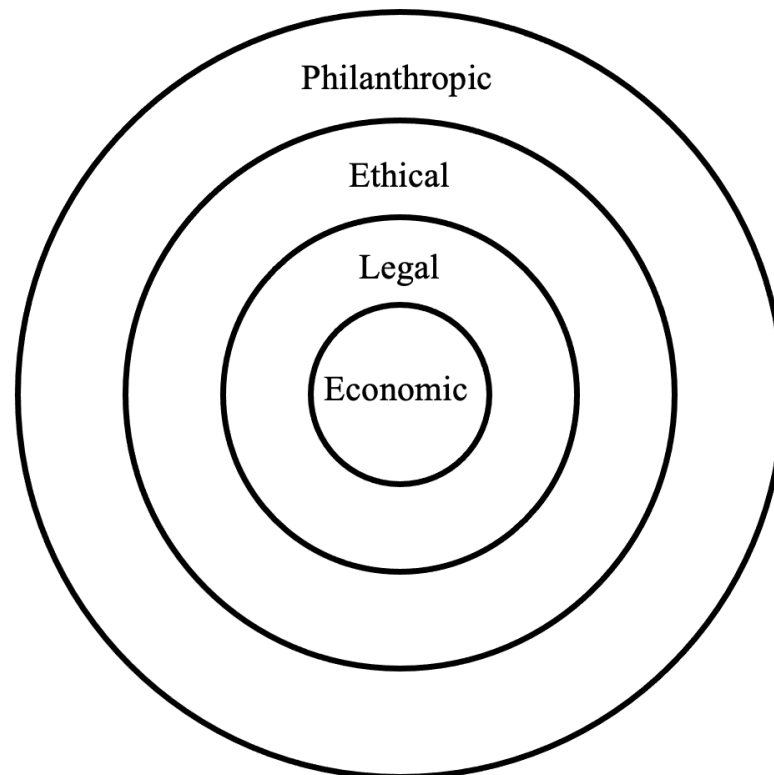


Figure 7. CSR's Concentric Circle Model (Dai n.d., 4).

To sum up, CSR always addresses different stakeholder groups at a time, whether it considers economical, legal, ethical or philanthropical issues. Companies CSR initiatives fulfill the demands made by shareholders and stakeholders, but by doing this they might use the resources and capital from the future and magnify the imbalance in the distribution of resources between today and tomorrow (Bansal & DesJardine 2015). Whether the different categories have hierarchy or not, they all are linked with each other and are significant responsibilities in CSR.

### 2.2.2 CSR as a marketing tool

Marketing is vital to achieve success of a business organization. Successful marketing influences positively in products, customer and profits. The connection between the CSR and marketing has been under study for many decades (Adegbola 2014, 141). CSR is seen

as one of the company's marketing tools. It has an influence on consumers behavior and attitude towards the company. Therefore, it is quite common to use CSR initiatives to influence consumers. Many organizations engage themselves with social causes to receive consumers' support. There are many researches on CSR showing that social initiatives have a positive correlation with company's financial performance. In addition, researches show that social initiatives have a positive correlation with consumers' positive affective, cognitive, and behavioral responses. (Becker-Olsen et al. 2006, 46-47.)

When talking about marketing, we know that when expectations are transcended by actions, firms gain more positive attitude from consumers and an advance in behavioral intentions. However, only proactive social initiatives can meet the baseline of expectations if consumers are already skeptical of firm's actions. Reactive rather than proactive initiatives can even have negative impact on consumer behavior. As it is, responses by consumers are different to reactive CSR initiatives than proactive initiatives. Firms support towards ongoing causes can awaken skepticism and suspicions that firms may have potentially self-interested motives. By way of derogation, firms' initiatives for natural disasters are positive and means that the firm is more altruistic. (Becker-Olsen et al. 2006, 46, 50-51.)

CSR can be seen as a new sub-science of marketing, and it is said to be one of the greatest things you can do as a big corporate with a footprint of consumption (Bijoor & Chandramouli 2013). It is normal for for-profit corporations to pursue direct and indirect benefits from all the actions it is doing – including CSR. However, seeking benefits from CSR might be blatant or unreasonable, and it might wound the brand image.

### 2.2.3 Measuring CSR

CSR can be measured by benchmarking your organization's corporate social responsibility performance against companies that outperform with their CSR initiatives. Other way is to measure performance through KPI's. However, the KPI's should be set by the organization itself, and measure the development of the indicators as they go forward. The indicators could be as employee perspectives, health and security, diversity supportive ratio, respect

ratio, satisfaction ratio, Greenhouse Gas Emissions, quantity of waste, efficiency in energy use, social policies followed, social contribution, strategic partners, responsibility percentage, time spent in volunteering, management perspectives, management initiatives, recognition initiatives, recognition achieved, effectiveness in communication, number of social activities, number of community member reached, and the total impact. Also, even there is not a unified standard for measuring CSR, there are still industry-standard tools which can be used as a guide for developing and measuring CSR. For example, GRI provides global standards for sustainability reporting. (EVERFI 2022.)

### 2.3 Difference between CSR and sustainability

When speaking about CSR and sustainability, the main distinct between these two concepts is that the broad term sustainability can be applied to almost every activity and thing. CSR can be applied only to business organizations. CSR is about responsibility, both moral and legal. It refers specifically to business organizations' activities and focuses the results of the operations. CSR has also natural limitations. CSR is always constrained by the profit motive in business, as well as law. Sustainability may operate simply without implying any obligation, only as a description. Hypothetically any organization, activity or a thing can be classified either sustainable or unsustainable. (Sheehy & Farneti 2021, 13.)

### 3 RESEARCH METHODOLOGY

This research investigated themes, trends and concepts found from the sustainability reports from Marimekko and Fiskars Group. To find the themes and answers to the research questions, qualitative data was needed. The secondary data was collected from the sustainability reports using NVivo.

In order to answer to the formulated research questions, sustainability reports are analyzed using NVivo 12 software and the themes found are analyzed in terms of studied sustainability theory. Method adopted to this research is qualitative thematic analysis research method. This research method was chosen due to its convenience to seek understanding on experiences, thoughts, and behaviors across the collected data (Kiger & Varpio 2020, 3).

#### 3.1 Data description and collection

This research makes use of secondary data. Secondary data make use of reports that consider Marimekko's and Fiskars Group's sustainability reports published between 2013-2020. The reports were first downloaded to the writer's computer and moved to the NVivo 12 software for further analysis.

The data was collected and analyzed using NVivo 12 software. NVivo was chosen as a software, since it allows to display the reports and code the text under different categories at the same time. When presenting the results, the themes and trends were easy to find under the specific categories. The categories were chosen and created as the themes were found from the reports. At the end of the data gathering, there were a total of eight data categories formed from the themes found – employees, stakeholders, charity, development, products & services, circular economy, environment, and manufacturing.

For analysis, these data categories were placed under the Triple Bottom Line theory's categories – social, economic and environmental – to make it easier to present the themes from sustainability reports with respect to the sustainability theory.

### 3.2 Data analysis

The data was analyzed using thematic analysis method. Thematic analysis method was chosen since it is a powerful and flexible method for analyzing qualitative data. Thematic analysis method is often used to understanding experiences, thoughts, and behaviors through the collected data. Thematic analysis is most widely used through a six-step process: familiarizing yourself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming the themes, and producing a report. (Kiger & Varpio 2020, 1.)



Figure 8. Six-step process of thematic analysis (Kiger & Varpio 2020).

These steps guide the analysis process in this research as well. The more detailed explanation of this research's six-step process is given next.

#### 3.2.1 Familiarizing yourself with the data & generating codes

In the first analyzing part the writer familiarized herself with the existing sustainability reports of the companies under study. This meant active reading of the sustainability reports (table 2). This part did not include coding and finding the themes yet, but only understanding the raw data.

<b>Year</b>	<b>Company</b>	<b>Report</b>
2013	Marimekko Oyj	SUSTAINABILITY REVIEW 2013
2014	Marimekko Oyj	SUSTAINABILITY REVIEW 2014
2015	Marimekko Oyj	Sustainability Review 2015
2016	Marimekko Oyj	Sustainability Review 2016
2016	Fiskars Group	Sustainability Report 16
2017	Marimekko Oyj	Sustainability Review 2017
2017	Fiskars Group	GRI Supplement 2017
2018	Marimekko Oyj	Sustainability Review 2018
2018	Fiskars Group	Sustainability Report 2018
2019	Marimekko Oyj	Sustainability Review 2019
2019	Fiskars Group	Sustainability Report 2019
2020	Marimekko Oyj	Sustainability Review 2020
2020	Fiskars Group	Sustainability report 2020

Table 2. Sustainability reports from Marimekko Oyj and Fiskars Group.

The next step was to download the sustainability reports one at a time to NVivo to start the analytical process. NVivo was chosen since it was the most suitable software for the qualitative text analysis with a possibility to code text into categories. The data existing in the reports were already familiarized in the step one, but in the next step the data was coded into categories. This meant that each significant subject and prominent issue found from the

report was highlighted in NVivo and dragged into a category reflecting its theme. For example, if Marimekko wrote how it had successfully reduced its CO<sub>2</sub> emissions in 2017, the coded sentence was dragged under an environmental category since the category reflected the matter the best. The categories formed were intuitive and created as the process progressed. Eventually there were six categories formed reflecting the data - employees, stakeholders, charity, development, products & services, circular economy, environment, and manufacturing. The coding framework was inductive at this point, meaning that the observations were raised from the data alone without a guiding by theories or theoretical framework (Kiger & Varpio 5).

### 3.2.2 Searching, reviewing, defining, and naming themes

In the third step the coded data categories were examined and wider themes of broader significance were looked. The theme identification was now guided by the sustainability theory studied earlier. The coded categories were observed and combined with the Triple Bottom Line theory. All the categories coded earlier were placed under one of the bottom lines, either social, economic, or environmental. At this point the analysis switches closer to deductive approach, as the made categories were placed under the Triple Bottom Line's social, economic, and environmental categories. In this way the data found from the reports could be linked to the sustainability theory studied, and therefore the contents were more easily analyzable in the context of sustainability. According to the content of each category the most suitable bottom line of all was chosen. The division was done as follows:



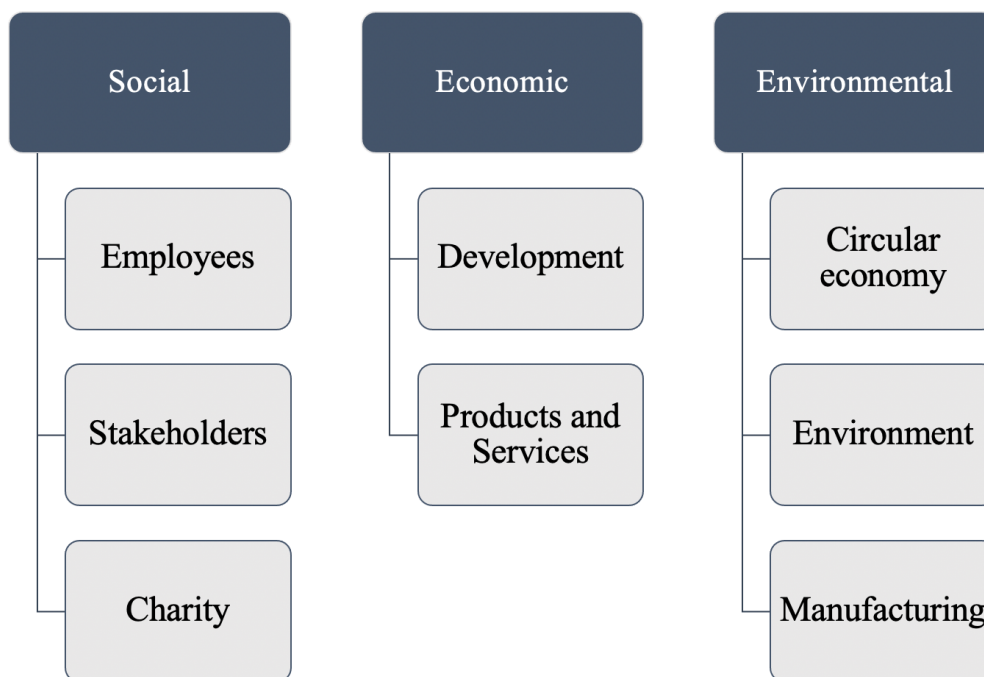


Figure 9. Data categories placed under the Triple Bottom Line.

The contents of the sustainability reports were quite multifaceted, and clear division was hard to make with placing the data into the data categories and eventually placing the data categories into the bottom lines. However, as a complex and multidisciplinary subject as CSR and sustainability is, it may always be hard to classify the issues clearly under a one specific topic. That’s why the writer made decisions roughly regarding the contents of the data categories and the contents of the bottom lines, and finally combined the most appropriate category with the most suitable bottom line. That’s how the model was done in the figure 9.

### 3.2.3 Producing a report

The final step of this analysis meant writing the final analysis and description of the findings. Usually, the final step also includes the final analysis but the write-up of the report. This step in this research stands mostly for the chapter five “conclusions and future research” where

the final analysis is, but when looking at the definition for the thematic analysis' final step, also the report writing is a part of it.

The final analysis of this research can be found from the chapter five "conclusions and future research".

### 3.3 Companies

This chapter briefly presents the case companies of this research. Marimekko and Fiskars are both famous Finnish design brands with a long history. They operate in consumer goods and services industry and offer products from different ranges from tableware to clothing.

Marimekko Oyj is a Finnish lifestyle design company. Marimekko is known globally for its original and recognizable prints and colors since the company's establishment in 1951. Marimekko's product portfolio includes clothing, bags, accessories and home décor items from textiles to tableware. Marimekko focuses on its products' timelessness and high-quality, and they aim to design long-lived products with a long product life cycle. Its products are sold in about 40 countries. Company's brands sales worldwide were 285 EUR million (2020), while company's net sales were 124 EUR million. Marimekko has roughly 150 stores all around the world. Its key markets are Northern Europe, North America and Asia-Pacific region. Marimekko's business model is based on several different distribution channels varying between Marimekko's own stores and partner-owned stores, Marimekko's e-commerce, department stores and multi-brand stores, e-tailers, shop-in-shops, and licensing (Marimekko c 2020). Marimekko employs approximately 420 people. Marimekko describes its strengths being the uniqueness and inherent interest of the brand, its patterns diversity, as well as the originality of the design idiom. Marimekko has its own printing factory in Herttoniemi, Helsinki, which produces around a million metres of fabric each year. Marimekko is listed on Nasdaq Helsinki. (Marimekko a 2021 & Marimekko b 2021.)

Fiskars Oyj (also known as Fiskars Group) is a global company consisting of internationally recognized brands such as Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford, and Wedgwood. The company was established in 1649 and it currently operates in 30 countries around in Europe, Asia and the Americas. Fiskars's brands are available in more than 100 countries and the company employs 6,400 employees. Fiskars Group's brands serve products from different categories from garden and outdoor equipment to tableware and cooking tools. In 2020, Fiskars Group's net sales were 1,116.2 EUR million. The company is listed on Nasdaq Helsinki. (Fiskars 2020.)

In order to examine these two companies in the same research, one must understand the different natures of them. Marimekko represents Marimekko brand only, whereas Fiskars Group is a company owning a portfolio of different brands worldwide. Both have operations in multiple countries besides domestic, so they need to comply by local laws and regulations in each nation. Both have wide and varied product range, so sourcing materials and manufacturing products require comprehensive supplier network. Even though Fiskars Group's sustainability report concerns the whole group and all its group companies, it may be harder to track and follow that each of the brands and their supplier networks follow the same sustainability strategy. The major difference between these two companies is that Fiskars Group consists of several different brands, and they all operate more or less independently, while Marimekko only represents itself. However, both companies have a Code of Conduct to ensure the same operating model no matter if the stakeholders work in a store, in production, in an office or in supply network anywhere in the world. Both have wide-spread supply chains for which the access to all relevant environmental information may be limited. In addition, it might be challenging to ensure that all the suppliers comply with the sustainability matters mentioned in the Code of Conduct for suppliers, even if both companies monitor their suppliers' operations and compliance regularly with audits. Both companies have factories in Finland, but most of the products and materials are sourced abroad. They both have several contract manufacturers in Europe and Asia.

## 4 ANALYSIS

All the sustainability reports from Marimekko Oyj and Fiskars Group have been coded and analyzed using NVivo 12. The coding was done using categories, such as employees, stakeholders, charity, development, products and services, circular economy, environment, and manufacturing. The contents of these categories are presented according to the division made earlier (figure 9). Both companies are presented separately with subchapters as social, economic and environment.

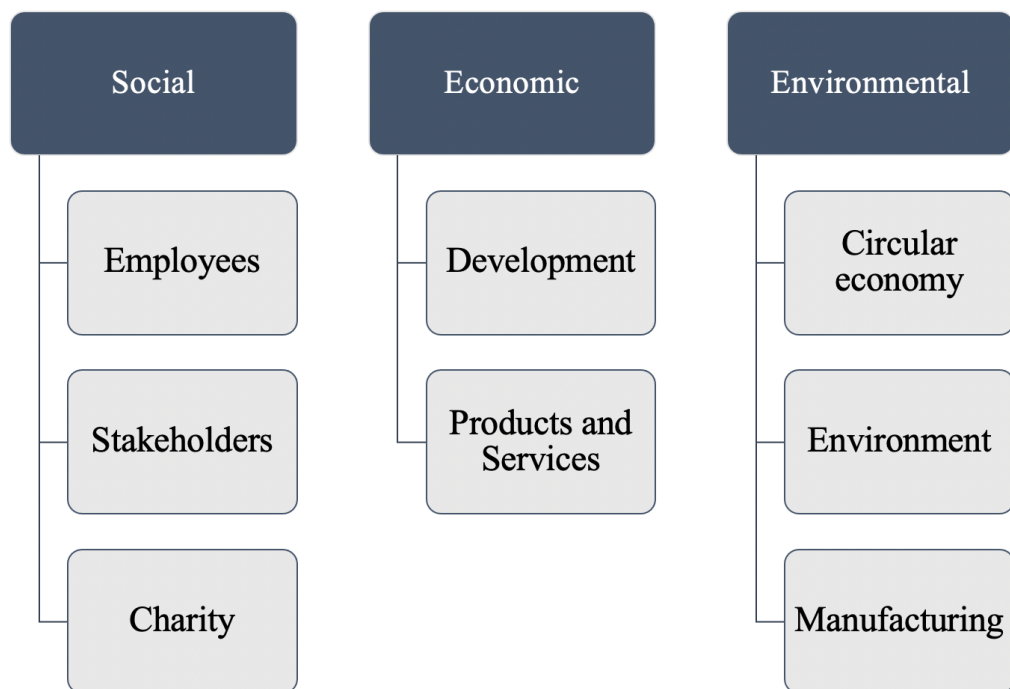


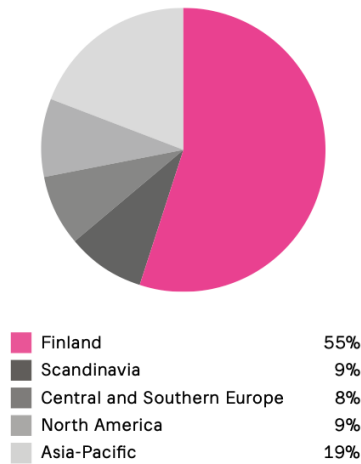
Figure 9. Data categories placed under the Triple Bottom Line.

First, Marimekko's sustainability results are presented from all the categories, and after Marimekko's results it is time to go through Fiskars Group's sustainability results.

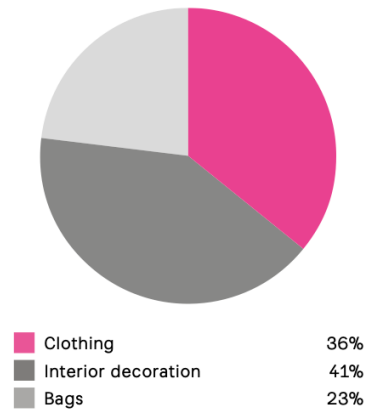
## Marimekko Oyj

Marimekko Oyj has reported their sustainability actions already from the year 2013. During the time of first sustainability report, Marimekko's products were sold in about 40 countries and the company's brand sales amounted EUR 191 million worldwide while net sales were EUR 94 million. Most of the net sales came from Finland (55 %), then Asia-Pacific (19 %), Scandinavia (9 %), North America (9 %), and Central and Southern Europe (8 %). In EU, the most significant manufacturing countries were Finland (30 %), Estonia (19 %), Lithuania (14 %), and Portugal (11 %), and from the non-EU countries China (8 %), Thailand (7 %) and India (5 %). Marimekko had 133 stores around the world, and its key markets were Northern Europe, North America and the Asia-Pacific region. Marimekko had approximately 500 employees back then, and the company's shares were listed on Nasdaq OMX Helsinki Ltd. During 2013, the themes around sustainability in which Marimekko focused were responsible sourcing, employees' wellbeing, environmental impacts of production and sustainable design. (Marimekko 2013, 1-2.)

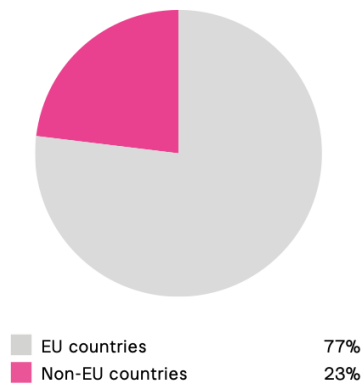
**Net sales by market area 2013**



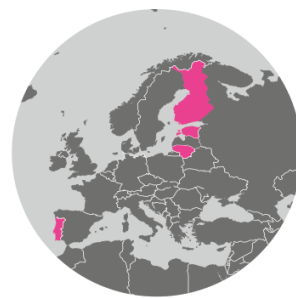
**Net sales by product lines 2013**



**Geographical breakdown of manufacturing 2013**



**Main manufacturing countries 2013**



The main manufacturing countries were Finland (30%), Estonia (19%), Lithuania (14%) and Portugal (11%). The main non-EU manufacturing countries were China (8%), Thailand (7%) and India (5%).

Figure 10. Marimekko’s net sales by market area, net sales by product lines, geographical breakdown of manufacturing and main manufacturing countries in 2013 (Marimekko 2013, 4).

During the next seven years, Marimekko’s brand sales increased 50 % from EUR 191 million to EUR 286 million, while its net sales grew 30 % from EUR 94 million to EUR 124 million. In 2020, Marimekko had roughly 150 stores around the world, and the company employed 420 people. The key markets were Northern Europe, the Asia-Pacific region and Northern America. (Marimekko 2020, 3.)

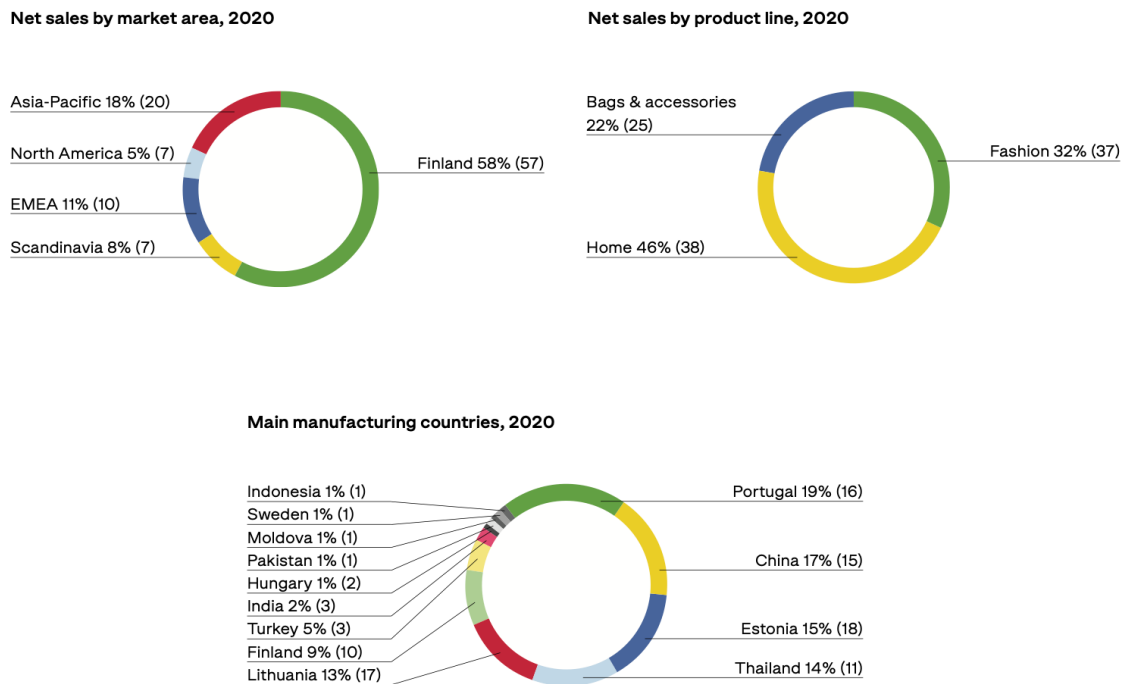


Figure 11. Marimekko’s net sales by market area, net sales by product line, and main manufacturing countries in 2020 (Marimekko 2020, 3).

## 4.1 Social

As mentioned in the theoretical framework, the Triple Bottom Line’s social bottom line concerns all the company’s stakeholders, such as employees, communities, individuals in the supply chain, customers as well as future generations. Social bottom line address issues such education assistance, community interaction, charitable causes, and fair fare practices. In this bottom line, the business profits are counted as a human capital.

### 4.1.1 Employees

One of the focus areas in sustainability targets 2011-2015 was Employee wellbeing and expertise. The target was to gain better personnel survey results than from the similar companies, and a good standard of overall results. Also, training employees in sustainability-related matters was mentioned. Employees working in sourcing, sales and design were

trained in sustainability-related matters. The training focused on Marimekko's sustainability work and its targets. Also, the targets of BSCI and BCI, and the life-cycle impacts of materials were educated for the employees. Also, to support in-store customer service, Marimekko provided product line and product category specific summary of manufacturing countries. For the designers, Marimekko provided a checklist to help them complying with sustainable design. In 2015, Marimekko invested in the development of managers at Marimekko subsidiaries in different parts of the world. Also, the Art of Selling training programme in retail started in 2015. Art of Selling aims to develop sales management and the progress of sales staff in their work. (Marimekko 2013, 30; Marimekko 2014, 34; Marimekko 2015, 41.)

In management work, Marimekko relies on its values and the leadership is based on fair and equal practices. Employees in management positions are supported with skill strengthening and long-term training to help them inspire and mentor their teams and create an environment for smooth operations (Marimekko 2013, 30; Marimekko 2014, 34). Every Marimekko employee is supported with development discussions kept twice a year. These discussions are for manager and employee to review the employee's development and set future targets (Marimekko 2015, 37). Marimekko also piloted a performance management model, "Maripeople", first time in 2017. The model was originally three-level evaluation scale, by which the performance can be measured. The model has been under a development since, and currently it includes KPIs to enable better measurement of the quality of leadership and management work as well as to gain valuable input for planning the leadership and the team-level development activities. The aim is to recognize better those who succeed and exceed expectations and help to give corrective feedback to those whose performance is below the targets (Marimekko 2019, 43). The objective of the model is to ensure the clarity of expectations, systematic two-way feedback between the employee and the manager, and a dialogue on the personal development path of the employee (Marimekko 2020, 45).

Safety in working environment is ensured by training employees in safety-related issues. Safety risks are regularly reviewed, and safety and first aid trainings are organized for



employees from time to time. Accidents and injuries are recorded. Marimekko is working closely with healthcare service providers and occupational health and safety organizations to support its employees in health matters. Employees' wellbeing is also supported by the development of management work in Marimekko, supporting the work-family life balance, and encouraging to sporting activities. Marimekko's approach with employee supportation is preventing. Marimekko has an early intervention model, which is a tool for detecting problems in their early stages. The purpose is to talk about them and find a resolution together with the employee. The target is to promote wellbeing at work and the ability to work. (Marimekko 2013, 30-32; Marimekko 2014, 36; Marimekko 2015, 41.)

Marimekko measures its employees' job satisfaction with a survey, "Marimeter". Previously, the survey was performed every two years, but currently it is performed annually since 2017. Based on the results, each team create their own methods of working together and strengthening the working environment. Managers analyze the results of the survey together with their teams, and the results are taking into account when making new development plans (Marimekko 2014, 36; Marimekko 2015, 41; Marimekko 2018, 40.)

#### 4.1.2 Stakeholders

Marimekko's most important stakeholders are the customers, personnel, shareholders, suppliers, and the media. Nongovernmental organizations (NGOs) are also more and more interested in about Marimekko's operations, especially in manufacturing operations and the origins of raw materials used in Marimekko products (Marimekko 2013, 12; Marimekko 2014, 14).

Marimekko has done a survey in 2011 to determine the attitudes of their customers and employees about sustainability matters. Marimekko's stakeholders increasingly expect Marimekko to integrate sustainability into its operations and act responsibly throughout its whole production chain. Loyal customers see domestic products, quality, and timelessness to be the key issues with Marimekko. For employees, the key issue is that Marimekko is a

responsible and encouraging employer. Child labor was not accepted anywhere in Marimekko's supply chain, and both employees and customers highlighted environmentally friendly and ethical production (Marimekko 2013, 12; Marimekko 2014, 14).

#### 4.1.3 Charity

Marimekko participates different charitable projects annually. Women and children have always been at the center of Marimekko's charity work. Marimekko has supported the Finnish Children and Youth Foundation's nationwide Storm project. The Storm project supports young people aged 12-29 with their difficult life situations through art. In the projects, participants get to create an art on their own under the guidance of professionals. (Marimekko 2013, 35).

In 2014, Marimekko donated part of the proceeds from the sales of kid's collection to Save the Children Finland. Save the Children Finland works with child protection and disaster aid (Marimekko 2014, 39). In 2016, Marimekko supported the operations of the Federation of Mother and Child Homes and Shelters by donating products for them. Also, they supported Aalto University School of Arts, Design and Architecture and the Finnish Hospital Clowns Association with a donation of fabrics and making hospital clown costumes for more than 30 hospitals (Marimekko 2016, 15-16).

Marimekko has also taken part in the Pink Ribbon campaign with specialty products. Pink Ribbon is the Cancer Society of Finland's annual campaign for supporting breast cancer research. Part of the specialty product sales were donated to the Cancer Society (Marimekko 2013, 35; Marimekko 2014, 39; Marimekko 2015, 43; Marimekko 2016, 15). Marimekko also supported the campaign for funding for Helsinki children's hospital (Marimekko 2014, 39).

Marimekko makes individual product donations for children's daycare centers and has participated in Junior Chamber International Finland's Christmas present collection for

young people under 18 years under child welfare services in Helsinki. (Marimekko 2013, 35; Marimekko 2014, 39; Marimekko 2016, 15.)

In 2015, Marimekko made donation to the Finnish Red Cross Disaster Relief Fund to help refugee crisis, which took the whole Europe by surprise. Marimekko also donated bedding and interior fabrics for the reception centers in Finland (Marimekko 2015, 43.)

Marimekko supported Finnish Sylva association in 2016 with a donation in 2016. Instead of giving Christmas presents for partners and stakeholders, Marimekko decided to support the charity work for children and young people with cancer. The donation supports art therapy in hospitals. (Marimekko 2016, 16.)

Marimekko arranged workshop together with the Finnish Children and Youth Foundation and Kiasma Museum of Contemporary Art. The purpose was to encourage young people with creativity and bold self-expression. (Marimekko 2017, 15.)

In 2018, Marimekko started collaboration with Plan, the children's rights organization, to promote girls' rights and education in developing countries. Marimekko donated Plan one euro for every sold Tasaraita shirt at Marimekko stores and online store during the periods of 1 April to 31 May, and from 1 October to 31 December 2018 (Marimekko 2018, 22). During the same year, Marimekko took part in the Annual Fashion Revolution campaign and published stories about people behind their products in factories in Portugal, Lithuania, and China, as well as in Marimekko's own printing factory in Helsinki. Marimekko also took part in Helsinki Pride week with a Tasaraita-themed window installations in Helsinki flagship store (Marimekko 2018, 6).

In 2019, Marimekko participated in Plan International's Girls Takeover campaign. Yet again, Marimekko also celebrated Helsinki Pride Week and dedicated Tasaraita-themed window installation at its Aleksanterinkatu store. (Marimekko 2019, 23.)

Marimekko also took part in the celebration of International Women's Week in 2020. Marimekko contributed to a Plan International's project, where the aim is to help 400 young women in Ethiopia and Uganda with the development of their IT skills to enhance their ability to gather information and find employment. Marimekko also continued its partnership with Helsinki Pride, and issued official Helsinki Pride products (Marimekko 2020, 6).

## 4.2 Economic

The economic bottom line stands for the impacts the business has on its economic environment. This bottom line focuses also on organization's performance through strategic capability management, shareholder value creation, and marketing orientation. This part of the research focuses mostly on the business developments, and products and services found from the sustainability reports which the business has relating to its sustainability work.

### 4.2.1 Development

Marimekko has done a lot of research work for the development of new sustainable raw materials used for their products. Since 2013, Marimekko has been involved in a Finnish research project, Ioncell F, led by Aalto University and University of Helsinki. Ioncell F project aims to develop solvent method by which the biodegradable textile fibre could be produced without harmful chemicals. There has been a prototype dress in 2016, and Marimekko has been focusing on the Ioncell F material commercialization. (Marimekko 2016, 16.)

Marimekko has been working with WFS, Finnish second-hand online shop, to enable customers to bring their Marimekko clothes and accessories easily for resale.

During November 2017, Marimekko began cooperation with a Finnish fibre technology company Spinnova. Together with Marimekko, Spinnova aims to develop and commercialize new wood-based textiles. Spinnova has already developed a technology, which enables spinning pulp into textile fibre without any chemical processing. Their method is considerably less of a strain on the environment if you compare it with cotton or viscose production. Fabrics made with Spinnova fibre can easily be reused, recycled, and composted (Marimekko 2017, 5). In 2018, their cooperation progressed, and the focus was on fibre and yarn development. Also, they were testing washing and dyeing on the material (Marimekko 2018, 22). First demo products were designed, printed and sewn by Marimekko 2019, and they were launched in February 2020. The prototype clothing included a woven jacket, a woven bag, a striped jersey shirt – all of them in two colors and made of the Spinnova fiber. During 2019, Marimekko also provided facilities for testing a new plant-based indigo dye, which is extracted from woad grown in Finland. This cooperation continues also in 2020 (Marimekko 2019, 22). In 2020, Marimekko-Spinnova collaboration was chosen as a finalist in Fast Company's prestigious Innovation by Design Awards (Marimekko 2020, 6). In November 2020, Marimekko announced that they will launch their first natural dye printed garments, bags and home items in their 2021 autumn collection. The dye was developed together with Natural Indigo Finland (Marimekko 2020, 7).

Marimekko also decided to give up plastic bags in stores, and currently place products in paper bags which material is certified by the Forest Stewardship Council (FSC). These bags are fully recyclable (Marimekko 2017, 32). In 2019, Marimekko started to introduce more recyclable materials into their collections. They changed the material of their foldable shopping bags to fully recycled polyester. Still, the overall share of recycled materials of all their textile purchases was minimal 0.2 %. They still aim to increase the share in the future (Marimekko 2019, 18).

Due the Covid19 pandemic, Marimekko invested in their digital channels and held their annual summer fashion show digitally and invited people around the world to participate. Also, Marimekko participated Copenhagen Fashion Week with digital presentation filmed in their printing factory Helsinki. The presentation included their pre-spring collection 2021,

but also a selection on vintage gems from Marimekko's collections from last decades. (Marimekko 2020, 6-7.)

#### 4.2.2 Product & Service

Marimekko's products have been designed to last time. Their customers appreciate Marimekko's products' quality, timelessness, and uncomplicated function. During 2013 almost 80 % of Marimekko's products were manufactured in Europe. This was very unusual already back then. However, the share of their products manufactured in Europe was 60 % in 2020, so the trend is clearly going downwards (Marimekko 2013, 2; Marimekko 2020, 29). In 2016, Marimekko was awarded in the Design Challenge competition for their timeless design. In the competition, the panelists paid a lot of attention to the long life and quality of design (Marimekko 2016, 5). Also, a financial publication Forbes placed Marimekko on its top 4 list of fashion brands, which make sustainability look chic (Marimekko 2016, 5).

Already in 2013 it was notable, that the development of the cotton production and cotton's traceability create significant challenges for the industry. Marimekko was first Finnish company to join the international Better Cotton Initiative (BCI) in 2013. BCI's target is to make the global cotton production better for the people and for the environment. (Marimekko 2013, 22.)

Besides cotton, Marimekko uses wool and merino wool, flax, modal, lyocell, viscose, leather, and silk as a raw material in their collections. Each of the materials has both social and environmental impacts during the whole life cycle, so it is not easy to answer whether one of them is more sustainable than other. However, Marimekko uses a classification tool from MADE BY organization, by which they can measure different materials concerning water, energy, waste, and chemicals. (Marimekko 2014, 18)

Marimekko needs to ensure that its products quality and safety withstands in all conditions. That's why the products' quality is tested continually by Marimekko's own quality team as well as testing laboratories externally. Marimekko also tests its products in their own printing factory in Helsinki regarding for color fastness, shrinkage, and abrasion resistance. (Marimekko 2013, 22.)

In 2014, Marimekko focused on its collections' moderation and functionality. The collection structures were reformulated to facilitate coordinated ensembles with fewer items. In the future, every product in Marimekko's collection needs to earn its place (Marimekko 2014, 18).

Also, the proper care of the products is very important, since up to two-thirds of energy consumption and emissions during the products full life cycle comes from washing and maintenance of the product. By caring the product properly, customers can make the Marimekko product even more sustainable choice (Marimekko 2014, 20).

Marimekko aims to keep their reclaims under 0.5 percent annually. By ensuring this, Marimekko shares more information to their retail personnel and customers about the materials and product care. Also, Marimekko collaborates closely with its suppliers and visit their factories to ensure the quality of production (Marimekko 2017, 18). Marimekko launched its first care instruction packages in their website in 2019. The aim is to help the customers to maximize the life cycle of their Marimekko products by taking proper care of them (Marimekko 2019, 8-9). Part of the new guide, Marimekko launched care tips for different materials in their online website (Marimekko 2019, 23).

In 2012, Marimekko started cooperating with Vaatelainaamo, which is a clothing rental service in Helsinki. Marimekko's own products as well as other brands' products can be borrowed against a monthly fee, and customers do not need to own the product. (Marimekko 2013, 16.)

Marimekko provides its customers sewing and repairs service for products (Marimekko 2014, 20).

### 4.3 Environmental

The environmental bottom line considers the consumption, waste and emissions used and occurred during the business operations. These may include the amount of renewable energy and energy consumption, amount of material recycling, the amount of water from local water sources, and amount of greenhouse gas (GHG) emissions such as carbon dioxide (CO<sub>2</sub>).

#### 4.3.1 Circular Economy

Circular economy offers many opportunities for business sectors. Marimekko's products are very popular in second-hand markets. Marimekko has partnership with a second-hand online store WTS (We Started This, later Vestis). Marimekko aims to deepen their partnership also in the future and offer their customers even more extensive information about the proper care to prolong life of their products and possibilities for reselling. (Marimekko 2016, 19; Marimekko 2017, 17; Marimekko 2020, 18.)

Marimekko has launched an extensive care guide for its products in their online store, and the amount of information has been since increasing annually. The care guide helps Marimekko's customers to take good care of their products (Marimekko 2020, 8). Marimekko is constantly looking for new projects to promote circular economy with other industry players (Marimekko 2017, 17).

Circular economy was prominent in many textile and clothing industry seminars in 2014. Marimekko's products have already good recycling waste – only about six percent of the customers Marimekko products end up in a landfill as a mixed waste. In Facebook, there is



a Marimekko flea-market group of over 26 thousand members, where Marimekko products change hands quite quickly. (Marimekko 2014, 20).

For broken products, Marimekko provides sewing and repair service. They are also investigating other ways to further their products' life cycles as well as to develop the ways of use those products which have come to the end of their product life cycle. (Marimekko 2014, 20.)

#### 4.3.2 Environment

The environmental impacts from sourcing are much greater than the impacts from Marimekko's own production. For factories who sew the products, the waste cutting and energy consumption are the biggest environmental impacts. Factories, who make and dye knits and fabrics, chemical usage and water consumption and are the most significant environmental impacts. (Marimekko 2013, 24.)

Marimekko's own in-house manufacturing has also environmental impacts. Marimekko switched to energy generated fully renewably in their own premises in 2013. This switch had huge effect on reducing carbon footprint, even if the electricity consumption fell only slightly (Marimekko 2013, 26). The electricity purchased was generated by carbon-free renewable hydropower. The heat energy used was generated with natural gas (Marimekko 2014, 30). At the beginning of 2016, Marimekko switched natural gas to benign biogas instead. Biogas is produced in Finland from the biological wastes occurred from agriculture, the food industry, retail, and households. This switch affected Marimekko's carbon dioxide emissions from fuel consumption fell practically to zero (Marimekko 2016, 32). The only non-renewable source of energy is district heating (Marimekko 2019, 34).

In 2018, heating energy consumption increased in Helsinki printing factory. The main reason for this was that the new air-conditioning systems were installed and they are operated manually (Marimekko 2018, 35).

Majority of the waste occurring from the operations in Helsinki printing factory is energy waste (Marimekko 2013, 26). Marimekko is constantly investigating new ways of using textile waste occurring in the printing factory, but so far the optimal re-use has not been found (Marimekko 2014, 31).

Water usage has significant environmental impact at Marimekko's printing factory. Most of Marimekko's patterns go through several color printing process. 1-12 printing screens are used for each fabric, and these screens need to be washed after every usage. In addition, water is used for the pattern finishing. Marimekko started more precise water consumption monitoring in 2013. This enables Marimekko to find the most crucial points for water usage and a chance to decrease the consumption where possible. (Marimekko 2013, 27; Marimekko 2014, 31.)

In 2016, Marimekko installed new washing machines to Herttoniemi printing factory, which rose the waste quantity briefly. Also, the water consumption increased due to the test runs of the new washing machinery. (Marimekko 2016, 33.)

The chemicals Marimekko uses in the textile printing factory are printing dyes, finishing agents and detergents (Marimekko 2013, 27). Marimekko's use of chemicals is strictly regulated by European chemicals legislation REACH, and it is Marimekko's responsibility that their products comply with the chemical requirements of European legislation as well as other legislation and regulation prevailing in other Marimekko's customer markets (Marimekko 2014, 32). Majority of Marimekko's textiles printed in their own printing factory has the Oeko-Tex 100 certificate, meaning that the chemicals used in the manufacturing process are limited more than required by the law. Oeko-Tex certification proves, that the product does not contain harmful chemical residues (Marimekko 2014, 32).

Marimekko has stopped using PVC plastic and perfluorinated hydrocarbons (PFCS) in its products since 2019. Marimekko investigated new environmentally friendlier materials for its products, and currently they are using acrylic coating instead of PVC coating (Marimekko 2018, 37). Since July 2019, all nes products from Marimekko are PVC and PFCs free (Marimekko 2019, 38).

Only 1 % of the total waste generated ended up in the landfill in 2015. Up to 98 % of the waste generated in Herttoniemi was used in energy production or as recycled material (Marimekko 2015, 36).

In 2015, the whole packaging concept changed and from January 2016 the new paper bags arrived at the stores. Plastic bags which Marimekko used were partly made from recycled material, plastic is still challenging material environmentally. The new paper bags are fully recyclable, and biodegradable made from wood fibre certified by the Forest Stewardship Council (FSC). (Marimekko 2015, 38.)

By reorganizing logistics, Marimekko aims to offset its carbon emissions from all its transports in Finland (Marimekko 2016, 33). Marimekko's own operations, including printing factory, offices and own retail stores, became carbon neutral in 2020 (Marimekko 2020, 41).

#### 4.3.3 Manufacturing

Regardless of where Marimekko's products are manufactured, the quality and the competence of employees does not change. Marimekko is careful on its manufacturing conditions. Marimekko wants to cooperate with suppliers sharing the strong set of values. Different industry initiatives, such as Business Social Compliance Initiative, helps Marimekko to monitor its suppliers. More importantly, Marimekko focuses on careful selection of suppliers, and raising awareness and building capacity. (Marimekko 2013, 2.)

Climate change has a direct impact on manufacturing since it has direct effects on Marimekko's most used raw material – cotton. Climate change effect on cottons availability and thereby on its price (Marimekko 2013, 14). Cotton is widely used and traditional material. It is a natural fibre which feels comfortable on skin. However, it is hard or almost impossible to trace since it has a multistage production chain. What makes the material even more problematic is that there are still child labor and forced labor in certain cotton growing areas. Cotton may have even mixed with other cotton from different countries, so the true origin is hard to find. The information is not currently flowing smoothly from farmer to the ginnery, to the trader, the spinning mill, and the weaving mill, and finally to the end user of the material. Marimekko has joined in Better Cotton Initiative (BCI) in 2013. BCI aims to make global cotton production more sustainable by organizing trainings for the farmers to help them use less water and chemicals (Marimekko 2013, 15). Marimekko does not restrict where its suppliers source their cotton, exception being the Uzbek cotton and Turkmen cotton. Uzbek cotton has been linked to child labor and forced labor, and due to these human rights abuses, Marimekko restricted the use of Uzbek cotton in 2012, and signed a similar pledge by Responsible Sourcing Network (RSN) linked to Turkmen cotton in 2019 (Marimekko 2013, 22 & Marimekko 2018, 18).

Marimekko has a wide product range, which demands special skills and proper manufacturing capacity. Wide supply chain enables Marimekko to offer even wider product range and the best quality. Major part of Marimekko's products have been manufactured in EU countries. However, Marimekko has suppliers also in countries outside EU. Marimekko's sourcing is guided by the Principles of Responsible Sourcing and Marimekko's own Code of Conduct for Suppliers. (Marimekko 2013, 20.)

Existing suppliers are evaluated on annual basis. On evaluation, attention is mostly based on social compliance audit results, supplier's own supply chain, supplier's proactivity on sustainability issues and the environmental targets. As Marimekko is a part of BSCI, they are committed to social audits of suppliers operating risk countries outside EU. Marimekko

has suppliers in Thailand, China, and India, which all are classified as high-risk countries by BSCI (Marimekko 2013, 20.)

Marimekko's printing factory in Helsinki is one of the only industrial-scale textile printing factories in Nordic countries. The factory serves Marimekko as a production plant but also as an innovative hub for new innovations (Marimekko 2019, 34). Materials, which Marimekko prints in Helsinki printing factory, are mostly Öko-Tex 100 certified. Öko-Tex 100 certificate assures, that the products do not contain harmful chemicals (Marimekko 2017, 18). Products, which used to contain PVC plastic or PFC compounds have been replaced with more environmentally friendly acrylic coating. Since July 2019, all new products have been PVC and PFC free. (Marimekko 2014, 18 & Marimekko 2019, 38).

## Fiskars Group

Fiskars group has reported its sustainability actions since 2016. During 2016, Fiskars Group's net sales were EUR 1,204.6 million. Fiskars Group employed around 8,600 employees in over 30 countries. Fiskars Group's products were sold in more than 100 countries (Fiskars Group 2016, 4). Fiskars Group strategy lies on its own manufacturing operations and selected suppliers. In 2016, finished goods were sourced from Europe, North America and Asia. The biggest sourcing countries in 2016 were China, Taiwan, Thailand and Vietnam (Fiskars Group 2016, 35).

In 2020, Fiskars Group's net sales were EUR 1,116.2 million. The company employed 6,400 employees and its was present in 30 countries in Europe, Asia and the Americas. Fiskars Group brands were available in more than 100 countries. (Fiskars Group 2020, 4.)

## 4.4 Social

The Triple Bottom Line's social bottom line concerns all the company's stakeholders, such as employees, communities, individuals in the supply chain, customers as well as future generations. Social bottom line address issues such education assistance, community interaction, charitable causes, and fair fare practices. In this bottom line, the business profits are counted as a human capital.

### 4.4.1 Employees

Fiskars Group wants to empower and inspire its employees to learn and bring in new ideas and skills. The learning philosophy is based on the 70-20-10 principle. It means, that 70 % of the learning happens while working in the job, 20 % happens when you are learning with others, and the last 10 % you learn from courses and formal studies. Fiskars supports the learning from others method by investing in learning opportunities, such as mentoring program. Fiskars' mentoring program pairs junior and senior employees and sets up an environment optimal for learning. Fiskars has also a learning platform, where are several online learning opportunities including some mandatory trainings as well as some deep dive trainings to inspire and develop employees. (Fiskars Group 2016, 22.)

Safety is a priority throughout its whole value chain in Fiskars Group. The target is to have zero Lost Time Incidents, which stands for an occurrence which resulted in time lost from work of one day or more, by 2027. The target includes not only Fiskars' own employees, but also contractors and suppliers. (Fiskars Group 2016, 24.)

Fiskars promotes human rights and equal opportunities in everything they do. They have the Fiskars Code of Conduct to help employees follow same principles and guidelines when working. Fiskars also expect their suppliers to have the same values and high ethical standards as they do. The Fiskars Code of Conduct for Suppliers presents the standard for suppliers, which they must meet to work with Fiskars. Fiskars demands its suppliers to sign

and commit the Fiskars Code of Conduct for Suppliers and Fiskars run audits to ensure the requirements are met. The Fiskars Code of Conduct for Suppliers includes expectations regarding the ethical, social, and environmental issues of suppliers. Fiskars also arranges yearly workshops to share good practices and provide trainings for its suppliers. (Fiskars Group 2016, 26 & 37.)

#### 4.4.2 Stakeholders

It is a priority for Fiskars to engage its diverse stakeholder groups, since it provides insights for the company to support continuous development and helps in the long-term target achievement. Fiskars Group engages stakeholders in an active discussion. Fiskars collects feedback from the stakeholders in the form of employee survey and sustainability stakeholder survey. To achieve a successful business, it is important to meet the needs of its stakeholders. Fiskars Group consider its stakeholders to be entities or individuals, who have impact on their business and/or are affected by Fiskars activities, products and services both risks and opportunities. These are such consumers, customers, board of directors, employees and potential employees, suppliers and subcontractors, shareholders and investors, non-governmental organizations, media, and research institutes, universities, and vocational schools. (Fiskars Group 2020, 45-55.)

High-level topics collected from the recent stakeholder survey are strong commitment to sustainability, clear and bold targets which support Fiskars Group's strategic priorities, more communication on sustainability, prioritizing on key topics on sustainability, courage to experiment, clear governance model, plastics in packaging and in products, and manufacturing locations. (Fiskars Group 2020, 56.)

Fiskars Group has responded to these topics with several actions. Fiskars Group actively develop its integrated sustainability approach. The leadership team have created roadmaps to help the group focus on their efforts where they matter the most. During 2020, Fiskars set new science-based emission targets and joined to the UN Business Ambition of 1.5°C

initiative. During the same year, Fiskars organized series of Sustainability Talks. In Sustainability Talks they shared insights of all the commitments and current actions. Fiskars also chose relevant Sustainability Development Goals for its business to prioritize their sustainability topics. They introduced BRUK team, who focuses on the innovations and trials. The sustainability governance model was updated and is not part of Fiskars Consumer Experience and Growth function to make sustainability part of the business. Fiskars has set a target to have all of its packaging renewable, preferably recycled and further recyclable by 2030. Fiskars manufacturing its products in their own and partners' factories. Fiskars aims to be more transparent and communicate more about their manufacturing policies and quality standards. (Fiskars Group 2020, 87.)

#### 4.4.3 Charity

Fiskars brand has partnered with Boys & Girls Clubs of America (BGCA) since 2012. Fiskars brand supports the arts and crafts programming in the clubs, as well as annual events like Backto-School Campaign and Youth of the Year event. In 2018, Fiskars brand chose 50 teachers to receive USD 500 plus tools for their classroom in partnership with the Project Orange Thumb Teacher Grant Program. This program aims to recognize teachers who share passion for fostering creativity through hands-on learning. (Fiskars Group 2016, 27.)

Since 2012, Fiskars Group has supported SOS Children's Villages in Finland. SOS Children's Village in Finland helps families by different actions, such providing early intervention, open care, and foster care. SOS Children's Village also supports young people when they overcome different challenges in life and become independent adults. Fiskars Group does financial donations as well as provides starter-kits for young adults, including tableware, cooking tools, cutlery, and pots. (Fiskars Group 2016, 27; Fiskars Group 2018, 41.)

Arabia and Fiskars brands have sponsored Pink Ribbon in Finland. Pink Ribbon researches ways to prevent and cure breast cancer. Fiskars and Arabia have participated with Pink



Ribbon campaign products, such as Arabia Suomen Kukka and Esteri mugs, as well as Fiskars' Classic scissors. Fiskars Group donated one euro from every sold piece of campaign products to Pink Ribbon (Fiskars Group 2018, 41). In 2019, Arabia and Rörstrand brands supported Pink Ribbon with a selection of mugs. In 2019, the donation for Finnish and Swedish cancer society was 160,000 € (Fiskars Group 2019, 32).

Fiskars' brand Iittala partnered with WWF Finland in 2019. With the color of the year, seablue, Iittala contributed 2.5 % of sales of every sea blue product to WWF's initiative to protect the Arctic. The amount of donation to WWF was 22,400 € in 2019 (Fiskars Group 2019, 32). In 2020, Fiskars Group donated EUR 50,000 to WWF for the biodiversity work, as the destruction of nature and biodiversity is a major reason to pandemics as the prevailing COVID-19 (Fiskars Group 2020, 64).

Fiskars Group's Gerber brand has partnered with Team Red, White, and Blue (Team RWB). Team RWB's mission is to enrich the lives of America's veterans by commuting veterans with physical and social activities. (Fiskars Group 2018, 41.)

In 2020 it had been 75 years since Tove Jansson wrote her first Moomin story. Arabia's seasonal Moomin set was involved in the #OURSEA campaign by John Nurminen Foundation. For each seasonal Moomin mug sold, Arabia donated one euro to the campaign work of purifying the Baltic Sea. (Fiskars Group 2020, 49.)

#### 4.5 Economic

The economic bottom line stands for the impacts the business has on its economic environment. This bottom line focuses also on organization's performance through strategic capability management, shareholder value creation, and marketing orientation. This part of the research focuses mostly on the business developments, and products and services found from the sustainability reports which the business has relating to its sustainability work.

#### 4.5.1 Development

Fiskars Group has identified three most relevant Sustainable Development Goals (SDG) for their business. The Sustainable Development Goals (known as Global Goals) are actions adopted by United Nations in 2015 to end poverty, protect the planet, and ensure that all people will enjoy peace and prosperity by 2030 (UNDP 2022). The first SDG Fiskars identified relevant for its business was number 12, Responsible Consumption and Production. Fiskars has already done development concerning materials, substances of concern, and waste management. However, there is still room for development, and they aim to have better understanding on different topics, such as product life cycle and the impact of sustainable service models. They will include the SDG number 12 into their action plans and targets for future development (Fiskars Group 2018, 28).

The second SDG Fiskars identified was number 13, Climate Change. As a consumer goods company, Fiskars has a crucial impact on its consumers consumption habits. The core business is to manufacture products and deliver them to customers throughout the supply chain. Each link in Fiskars' value chain has a negative impact towards climate change in the form of CO<sub>2</sub> emissions. Fiskars has done some reductions on its negative impacts, and with its lasting design and circular economy business models, Fiskars has achieved also some positive impacts. (Fiskars Group 2018, 28.)

The third SDG is number 10, Reduced Inequalities. Fiskars Group has thousands of employees, and even larger number of people is working in their value chain. One of Fiskars' top priorities is to treat people equally and diversity. Fiskars Group also actively reduces inequalities, since otherwise it might have negative impacts on this SDG number 10. All these three SDG's have been included in the Fiskars Group's sustainability concept in 2019. (Fiskars Group 2018, 28.)

Fiskars Group has developed new business concepts around the circular economy. One of them is the recycled Raami collection, where Iittala's glass factory created tumblers solely from waste glass. First started as a pilot, but Iittala has expanded the use of recycled glass to other products in 2020 (Fiskars Group 2020, 14). Another business concepts Fiskars has around circular economy are the Vintage service and Subscription service. The Vintage service allows consumers to bring back their old Iittala and Arabia tableware, and the service resells them to new customers while expanding the products lifespan. The Subscription service allows customers to rent Arabia tableware series for an affordable monthly fee. After the subscription customer may decide, whether he/she wants to return the items back to Iittala stores, or to purchase them with a lower price, or to change them to another series. The idea is to extend the subscription-based service also to other brands and categories in Finland. (Fiskars Group 2020, 23.)

In order to stay relevant, Fiskars Group set up innovation hub BRUK consisting of intelligent employees around the Fiskars Group to design, test, and scale new ideas. BRUK aims to build a culture of innovation inside the company and work together with teams to develop ideas further. BRUK can also partnership with other companies, universities, or start-ups, to enable them to identify and develop solutions fast. (Fiskars Group 2020, 21.)

#### 4.5.2 Product & Service

Fiskars Group works hard to ensure its products and services meet the requirements on durability, functionality, safety, and visual quality (Fiskars Group 2017, 22). Fiskars Group is constantly looking for new ways to increase its use of recycled and renewable materials in its products. The target was that by 2027, 50 % of all the materials Fiskars Group is using for its products are either recycled or renewable (Fiskars Group 2018, 19). In 2019, Fiskars Group piloted the reuse of waste glass and produced a limited edition of Iittala's Raami tumblers in its own glass factory in Iittala, Finland. Iittala glass factory was one of the world's first industrial factories to produce tumblers solely from waste glass. The pilot ran successfully, and Iittala expanded the recycled glass series in 2020 (Fiskars Group 2019, 14).

In 2020, Fiskars introduced an innovative version of its Classic scissors. The new scissors were made from recycled and 100 % recyclable materials, such as material composed of post-consumer plastic and renewable wood fiber. The blades were made of recycled stainless steel. The scissors were manufactured in Fiskars' Billnäs factory in Finland, and their packaging was made with 100 % recycled paper fibre (Fiskars Group 2020, 24). Each piece was unique, as you could see the wood fiber from the handles with human eye.

Fiskars Group launched its Vintage service in 2019. The service is available in Iittala stores around Finland. The service buys and sells second-hand Iittala and Arabia tableware. Each product's condition is assessed carefully in the store. If the product is not suitable for resale, Iittala staff can recycle the piece as the raw material can be used in the construction industry. First after the recycle, the ceramics are crushed into a fine powder in order to provide the raw material for the bricks. The waste from glass items is used to manufacture insulation material. In 2020, the Vintage service expanded to Sweden and Fiskars Group aims to continue the expansion also to other markets in 2021 (Fiskars Group 2020, 22). The service has been very well received by Iittala's customers (Fiskars Group 2019, 17). Fiskars Group has calculated together with the Helsinki Metropolitan Area Reuse Centre Ltd., that the take-back service saved up to 165 tons of natural resources and 56 t CO<sub>2</sub> emissions in Finland in 2020 (Fiskars Group 2020, 15).

During the end of 2019, Fiskars Group launched a Subscription-based tableware service. The service is based on Fiskars' Arabia brand, and the service allows consumers to rent Arabia's tableware for use for a monthly fee. When the 1-year subscription ends, consumer may return or purchase the tableware, or change them for another series (Fiskars Group 2020, 23). The tableware series are ordered online, and they home delivered. If customer wants to return the tableware after the subscription, the tableware pieces are sold via the Vintage service in Iittala stores (Fiskars Group 2019, 18).

## 4.6 Environmental

The environmental bottom line considers the consumption, waste and emissions used and occurred during the business operations. These may include the amount of renewable energy and energy consumption, amount of material recycling, the amount of water from local water sources, and amount of greenhouse gas (GHG) emissions such as carbon dioxide (CO<sub>2</sub>).

### 4.6.1 Circular Economy

Fiskars Group sees a lot of unmet potential in the area of recycling from a business model perspective. Fiskars Group constantly investigates new ways to increase the use of recycled or renewable materials in its operations (Fiskars Group 2019, 16). Business models, which are based on the circular economy, create value when keeping the products and materials in the circulation as long as possible. In an economy, which is based on renting, recycling, reusing, repairing, and repurposing, materials are not discarded but kept in the circulation. By following circular economy, waste is kept to a minimum and products and materials achieve long life-cycle and high usage rate (Fiskars Group 2020, 21).

Fiskars Group has studied circular economy and investigated opportunities available to the business. Due the study, Fiskars Group piloted the currently known Vintage service in 2018. The take-back concept was piloted in three stores in Finland, and the service allowed consumer to buy and bring back used Iittala and Arabia tableware. With flawless products, consumers received a voucher or cash back at the Iittala store cashier. The take-back products were either sold onwards to the new consumers or recycled if the condition did not allow reselling. Fiskars Group saw, that the circular economy offers them interesting business opportunities, which also seemed to resonate with their customers. (Fiskars Group 2018, 18; Fiskars Group 2019, 17.)

Fiskars Group has organized recycling campaigns, where consumers may bring their old and used pans, pots, and cutlery to Iittala stores in Finland. Fiskars Group's recycling partner

processes the collected products and separates different materials and gives them to the material supplier. Recycled materials are later mixed with new material to create great mixture of materials for new product manufacturing in Sorsakoski factory. (Fiskars Group 2018, 20.)

The other service model besides Vintage service is the Subscription service model launched in 2019. Consumers may rent Arabia tableware for a monthly fee, and after the 1-year initial subscription, either return the series to Iittala stores or buy them for themselves, or alternatively change the series to another Arabia's tableware series and continue the subscription. Consumers values and habits are changing, and this change offers excellent opportunities to inspire consumers in a positive and sustainable manner. (Fiskars Group 2019, 18.)

Fiskars Group's long-term target is to have global take-back system to recycle, reuse or resell its products by 2030, covering all Fiskars Group's main brands (Fiskars Group 2020, 21).

#### 4.6.2 Environment

Fiskars Group's approach for environment and energy is guided by two principles – mitigating negative impacts and supporting long-term competitiveness (Fiskars Group 2018, 45).

Fiskars Group has promoted recycling over a decade. Fiskars Group has organized annual recycling campaigns, and over the years Fiskars Group has recycled more than 390 tons of old pans and pots. Approximately 70 % of the raw material used to manufacture Fiskars pans and pots is sourced from recycled sources (Fiskars Group 2016, 18).

Indonesia has one of the world's fastest rates of mangrove destruction resulting carbon storage loss of 190 million metric tons CO<sub>2</sub> annually. In, 2016, Fiskars Group ceramics

factory in Indonesia donated and planted 1,500 mangrove seedlings in Tangerang. Fiskars Group is also constantly tracking and supporting the growth of these mangroves (Fiskars group 2016, 28). The ceramics factory in Indonesia continued its annual efforts towards reducing deforestation. In 2018, 2,000 mangrove seedlings were planted by Fiskars. In November 2018, Fiskars donated and planted 2,500 mangrove seedlings in Karawang. The team is supporting these mangroves in the future also. (Fiskars Group 2018, 45.)

In 2016, Fiskars Group conducted a comprehensive risk mapping for climate change. Some international guidelines and standards, such as ISO 14001, guide Fiskars Group with its environmental management. Majority of Fiskars factories and distribution centers have ISO 14001 certificate, and Fiskars will continue the certification process further (Fiskars Group 2016, 34). In 2017, Fiskars finalized the climate change risk mapping by including concrete management actions. Fiskars is following the industry standards actively, and operated internal and external audits regarding the ISO 14001 standard (Fiskars Group 2018, 45).

Fiskars Group's long-term goal is to cut landfill waste by 2028. Fiskars factories have constantly reduced waste to landfill. For example, Gerber factory in Oregon, U.S., reduced landfill waste by 235 tons with recycling (Fiskars Group 2016, 34). In 2018, Fiskars reduced the amount of landfill waste by 52 % compared to 2017, total amount being 1,899 tons (Fiskars 2018, 20). In 2019, Fiskars lowered 61 % landfill waste amount compared to the base year 2017, and the total amount of waste ended up in the landfill was 1,550 tons. The key contributors for this was the Royal Copenhagen factory in Thailand, PT Doulton ceramics in Indonesia, and Fiskars factory in Poland, with a developed recycling process and updated waste process (Fiskars Group 2019, 16).

Fiskars Group products contain various chemicals depending on the different materials and colors used. Fiskars says that it is their highest priority to ensure, that the products are safe to use and recycle, and they do not harm the environment. Fiskars ceramics factory in Indonesia successfully developed a lead-free and low cadmium red color tone after three years of research and development. The new red color series complies with legislation and

will also be fully compliant in the foreseeable future, when the legislation is expected to lower the lead and cadmium thresholds even more. (Fiskars Group 2018, 21-22.)

Fiskars Group's manufacturing units, distribution centers and suppliers use ISO 9001, ISO 14001, and OHSAS 18001 standards (Fiskars Group 2018, 33).

#### 4.6.3 Manufacturing

Fiskars Group follows a production strategy based on its own manufacturing operations and selected suppliers (Fiskars Group 2016, 26). Fiskars Group has 14 manufacturing units (Fiskars Group 2020, 18). 88 % of Fiskars' manufacturing units are ISO 9001 certified, and 81 % of them are ISO 14001 and OHSAS 18001 certified (Fiskars Group 2018, 33).

Fiskars Group has the Fiskars Code of Conduct for Suppliers (SCOC), which outlines the non-negotiable minimum standards for cooperation. SCOC presents the standards for Fiskars' suppliers, which they need to comply in order to do business with the group. Topics covered in SCOC are such as health and safety, environmental protection, and human and labor rights (Fiskars Group 2018, 32). Fiskars Group performs audits of its suppliers concerning the SCOC standards. If there are any zero-tolerance issues identified, such as issues with fire safety or excess working hours, the collaboration with the specific partner will discontinue (Fiskars Group 2016, 25). In 2015, Fiskars Group launched a Strategic Development Program for its key suppliers. The aim is to systematically develop the key suppliers' performance in specific areas, such as human rights (Fiskars Group 2016, 26).

Fiskars Group's manufacturing locations are not specified. However, they aim to increase transparency and communicate more about their responsible manufacturing and quality standards (Fiskars Group 2020, 56). Fiskars sources finished goods from different suppliers in Europe, North America, and Asia. The biggest sourcing countries are China, Taiwan, Thailand, and Vietnam. Fiskars' suppliers provide Fiskars raw material, components, services, and finished goods (Fiskars Group 2016, 37).



## 5 CONCLUSIONS AND FUTURE RESEARCH

The final main chapter of this master's thesis focuses on the summary of the main findings found from the sustainability reports and discussion. Limitations of this research are also discussed, and future research ideas are presented.

### 5.1 Main findings and contributions

The core problems this research aimed to answer was:

1. How Finnish design brands address and take into account sustainability perspectives in their business processes according to their sustainability reports, and
2. How have the previously mentioned actions evolved during the recent years?

To be able to answer to the above-mentioned problems, the aim was to find answers to the following sub-questions:

- What are the trends, concepts and themes found from the sustainability reports?
- How have the sustainability reports changed during the past years?
- What is sustainability and how you can measure it?

The themes found from the sustainability reports can be separated into the eight categories used in the results section of this research – employees, stakeholders (including suppliers and supply chain), charity, development, products and services, circular economy, environment, and manufacturing (including water, energy, and emissions).

When analyzing the data from the TBL perspective, the economic bottom line did not get as much attention as social and environmental. The most remarkable actions happened with social and environmental sectors, such as sourcing more sustainable materials, participating in charity, giving up with harmful materials, and engaging with circular economy. Economical sustainability actions were short compared to the other two sectors. However, by strengthening its own economy, the business will also affect to the health of its support networks and community. Next chapters explain Marimekko's and Fiskars Group's most remarkable sustainability actions according to their sustainability reports in a nutshell.

## Marimekko Oyj

To implement sustainability, Marimekko did charitable work for different parties, being Finnish Children and Youth Foundation, Save the Children Finland, Federation of Mother and Child Homes and Shelters, Finnish Hospital Clowns Association, the Pink Ribbon, Helsinki children's hospital, Junior Chamber International, Finnish Red Cross, Finnish Sylva association, and Plan. Marimekko joined to the research project, where the target was to turn used textiles, pulp or even old newspapers into new textile fibres. Marimekko partnered with Spinnova to develop and to commercializes new wood-based textiles. Marimekko gave up the plastic bags and switched them to recyclable paper bags in their stores. Marimekko was first Finnish company to join the international Better Cotton Initiative (BCI). They implement circular economy by partnering with with a second-hand online store WTS (We Started This, later Vestis), by launching a care guide for its own products to ensure their lifecycle, offering sewing and repair service for broken Marimekko products. Marimekko's own premises use fully renewably generated energy. Marimekko complies chemical requirements by legislation. Majority of Marimekko's textiles printed in their own factory have Oeko-Tex 100 certificate. Marimekko does not use PVC or PFC. Marimekko only co-operates with suppliers who share the strong set of values as them. Marimekko uses industry initiatives, such as Business Social Compliance Initiative, to monitor its suppliers. Suppliers are evaluated on annual basis. Marimekko's sourcing is guided by the Principles of Responsible Sourcing and Marimekko's own Code of Conduct for Suppliers. Marimekko does not use Uzbek or Turkmen cotton.

## Fiskars Group

To implement sustainability, Fiskars Group did charitable work for different parties, being Boys & Girls Clubs of America, SOS Children's Village, the Pink Ribbon, WWF, Team Red, White, and Blue (Team RWB), and John Nurminen Foundation. Fiskars Group uses waste glass to produce products. Fiskars Group made a version of their classic scissors of 100 % recycled and recyclable materials. As it is, Fiskars Group uses recycled materials for producing its products. For example, up to 70 % of the raw material used to manufacture Fiskars pans and pots are sourced from recycled sources. Fiskars Group has launched services around circular economy, such as the Vintage service and the Subscription service. Fiskars Group offers also a recycling service for old tableware and cooking ware otherwise unsuitable for use. Fiskars Group's target is to have global take-back system to recycle, reuse or resell its products by 2030. Fiskars Group supports the growth of Indonesian mangroves by donating and planting mangrove seedlings. Majority of Fiskars Group's factories and distribution centers have ISO 14001 certificate. Fiskars Group constantly reduced its waste ending up to the landfill. For example, Fiskars Group reduced its landfill waste in 2019 by 61 % compared to the base year 2017. The amount of total landfill waste was 1,550 tons in 2019. Fiskars Group's manufacturing units, distribution centers and suppliers use ISO 9001, ISO 14001, and OHSAS 18001 standards. Fiskars Group has a Code of Conduct for Suppliers which outlines the minimum standards for co-operation for the suppliers. With a Strategic Development Program, Fiskars Group tries systematically to develop their suppliers' performance in specific areas, such as human rights. Fiskars Group aims to increase its transparency and communicate more about its responsible manufacturing and quality standards in the future.

### 5.2 Discussion

While it is inevitable that global issues, such as climate change, will have an impact on consumers, supply chains, and retail locations, it is convenient to see that B2C companies

have taken the issues seriously and done measurable actions to reduce their negative climate impacts emerging from their operations. If the same trend continues, the actions will be even more effective in the future and old mode of operations may disappear. Just like we can see from the sustainability results, that energy purchasing is switching to renewable sources and the use of fossil materials are either diminishing or ceased totally for example. With new innovations and technologies, it is possible to increase the energy efficiency while the amount of used energy is decreased. Such an effective innovations are also expected to emerge in the future.

Many consumer product companies are already paying attention to climate change. This may be due to growing consumer awareness and related purchasing priorities, the stakeholder expectations, reporting, and/or increasing supply chain cost and disruption. Companies have huge opportunity to improve their knowledge of the climate change's impacts on them and develop their operations proactively. The critical issues for consumer product industries to think about are e.g. shortages of raw material due to climate change, manufacturing facilities and distribution having impacts from natural disasters in countries vulnerable to climate change, and consumer needs and purchasing power changing due to more extreme and unpredictable weather patterns (Wong & Schuchard 2009, 2). Since both Marimekko and Fiskars Group operate globally, these all are also issues they must have been thought about.

It is crucial to bring up also the perspective, that both of these publicly listed companies share the same goal of the shareholder value maximization, which directly means increasing the sales and making the operations more cost efficient. Will a company operating in a consumer product industry ever be able to be environmentally sustainable, if the core business is to sell more and to produce more to gain more maximized shareholder value? The whole global movement has switched towards more long-term value creation from short-term profitability. The most successful companies in the stock markets own intangible concepts, such as relationships, stakeholder loyalty, and reputation. The better the company operates regarding the environment and society-related factors, they also will achieve long-term shareholder value (Zumente & Bistrova 2021, 12). Is it so, that even publicly listed consumer product companies seek long-term profits only, and ensure that their operations

are sustainable in the best possible way to seek the value maximization over short-term profits?

### 5.3 Limitations and future research

This master's thesis focused only Fiskars Group's and Marimekko's available sustainability reports. The reporting principles might vary between the companies, and the contents inside the reports might differ depending on the company under study. Because of the different nature between these two companies, the content in Fiskars Group's reports were more universal than in Marimekko's because of the many brands Fiskars holds under the group.

The sustainability reports from both companies included very detailed information, and the research could have continued indefinitely if there would have been more time and resources. However, this is a master's thesis and the content and length of this research is limited to match the time and efforts needed in the thesis work.

This research focused on the content in terms of three principles – social, economic, and environmental. The information between these categories was overlapping here and there since it was challenging to draw a strict line between the contents. Also, some of the categories were more challenging than others in terms of the information available in the reports. The aim was only focus on sustainability reporting, so the information was not gathered from other sources, even if it would have been possible to find.

The results might have been different with more companies under study. It would have been interesting to include companies whose business focuses strongly on sustainable development, such as while ago publicly listed Spinnova or startup Sulapac for example. Fiskars Group and Marimekko both operate in consumer goods industry, which inevitably has negative influences on climate change for example throughout their value chains.

The thematic analysis used also has its limits. The analysis method is quite flexible, and some would think that the analysis method should be more rigorous. Thematic analysis can be seen as a method which is often applied broadly but never consistently. Also, the flexibility of this method may create challenges to determine which aspects of data to focus on. The main disadvantage of this analysis method is that it has been more inclined to inconsistent use of terminology than other methods with strictly defined and less flexible frameworks (Kiger & Varpio 2020, 8).

There are some limitations in the cultural context of this research since both of the companies under this research are Finnish. Fiskars Group surely has brands from different nations, but the perspective for sustainable issues is more or less from the same cultural context.

Also, one limit concerns the time and resources available and used to implement this research. You could have investigated these reports more in depth and find fine nuances between the subjects, which could not be found in the time and resources given in this research. The subject is very complex and multidimensional as a whole, so there is more perspectives and cause-and-effect relationships left under further investigation.

For future research, I would like to include companies whose core business is related to sustainable development, or the core business tries to solve issues relating to sustainability. Also, it would be interesting to include other similar industry companies from other countries to this research and analyze, how the sustainable actions differ from another between the countries.

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