

Diffusion of Global CSR Trends in Finland

Olkkonen Laura, Quarshie Anne

This is a Author's accepted manuscript (AAM) version of a publication
published by Palgrave Pivot, Cham

in Corporate Social Responsibility in Finland: Origins, Characteristics, and Trends

DOI: 10.1007/978-3-030-17435-4_10

Copyright of the original publication: © The Author(s) 2019

Please cite the publication as follows:

Olkkonen, L. & Quarshie, A. (2019). Chapter 10: Diffusion of global CSR trends in Finland. In Olkkonen, L & Quarshie, A. Corporate Social Responsibility in Finland: Origins, Characteristics, and Trends (pp. 85-94). Cham: Palgrave Macmillan.

**This is a parallel published version of an original publication.
This version can differ from the original published article.**

Olkkonen, L. & Quarshie, A. (2019). Chapter 10: Diffusion of global CSR trends in Finland. In Olkkonen, L & Quarshie, A. *Corporate Social Responsibility in Finland: Origins, Characteristics, and Trends* (pp. 85-94). Cham: Palgrave Macmillan.

This is an Accepted Manuscript of a book chapter published by Palgrave Macmillan on May 17 2019, available online: <https://www.palgrave.com/gp/book/9783030174347>

*****Please cite as above*****

Abstract

This chapter discusses global CSR trends and reflects on their current status in Finnish companies. The importance of CSR for Finnish companies and the most established practices are introduced by utilizing recent reports and analyses, especially the yearly survey on corporate responsibility by the FIBS network. Some of the most pressing CSR trends, such as human rights, United Nations' Sustainable Development Goals, and vocal stances on divisive socio-political issues are scrutinized in more detail. The chapter includes two expert interviews that reflect on the future directions of CSR in Finland.

Keywords: Trends, surveys, CSR practices

Overall, CSR is a phenomenon that is constantly expanding in business practices across the globe and in academic research. This is visible, for example, in the expanding number of companies joining and adhering to global initiatives, such as the United Nations (UN) Global Compact (United Nations 2018). Furthermore, companies are adopting management systems, reporting frameworks, and guidelines, such as the Global Reporting Initiative (GRI) standards, OECD Guidelines for Multinational Enterprises, International Labour Organization's (ILO) standards, and standards by the International Organization for Standardization (ISO). As was discussed in Chapter 6, especially large Finnish companies have adopted systems, standards, and certificates to prove their investment and involvement in CSR. Furthermore, Finnish companies are also increasingly offering their customers and end-consumers certified products (see, e.g., Fairtrade Finland 2019), as well as joining global initiatives such as the UN Global Compact, a global initiative to enhance business commitment to universal principles on human rights, labor, environment and anti-corruption (Rasche 2009; United Nations 2018). There are currently 50 large Finnish companies and 28 SMEs involved in the Global Compact—a total of 78 companies, a fourth of which (18 companies) have joined within the last two years (United Nations 2018). Nokia was the first Finnish company to join the Global Compact in 2001, followed by Stora Enso, UPM, and Metsä Group within two years' time (United Nations 2018). Overall, the UN Global Compact is currently signed by nearly 10 000 companies in more than 160 countries—including many of the largest companies in the world (United Nations 2018).

According to international surveys, global CSR trends currently include issues such as wider acknowledgement of human rights in business actions, integration of UN's Sustainable Development Goals into company agendas, setting carbon targets, and increasing public pressures and tendencies for companies to take a stance on socio-political issues (Edelman, 2018;

Global Strategy Group 2018; KPMG 2017; Weber Shandwick 2018; PricewaterhouseCoopers 2018). Especially among the younger generation—the Millennials (born between 1983 and 1994) and Generation Z (born between 1995 and 1999)—there is also a growing criticism toward insufficient business action for societal issues (Deloitte 2018).

The state of Finnish CSR is surveyed on a yearly basis by FIBS, a nonprofit organization operating as a network of Finnish companies, NGOs educational institutions, and public sector organizations that are interested in responsible and sustainable business. The survey, executed since 2013, focuses particularly on practices, challenges, and future trends related to CSR in large and medium-sized companies. Overall, Finnish companies' expectations for the future importance of CSR has been high already for several years and, significantly, Finnish companies expect to invest constantly more resources in their CSR actions, as illustrated in Figure 10.1.

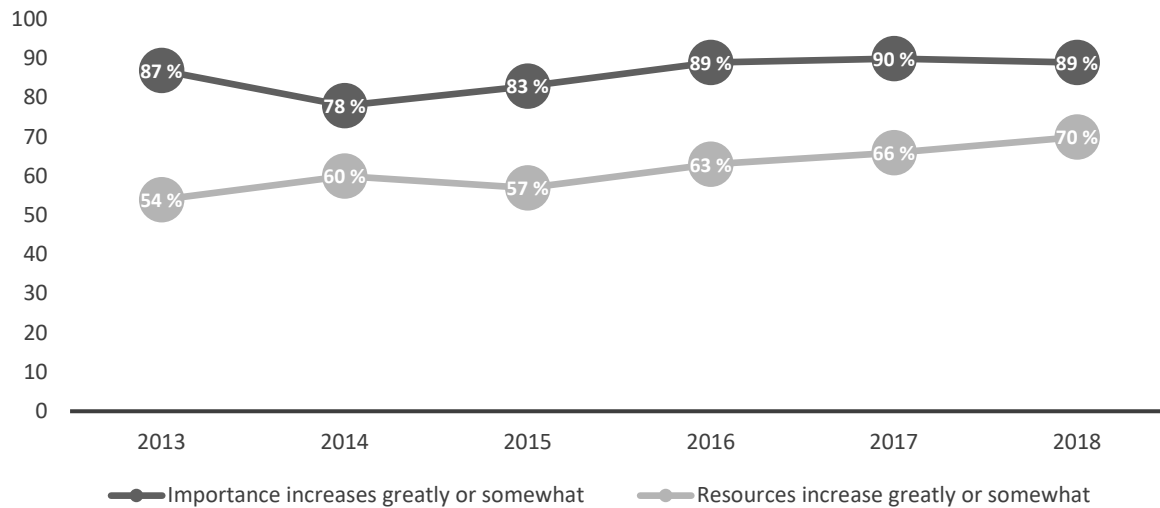


Figure 10.1 Finnish companies' estimations of the importance and resources of CSR (FIBS 2018)

Based on the latest results of FIBS’ yearly survey, there are several areas of CSR that are currently quite routinely addressed by Finnish companies. Figure 10.2 presents the areas of CSR that are covered by over 50% of the companies in the 2018 edition of FIBS’ study and how those practices have developed in recent years (when comparable data available).

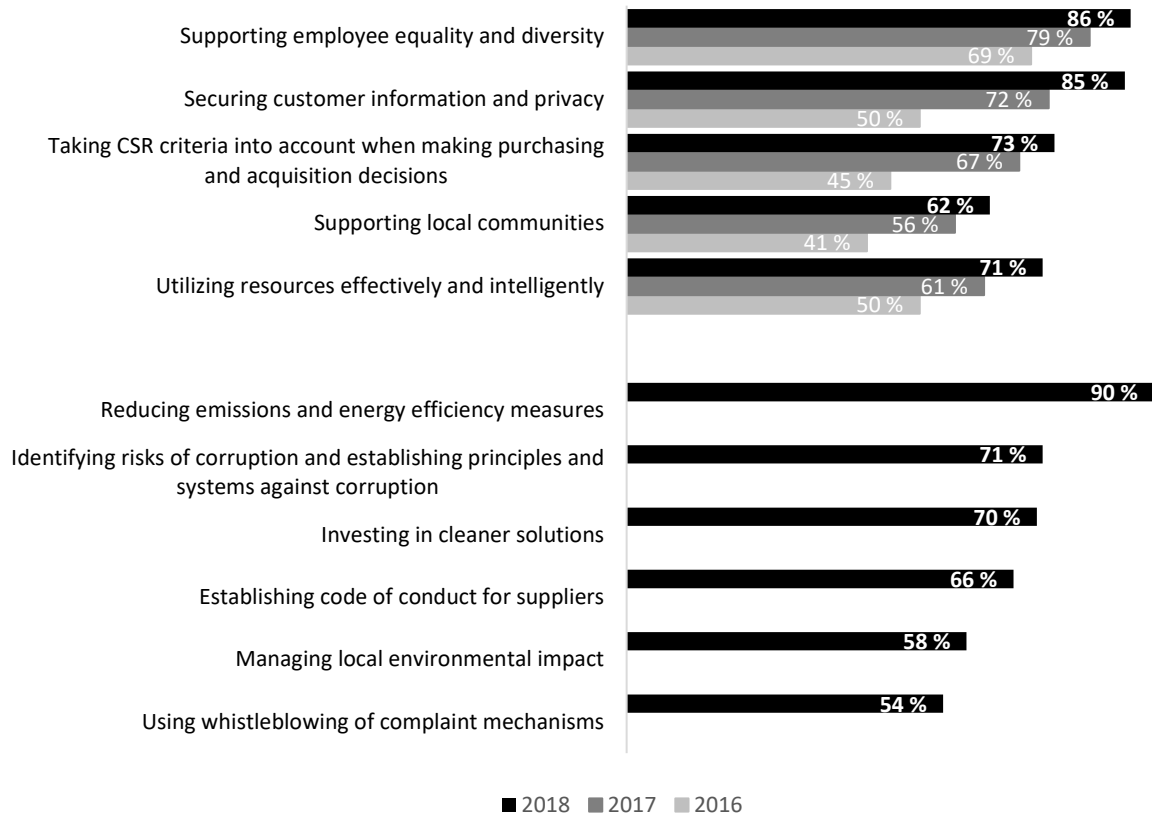


Figure 10.2 Established CSR practices in Finland (FIBS 2018)

Of the areas presented in Figure 10.2, securing customer information and privacy has recently grown the most significantly in activity (and importance), with a leap from 50% to 85%

in two years (FIBS 2018). One explanation to this development is likely to be the European Union's General Data Protection Regulation (GDPR) that obliges all organizations to more systematic data privacy (European Union 2018), but also (global) scandals and public concerns related to privacy and personal data have likely influenced company actions around this issue.

Besides the more established areas of CSR, the FIBS survey addresses some of the current bubbling global trends in CSR, such as human rights and the UN's Sustainable Development Goals. To explore how these global trends play out in the Finnish context, Manager Helena Kekki from FIBS shares some of her insights and reflections on the current direction of Finnish CSR in Viewpoint 10.1.

VIEWPOINT 10.1

CSR in Finnish companies: Interview with Helena Kekki, Manager at FIBS

Q: What is the current state of Finnish CSR in your opinion?

A: Corporate responsibility can be considered as a part of the business vocabulary for virtually all companies in Finland. Almost by any measurement, there seems to be constantly more done and the actions are becoming more visible. For many Finnish companies, CSR started from managing environmental issues by using different metrics and assessments. Also many issues related to employees have been so strongly regulated that simply following the law has given Finnish companies very high standards when viewed from a global perspective.

Traditionally, Finnish companies have not been so eager to market what they are doing in terms of responsibility, but rather they have tended to stay modest and ensure that everything is in order before they make it public—although in practice many companies have very concrete actions that go far beyond philanthropy or marketing tactics. In the yearly survey that

we conduct, we see that responsibility is constantly more integrated into companies' core operations. Year 2018 was the first time we asked whether companies think that CSR "pays off"—whether they actually think that the resources invested in CSR bring value to their company. Many responded that the value they get is much more than what they invest. It is good to see that most of the Finnish companies view CSR as something that benefits their business.

Q: What are some of the most important trends for CSR in Finland?

A: Some current trends that we see are, for example, human rights and digitalization.

Whenever we have a training on human rights, it is immediately fully booked. This does not mean that many companies are struggling with human rights misconducts, but rather that companies are looking deeper and further along their supply chains and are proactively seeking ways to solve the challenges. This impulse partly comes from heightened attention to human rights on the international agenda, for example by the United Nations. Digitalization is also currently much discussed, as it has various impacts across different industries. If we take supply chains, for example, there is huge potential for digitalization to make them more transparent and efficient. On the other hand, there are also risks related to digitalization, so proactive companies are looking at this trend from both sides, and trying to understand all its effects for their company.

Q: How do you envision the future of CSR in Finland?

A: The United Nations Sustainable Development Goals are something that many Finnish companies have started to explore, mainly by mapping how the goals could relate to their operations. They are looking for both gaps and opportunities, and maybe starting to

increasingly steer their actions according to this international framework in the future. Another aspect of CSR that is currently raising lots of attention is companies' role in societal change and how companies could take a stand on issues that do not always relate to their core operations. So far, Finnish companies have been quite shy to do so, but this might be changing.

The central drivers for CSR in Finnish companies seem to deal with reputation and brand value, customer satisfaction and risk management (FIBS 2018). The top challenges in CSR for Finnish companies are strategic integration, measuring and monitoring, sustainability in supply chains, and CSR communication (FIBS 2018). When looking at some more specific trends, such as SDG integration, the percentage of large companies addressing the SDGs is between 41% and 46% depending on the source (FIBS 2018; KPMG 2017), which places Finland in the top 10 countries where companies most often address the SDGs in their CSR reporting (KPMG 2017). However, other analyses report lower estimates, especially relating to the depth of SDG integration in Finland: according to PricewaterhouseCoopers' (2018) review, internationally 72% of companies mention the SDGs and 50% of companies prioritize them, while the corresponding numbers for Finland are significantly lower—38% address, of which about half have chosen goals which they prioritize (PricewaterhouseCoopers Finland 2018). Despite these differences, the key takeaway is rather similar: while company managers already think and talk about the SDGs, they are not yet very specific about how they embed the goals into their companies' actions and measure their impact (PricewaterhouseCoopers 2018; PricewaterhouseCoopers Finland 2018).

Of the 17 Sustainable Development Goals, Finnish companies most often prioritize goals 8 (Decent Work and Economic Growth), 12 (Responsible Consumption and Production) and 13 (Climate Action) (PricewaterhouseCoopers Finland 2018), which are the top three goals most often addressed internationally as well (PricewaterhouseCoopers 2018). Finland is amongst the countries where the SDGs are clearly a future direction—between the surveys executed in 2017 and 2018 by FIBS, there was an increase of 9 percentage points in the companies that address the SDGs. When viewed from the perspective of the implicit tradition of CSR in the Nordic countries (Chapters 3 and 4, see also Viewpoint 10.1 in this chapter), it is possible that Finnish companies first take their time in making sense of how to best integrate the SDGs.

Human rights, another clear top trend in the global discussion of CSR, is also visible in the reporting of Finnish companies. Currently, 75% of Finnish companies' CSR reports declare to respect human rights, while 36% describe their actions for protecting human rights—such as supplier assessments and monitoring, and 47% report identified risks related to human rights (PricewaterhouseCoopers Finland 2018). Some of the influence of increasing reporting on human rights and specifically the development of related measurements stems from the newly established EU law on CSR reporting, which specifically pushes companies' attention in this direction. In terms of climate change, one of the undisputable urgent topics internationally speaking, Finnish companies are quite good in reporting their emissions, but many do not calculate the financial implications of climate change, such as risks related to electricity price and extreme weather (PricewaterhouseCoopers Finland 2018). Here, the Finnish companies align with international comparison—climate risks are quantified by as few as 2% companies globally (KPMG 2017).

Finally, as companies' increasingly visible public role on diverse socio-political issues is a clear public expectation both internationally (Deloitte 2018; Edelman 2018; Global Strategy Group 2018; Weber Shandwick 2018) and among the Finnish consumers (Milton 2017), it is also showing in Finnish CSR practices. In the latest FIBS survey, over half of the surveyed companies reported to have recently taken a public stand on societal issues, though mostly on issues that are close to their core business (FIBS 2018). To explore this emerging phenomenon in more detail, Viewpoint 10.2 presents the example of Finlayson and provides insights on how they engage in corporate activism. Finlayson is a traditional Finnish brand, now also well-known in Finland for its "Women's euro" campaign from 2017 (with a second round in 2018), which was launched to direct attention to unequal pay between men and women. The campaign included gender-based pricing to compensate for the average difference between men's and women's salaries, which led Finlayson to knowingly break the Finnish law related to gender equality in pricing.

Viewpoint 10.2

Campaigning for societal issues: Interview with Elli Ojala, Corporate Responsibility Manager (Finlayson)

Q: Why did Finlayson launch the Women's Euro campaign and how was it received?

A: Our CEO wanted to address the issue of gender wage gap and thought about what we could do about unequal pay as a company. So, we designed a campaign where women would get a discount and men would pay the normal price for our products. Already publishing the press release of this campaign started an intense discussion, especially on social media. At first, the discussion was more about us—can a company do this? Later the discussion moved to whether

there really is such a thing as the women's euro and what does it mean. The debate eventually was really good, which was our goal, because we cannot change this issue by ourselves. We have very strong values as a company and we act according to them, despite the consequences. The Women's Euro campaign was risky, as we were breaking the law; it is not legal to set prices based on gender. The Equality Ombudsman eventually gave us a public notification, as did the Council of Ethics in Advertising. But we felt that it was right to bring the issue into public discussion and we actually did the campaign again later. As a recent example, we are campaigning for passing a law on female genital mutilation together with World Vision. We are criticized for addressing topics that do not relate to our business, but if we think that there is something wrong and we can do something about it, we do it. Of course, the purpose of business is to sell and make a profit, but it does not mean that if something is important to us, we could not take part in that discussion.

Q: How do you support your employees in addressing questions and critique related to such campaigns?

A: Whenever we have a new campaign that is likely to raise discussion, we make a Q&A sheet for the salespersons. We try to predict the tricky questions and provide answers that help those employees that meet the customers. For example, for the Women's Euro campaign, we had clear instructions that we will not ask whether the customer is a man or a woman, but rather whether they would like to pay with men's or women's euros. We also provided clear arguments as to why we are doing this and why it is important to us. When people decided to pay the normal price, we donated the difference to the Women's Union, to their work for gender equality. The job of our sales staff is perhaps not the easiest as we have these

campaigns. Sometimes they have to face the ones who get upset, although the criticism comes much more through social media. The sales staff get to, and have to, have discussions about societal issues with the customers, but I claim that it is one of the reasons that they work for us. Some salespersons feel strongly about our campaigns while others don't, and that is up to them.

Q: How are your activist campaigns influencing CSR in Finland?

A: I think we are changing the game to some extent, as many want to benchmark us. I see the activist campaigns as part of our portfolio—a lot of the basic stuff that we do is about developing our business and minimizing harmful effects. But we also have this other side, which is very visible. If a company does not talk anything about their actions, it's easy to stay under the radar and not to be challenged. But we want to voice our opinions and are also open about the things that we still need to develop. I think that companies' public stances can have much more visibility than more traditional actors', such as NGOs'. In a way it's a shame really. But our point is that we have hundreds of thousands of people in our [communications] channels and because of that we can get visibility for certain issues. We don't have to rely on media publicity. Some of our customers are our passionate fans and step up for us, for example, in social media when we face critique about our campaigns. We are unique in the sense that our owners work for us—we don't have to please the investors. Still, I think corporate activism is something that any company could do if they wanted to.

References

- Deloitte. (2018). 2018 Deloitte Millennial Survey: Millennials disappointed in business, unprepared for Industry 2.0. Deloitte.
- Edelman. (2018). 2018 Edelman Trust Barometer: Global Report. Online: http://cms.edelman.com/sites/default/files/2018-02/2018_Edelman_Trust_Barometer_Global_Report_FEB.pdf
- European Union. (2018). Regulation (EU) 2016/679 of the European Parliament and of the Council. Online: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1543319342281&uri=CELEX:32016R0679>.
- Fairtrade Finland. (2019). Reilun kaupan kasvua Suomessa jo 20 vuotta. Press release March 25, 2019. Online: <https://reilukauppa.fi/reilun-kaupan-kasvua-suomessa-jo-20-vuotta/>
- FIBS. (2018). Sustainability in Finland 2018. Helsinki: Finnish Business & Society.
- Global Strategy Group. (2018). Business and politics: Do they mix? 5th Annual Study. Global Strategy Group.
- KPMG. (2017). The road ahead: The KPMG Survey of Corporate Responsibility Reporting 2017. KPMG International.
- Miltton. (2017). Corporate advocacy: What Finns, Swedes and Estonians think about companies taking a stance. Miltton Insights VII. Miltton: Helsinki. Online: http://www.miltton.fi/wp-content/uploads/2017/11/Miltton_Corporate-Advo-cacy_Report.pdf
- PricewaterhouseCoopers. (2018). From promise to reality: Does business really care about the SDGs? PricewaterhouseCoopers.
- PricewaterhouseCoopers Finland. (2018). Yritysvastuubarometri 2018. Helsinki: PricewaterhouseCoopers.
- Rasche, A. (2009). "A Necessary Supplement": What the United Nations Global Compact Is and Is Not. *Business & Society*, 48(4), 511-537.
- United Nations. (2018). The Global Compact. Online: <https://www.unglobalcompact.org/>. Accessed November 21, 2018.
- Weber Shandwick. (2018). CEO activism in 2018: The purposeful CEO. Weber Shandwick & KRC Research.