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Corporate Social Responsibility Development from Instrumental, Cultural and Myth Perspectives

A Case Study of Logonet Group, Finland

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Abstract

Corporate social responsibility (CSR) has gained much focus in today's societies and business environments. An increased number of business enterprises have due to internal and external pressures started to focus on corporate social responsibility and to explicitly address their responsibilities. The responsibility of business is not merely to make profit. Companies are expected to take also social and environmental impacts of their operations into consideration. The change in attitudes and operations has taken place during the last decades in Europe, and also in Finland which is the country of origin of the case company discussed in this thesis.

This thesis departs from accepting different understandings of the concept of corporate social responsibility and the scope of it. CSR is seen as something essential to take in consideration when doing business. The understanding of CSR and the path organization take in developing CSR is discussed from three organizational perspectives. Firstly, the instrumental perspective focuses on CSR as a conscious choice and intention of the management, and on the way these are expressed through formal structures. From this perspective CSR is seen as a tool for management to enhance business performance. Secondly, the cultural perspective has its emphasis in understanding the constraints intrinsic in established traditions and cultures in the organization. These have an impact on whether CSR will be rejected by the organizational members or if it will have the possibility to be integrated into the core of the organization. Thirdly, the myth perspective refers to the dominant values and norms in the environment, which influence the possibilities for action in the organizations. CSR from this perspective can be seen as a popular organizational recipe that is acknowledged as legitimate enhancing the image of companies adopting it.

The method used in the empirical study of this thesis was a single case study. A Finnish company, Logonet Group, was chosen to be a representative case due to its recent increased focus on CSR matters and the intention to take in use CSR reporting systems. The empirical research findings showed CSR in the company to be derived from both internal and external pressures, the customer demands being the single most important driving force. The understanding of CSR and the way CSR had and was planned to be implemented were a mixture of all the three organizational perspectives. The instrumental perspective and using CSR as a tool for management in enhancing business performance was expressed to be important for the company. There were no negative attitudes towards CSR in the organization and thus from the cultural perspective CSR integration into the core of the organization can be seen as possible, however not yet present. CSR development was mainly a response to customer requirements and the need to adopt the values and norms of the society (and the customers) was emphasized. Thus myth perspective was much compatible with the way CSR had gained focus in the company. Image and reputation were significant to the company and focusing on CSR was also seen as an opportunity to enhance legitimacy.

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1 INTRODUCTION

Corporate social responsibility is increasingly gaining attention in today's societies. In addition to profitability and obeying the law the way the profit is made has gained higher focus. Thus companies are expected to show responsibilities towards the contexts and societies in which they operate (Jonker et al., 2004). Corporate social responsibility is about integrating social and environmental concerns into business operations and into interactions with stakeholders (European Commission). Various demands, both internal and external, require the organization to assess its possibilities for action and change. The way the organization responds to these demands reflects both institutional pressure from outside the organization and internal factors such as the organizational structure and culture (Hoffman, 2001). As today's business environment is changing, and companies face both strong competitive and social pressures, they are looking for improved ways to organize their business operations and to communicate about their responsibilities to a wider audience. Thus an increasing number of companies are starting to explicitly address their social responsibilities with the help of internationally accepted voluntary frameworks for social and environmental reporting (Knudsen, 2006; Utting, 2000), such as Global Compact and Global Reporting Initiative. In many European countries social responsibility have been present in the business society for some time, however only recently an increased number of companies have started to explicitly talk and report about their responsibilities (Matten and Moon, 2008; Roome et al., 2006).

Some critics on CSR have claimed CSR to be merely a marketing trend, enhancing the reputation of companies but remaining too often rhetorical without real practical implications. Companies have also been criticized for focusing only on some aspects of CSR, while neglecting others of high importance (Utting, 2000). In other words, CSR has not been implemented into the core practices and processes of the companies. However, even when the will to improve social responsibility is there, it may turn out to be difficult to realize. Companies face a great challenge in meeting different expectations from a wide range of internal and external stakeholders who influence or are influenced by the business. There is a

question on how to succeed in balancing all these demands and in deciding what concerns are to be in focus when making business decisions.

In this thesis I will investigate the path organizations take in implementing corporate social responsibility into their business operations and the way CSR is understood and realized in organizations. The main theoretical frame is presented in the light of organizational theory, more precisely from an instrumental perspective and two institutional perspectives; cultural and myth perspectives. The approach I have chosen to focus on is the one of Christensen, Lægreid, Roness and Røvik (2007) from their book 'Organizational theory and the public sector'. The perspective of the authors will be highly relevant in this thesis, as it aims in understanding the internal features of the organization which influence the way problems are identified and how they are solved, and the external, environmental factors that influence the mode of operations. I intend to link the perspectives of organizational theory with different understandings of CSR and with the way CSR is implemented into organizations, with a focus on CSR leadership. This will be discussed first with referring to diverse authors' perspectives on CSR, and thereafter by the empirical study conducted for this thesis.

Organizational theory is a wide concept with different approaches. I do not aim to explore the whole spectrum of perspectives but rather focusing on some that are of high relevance for the topic of this thesis. Although this thesis is not focusing on the public sector the relevance of the perspective Christensen et al. take in addressing the way (public) organizations change and function is of high relevance when examining how CSR is implemented in private organizations. CSR can be understood as a social and political process of taking in consideration a wider range of interests into business decisions. The belief that companies have a responsibility for the public good is incorporated into the concept of CSR (Blowfield and Murray, 2008). Thus focusing on CSR can be understood as bringing the private corporation somewhat closer to democratic organizations i.e. public sector organizations. Christensen et al. (2007) argue that one of the main distinctive factors between public and private organizations is the one of multi-functionality. Public organizations can be characterized as multifunctional as they cope with partly conflicting considerations and demands. This is however also evident for private companies focusing on CSR. Although my aim is not to claim that business should have the same responsibilities as governments and public organizations, CSR is about widening the understanding of the purpose of business. It is not merely about making profit to shareholders with the only limitation of behavior being

regulations posed by the law. Private companies are expected to be more democratic in their way of doing business and are encouraged to engage themselves more with their stakeholders, and to consider various social and environmental issues in their business decisions. The role of corporate managers can be understood to have expanded beyond business leaders to moral, social and political leaders (Blindheim, 2008). Thus CSR is about taking in consideration a wider range of different, sometimes conflicting demands and the purpose of the organization has become more multifunctional. Accepting the different interests and finding ways to combine and balance them is important. As Jonker and de Witte argue, responsibility is about balancing business goals and strategies with the diverse and sometimes also conflicting interests of stakeholders (Jonker and de Witte, 2007: p.5).

1.1 Background and Research questions

This thesis is investigating how corporate social responsibility is understood and realized in organizations. The empirical study is based on one case company, Logonet Group. Logonet Group is a Finnish owned multinational company specialized in producing and marketing custom made promotional items for their customers. Logonet Group is a leading company in Finland in its field and its business has been expanding in the past years. The main office is situated in Helsinki, Finland, and it has other subsidiary offices in US, China and Bangladesh. The proprietary factory of Logonet Group is based in Thailand. All in total the company has approximately 280 employees. The company has started recently to be more explicit on its responsibilities and issues related to CSR have gained increased focus in the organization.

In general in Finland CSR has increasingly gained momentum. The Finnish government together with other institutions, especially European Union, is promoting CSR and CSR frameworks (Korhonen & Seppälä, 2005). There is also a pressure from non governmental organizations and customers for companies to show increased attention towards CSR related issues and to improve their business practices. Thus an increasing number of Finnish companies have started to show their commitments to their social responsibilities often with the assistance of internationally accepted frameworks. Corporate social responsibility is however not an entirely new phenomenon in Finland. As in other Nordic countries, ethical values have traditionally played an important role in the Finnish society and its business environment, and thus including social responsibilities into business behavior have been

experienced as self evident in many companies (Panapaan et al, 2003). The difference now seems to be that more companies are starting to explicitly show their commitment and address their responsibilities, requiring this also from their whole supply chain.

Logonet Group can be seen as a typical case in this context. The current situation of corporate social responsibility in the company can be understood as evolving. The company is on its way to implement Global Compact and Global Reporting Initiative frameworks and social responsibilities have become more explicitly acknowledged in the company. The decision to start reporting on corporate social responsibility is interpreted here as an increased attention towards CSR and a will to improve CSR in general.

As mentioned, the aim in this thesis is to examine how corporate social responsibility is understood in the organization and the path the organization takes in implementing and organizing CSR. The focus is on how the management in Logonet Group is dealing with CSR. I do not aim to come with direct solutions on how CSR should be implemented in the company, but rather studying, from three organizational theoretical perspectives, the internal and external factors that have, and may, influence implementation and organizing of CSR. I also intend to discuss the possible dilemmas and challenges companies may face in their CSR implementation process. Therefore the research questions are the following.

1. How is corporate social responsibility understood by the management in Logonet Group?

2. On the basis of organizational theory, i.e. from the instrumental, cultural and myth perspectives, how can we understand and explain the path Logonet Group has taken, or is planning to take, in implementing and organizing CSR?

3. Are there challenges and dilemmas related to CSR in Logonet Group and to its approach to CSR?

1.2 Disposition

I will start this thesis with clarifying the concept of corporate social responsibility (CSR). Thus there is a need to look into some different perspectives on how CSR can be understood. There is no universal CSR definition, but rather a wide range of definitions depending on the point of departure. After presenting different understandings on CSR, I will give an overview of the role of CSR in Finland. This will give a context for the case study presented next. The presentation of the case study, Logonet Group, will be based on main facts about the company and its processes.

Thereafter I will present organizational theory and the three different perspectives I have chosen to discuss in this thesis; the instrumental; the cultural and the myth perspectives. These perspectives will be discussed each for them selves. In the end of each presentation I will discuss the implementation and organizing of CSR from this perspective and the role of CSR leadership. Here a theoretical analysis will be conducted combining organizational theory and theory on CSR. These will also be discussed later in the relation with the empirical findings from the case study. I will end the theory part with some concluding remarks on possible challenges and dilemmas related to the three perspectives and with a discussion of how these perspectives can be integrated when implementing CSR.

Prior to discussing the research findings I will introduce the method used in the research. Here I will discuss the relevance of the method in order to answer the research questions, the data evidence used in this study, the way the quality of the study can be examined, and the limitations of the study.

Thereafter, I will present the empirical data; i.e. the results of the case study and discuss this data. I have chosen to present and discuss the data in the same chapter as I find it the most natural way to proceed and suitable in order to avoid repeating. The focus will obviously be on information relevant to the research questions. Firstly, I will present the CSR projects initiated in the organization prior to this study and those that are planned to be initiated in the near future. I will also shortly discuss the leadership culture in Logonet Group. Thereafter I will focus on the management's understanding of CSR, the way CSR has been developed in the organization (with relevance to the three perspectives), and finally whether the management have experienced some challenges related to CSR in the company.

Last, I will finish with conclusions. Here aim is to answer the research questions by making conclusions on the basis of the theoretical part of this study and the empirical research. I will also make some concluding remarks on the success and importance of this study.

2 CSR – THE CONCEPT

Corporate Social Responsibility can be defined in various ways depending on the point of departure (Campbell, 2007; Blowfield and Murray, 2008; Garriga and Melé, 2004; Basu and Palazzo, 2008). To start with, it is important to notice that there are several concepts that are sometimes used as synonyms or in relation to CSR, such as corporate social performance, corporate citizenship and corporate sustainability (Blowfield and Murray, 2008). Most commonly CSR can be understood as an umbrella term for these, while the other concepts may cover parts of it. Most definitions on CSR include the fact that companies have a responsibility for the public good but the way this should be realized varies (Ibid). Blowfield and Murray (2008) argue that companies should not look for a universal definition of CSR to follow, but rather define their own understanding and build strategies around the perspectives of their own stakeholders. This argument builds on the fact that every company is different due to its' internal and external factors. Thus the approach a company takes towards CSR should be related to factors such as the industry it belongs to, the country it operates in, the size of the company, the values of the organizational members and its stakeholders etc.

2.2 Objective – Subjective views

Campbell (2007) makes a separation between objective and subjective views on what can be considered as socially responsible behavior by companies. Adapting an objective view means that actions are evaluated against commonly acceptable criteria. Companies are for example expected to pay wages according to the criteria of United Nations on decent living wage relative to local costs of living, or not to harm the environment and jeopardize the health of a community as measured against internationally accepted standards of environmental quality of health (Ibid., 2007: p. 950). Company codes of conducts are often based on these kinds of objective criteria to give clear and legitimate information to the suppliers on what responsibilities are expected from them. Following widely accepted standards may also increase the legitimacy of the company in the eyes of others. The popularity of internationally accepted corporate social responsibility frameworks can also be seen from this point of view, as companies that adhere to these may be seen by others as more responsible than those who do not. A subjective view, on the other hand, adapts the perspectives of company's stakeholders (Ibid.). Stakeholders are 'any group or individual who can affect or is affected by

the organization's objectives' (Freeman and Reed, 1983: 91). From this perspective those who are interacting with the company are defining what is accepted and responsible behavior by the company (Campbell, 2007). Stakeholder theory builds on this kind of subjective view towards responsibility, and departs from the idea of companies having responsibilities not only to their shareholders but also to other stakeholders. The main idea of CSR from a stakeholder perspective is thus to create value for the key stakeholders and fulfill the responsibilities to them (Freeman and Velamuri, 2006).

2.3 A framework for understanding CSR

Blowfield and Murray (2008) present a framework for understanding corporate social responsibility from three perspectives; as business that is driven by its values; as business' role in the society; and as different categories of responsibilities.

2.3.1 Values in business

The first perspective by Blowfield and Murray is based on the idea that companies like people have values that guide their behavior. However, who decides what these values should be is somewhat unclear (Blowfield and Murray, 2008). When companies themselves choose to take social responsibility the reason to do so can be derived from different motives. Firstly, the rationale for social responsibility can be based on ethical considerations on the obligations companies have towards the society (ibid.). Ethical rationales are based on what is morally right, thus corporate social responsibility from this point of view is seen as a morally right thing to do (Haigh and Jones, 2007). Secondly, CSR can be derived from rational considerations on taking proactive steps to minimize the restrictions society imposes on business. Thirdly, when economic considerations are emphasized, CSR is about increasing profits simultaneously as the company preserves its legitimacy with its stakeholders (Blowfield and Murray, 2008). These two latter rationales are what Haigh and Jones call for instrumental rationales, as they are often based on rationale calculation on what is best for the company. Thus CSR from instrumental rationale is seen beneficial for the company as focusing on social and environmental concerns enhances the company's legitimacy (ibid, 2007).

2.3.2 Business and the society

Instead of departing from company values, CSR can be understood from examining the role of business in the society and the different business-society interactions. Traditionally the role of business has been related to wealth creation, and the role of government to social cohesion and security, often requiring interventions to regulate and redistribute the world of business (Blowfield and Murray, 2008). However, the roles have changed, and what Milton Friedman once argued, 'The social responsibility of business is to increase its profit' (Friedman, 1979), can by no means longer be accepted as such. Although profitability is in deed a supposition for other social responsibilities, CSR includes a wider view that goes beyond profitability and regulations, including economic, social and environmental concerns into business decisions. Failing to respond adequately to these pressures, a company may end up alienating itself from the rest of the society, resulting in worsen reputation, increased costs and eventually loosing its license to operate (Hill, 2001).

One of the most popular frameworks (Blowfield and Murray, 2008) for understanding the different aspects of social responsibility is a model created by Carroll (1979). Carroll's model includes four categories of responsibilities that define what societies expect from companies.

1. *Economic responsibilities*

   Business entities are the basic economic units in the society and therefore companies have a responsibility to produce goods and services that the society wants, and to sell them for a profit.

2. *Legal responsibilities*

   There are some ground rules, laws and regulations, which business must adhere to. These give a framework in which business can operate and fulfill its economic mission.

3. *Ethical responsibilities*

   Some responsibilities are not required by the law but seen as ethical, and therefore companies are expected to consider these by the society.

4. Discretionary responsibilities

Voluntary responsibilities, such as philanthropy, are left for individual judgment and choice. The society has no clear message about these and they are guided by business's desire to engage in social roles.

In this model of corporate social responsibility emphasize is given to the economic responsibilities as their role in the evolution of importance may be the greatest. However, according to Carroll (1979), for CSR to be legitimate it must address all the four categories in which business has obligations towards the society. Later Carroll presented his model in the form of a pyramid, the basis of the pyramid being economical responsibility, followed by legal responsibility, ethical responsibilities and finally on the top discretionary, or philanthropic, responsibilities (Carroll, 1991).

|		
Be a good corporate citizen	**Philanthropic responsibilities**	Contribute resources to the community; improve quality of life.
Be ethical	**Ethical responsibilities**	Obligations to do what is right, just and fair. Avoid harm.
Obey the law	**Legal responsibilities**	Law is society's codification of right and wrong. Play by the rules of the game.
Be profitable	**Economic responsibilities**	The foundation upon which all others rest.

Figure 1. The Pyramid of Corporate Social Responsibility (Carroll, 1991)

2.3.3 Areas for responsibility

A different perspective for understanding CSR is to specify the areas where in business is expected to take action. Here instead of asking why companies should be responsible, the question is what it is that companies can be held responsible for (Blowfield and Murray, 2008). The list is long and varies according to the nature of the company, the industry and the country it operates in. From an objective view on CSR (Campbell, 2007), there are however some areas of high importance that every company should adhere to. The United Nations Global Compact for instance, based on international declarations and conventions, ask companies to take responsibility in the areas of human rights, labor standards, environmental protection and anti-corruption. Under these issues of responsibility there are altogether ten principles companies should embrace, support and enact, within their sphere of influence (Global Compact).

2.4 Sustainable Development

The concept of sustainability is very much built-in to the understanding of corporate social responsibility. According to the World Commission on Environment and Development, also referred to as the Brundtland Commission, sustainable development is 'a process of change in which exploitation of resources, direction of investments, orientation of technological development, and institutional change are made consistent with future as well as present needs' (Ibid., 1987, p.9), or shortly addressed 'development that meets the need of the present without compromising the ability of future generations to meet their own needs' (ibid, p. 45). Sustainable development emerged in the 1980's to mainly explore the relationship between development and environment. Although the environmental part is still very much in focus, lately also social sustainability has gained more attention (Banerjee, 2006). When addressing to sustainable development it is common to refer to the tripartite core structure of economic, social and environmental dimensions, also referred to as three pillars (Steurer et al., 2005). For business, the economic dimension can be understood as the single most important dimension of sustainability, as the company's long term survival depends on its ability to secure and improve its competitiveness (Ibid, 2005). Thus for a company to continue being sustainable in the two other dimensions it must first secure its economic dimension. An attempt to highlight the relationship between economical, social and environmental

sustainability in business is addressed by Elkington in his 'triple bottom line' concept. It emphasizes the variety of business related opportunities and challenges produced by the interactions between economy, society and environment. (Elkington, 1999). Theoretical perspectives on the triple bottom line focus on maximizing sustainability opportunities while at the same time minimizing sustainability-related risks. The aim is to map the environmental and social domains of sustainability, to be able to assess the performance of companies on a triple bottom line (Banerjee, 2006). The Global Reporting Initiative (GRI) framework is based on the three pillars of sustainability and provides guidance for companies in how to measure and report on their economic, social and environmental dimensions of their activities, products and services.

3 CSR IN FINLAND

Finland can be characterized as 'a corporatist country in which consensus is sought through a mechanism that brings together the government, unions, employer's organizations, and the representatives of agricultural producers in connection with annual negotiations' (Korhonen and Seppälä, 2005: 15). The role of government in Finland is important in directing the economy and maintaining a welfare system (Korhonen and Seppälä, 2005), and the laws and regulations the government poses on business can be seen as fairly extensive (Keskuskauppakamari, 2003). Together with other institutions, the government enjoys a high degree of trust among Finnish people, rating much higher than in average in other membership countries of the European Union (Korhonen and Seppälä, 2005). Traditionally a 'good company' has been considered as one that pays taxes, complies with laws and regulations, and sponsors sports and culture. However, the society's expectations regarding the role of business are also changing in Finland, and CSR has gained more attention (ibid.). According to Matten and Moon (2008) the spread of explicit CSR, i.e. companies adopting policies that assume and articulate responsibilities, have increased recently in European countries. The move towards a more explicit approach has been evident also in Finland during the last decade, as companies have showed a higher interest towards formal acknowledgement, adoption, and documentation on CSR (Korhonen and Seppälä, 2005). The role of the Finnish government can be seen to be important in this context. As a member of European Union and OECD the government has participated in developing CSR policies and is encouraging companies to implement OECD guidelines for multinational enterprises and to participate in cross-sector initiatives on CSR (Korhonen and Seppälä, 2005:19). The combination of a government engaged in CSR promotion and a high trust towards the government can lead to promising results in the future development of CSR in Finland.

In a study conducted in 2003 under the Corporate Responsibility (CoRe) program at the Department of Industrial Engineering and Management of Helsinki University of Technology (HUT) Panapanaan et al. investigate views on CSR and different CSR practices in Finnish companies. The companies' views on CSR showed to be various, ranging from compliance with the laws and regulations to more ethical considerations on morality and ethical business behavior. The authors argue CSR to be related to the Finnish way of thinking about business ethics and to the northern European high regard for morality. CSR is in the core values and principles of the companies, and thus being self evident to many companies the need for

reporting on social concerns has not necessarily been experienced as highly important (Panapaan et al., 2003). A survey conducted by the Finnish Chamber of Commerce in 2002 on CEO's attitudes towards corporate social responsibility revealed main responsibility areas of Finnish companies. The three most important factors were the responsibility of company's own products and services, the responsibility to follow laws and regulations and the responsibility for the business to be profitable. Many CEO's thought also social concerns, such as the responsibility for employees' wellbeing, environmental concerns and the responsibility for stocks and investments, to be of significant importance. Less important factors according to this study turned out to be responsibilities related to the near community, and the responsibility to support cultural activities. (Keskuskauppakamari, 2003)

Ecological and economical issues have been argued by many authors to have played an important role for a long time in Finnish companies. Also the study of Panapaan et al. showed that many companies focus on environmental aspects in their understanding of CSR (Ibid, 2003). Somewhat different results were however seen in the survey conducted by the Finnish Chamber of Commerce, were environmental concerns ranked only on the sixth place when asked about what factors CEO's perceive as important in responsibility (Keskuskauppakamari, 2003). Despite this still over half of the companies reported environmental responsibility as significant for their business. Companies in Finland seem to be more accustomed with environmental than social reporting, this perhaps due to the more accessible and measurable data on environmental issues. According to Korhonen and Seppälä the trend now seems to be to develop environmental management systems, such as EU Eco-Management and Auditing Scheme (EMAS) and the International Standardization Organization's ISO 14001 standard, further to include also other aspects of social responsibility (Ibid., 2005).

There are various motives for developing corporate social responsibility in Finnish companies. In the survey of the Finnish Chamber of Commerce the most important single factor turned out to be the personal interest by owners and managers towards the issue of CSR. The positive effects of CSR were also acknowledged by many of the respondents. Thus the positive impact on company's image and reputation, and the benefits in long term profitability were all significant factors in developing CSR. Also the positive affect on stakeholders such as customers and employees were mentioned by the respondents. (Keskuskauppakamari, 2003)

4 LOGONET GROUP

The case company of this master's thesis, Logonet Group consists of three business enterprises: Logonet Inc, Kulma Inc and Logonet Brands Inc. Logonet Group offer its business customers a full service design, manufacturing and logistic solutions. Logonet Inc was first funded in 1992 and has since expanded into Logonet Group providing a wider selection of services and products. The company has all together approximately 210 employees of whom 43 are located in Helsinki, Finland. The shareholders of Logonet Group are all in managing positions in the company, Lauri Hulkko, the CEO of Logonet Group being the largest shareholder of the group. The Helsinki office is the location for sales, design and project control. The company's manufacturing offices are located in Asia: in Shanghai, Hong Kong, Shenzhen, Fujian and Dhaka. The company has also sales offices in Hong Kong and Los Angeles and its own textile factory in Bangkok. Logonet Group's international business is managed from the Hong Kong office which is specialized in sales and procurements. Logonet Group offers its customers a wide range of different products and services and thus it has a wide selection of subcontractors it co-operates with. The customers are mainly large or medium global business enterprises. In 2008 Logonet Group's revenue was 25 million euro. The company's primary processes are sales, design, purchase and support processes.
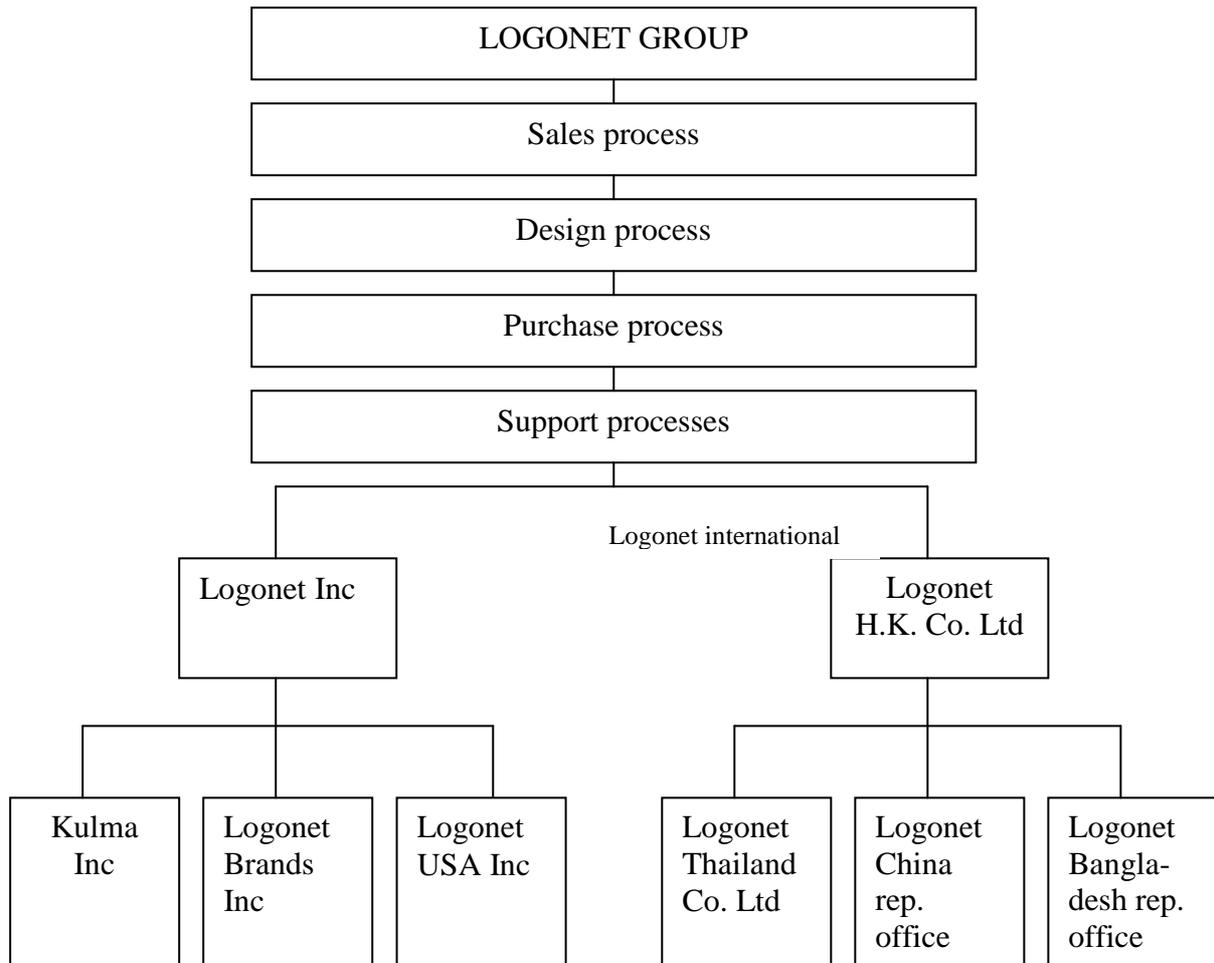
Figure 2. Logonet Group organization chart

The products or services produced by Logonet Group are of various kinds. These can be for example promotional items designed to increase the visibility of a company, sales enhancement campaigns or company gift collections. The main idea is to find suitable solutions to customers' demands and wishes. In the following I will shortly present the characteristics of the three companies forming Logonet Group.

Logonet Inc

The parent company Logonet Inc is specialized in three areas. Firstly, it offers its customers contract manufacturing and designing as an outsourcing service. Secondly, it offers complete

collections of image products, including company promotional items and business gifts. Thirdly, it offers production service for textile and special patches.

Figure 3. Examples on Logonet Inc's services. Left: premiums and incentives. Middle: private label manufacturing. Right: corporate collections.

Kulma Inc.

Kulma Inc was funded as a daughter company to Logonet Inc in 2008. It is specialized in sales enhancement campaigns and offers solutions that have a direct effect on the consumer and thus enhances sales. These solutions include driving customer penetration, increasing buyer loyalty, improving brand visibility at store level and taking better care of stakeholders. Emphasis is on unique custom made solutions.

Figure 4. Examples on Kulma Inc's sales enhancement campaigns. Left: a giveaway coloring set received when purchased a kid's hamburger meal at a hamburger chain. Right: a visibility campaign for cleaning products at a super market.

Brands Scandinavia

Logonet's other daughter company; Brands Scandinavia or Logonet Brands Inc as its official name is, was funded in 2009. It is a new product line of selected household items designed by various top designers. The name Brands Scandinavia is used for the brand and marketing of it. The products by Brands Scandinavia are representing high quality and functionality while allowing the individual designer to bring her or his vision to the items. As Logonet and Kulma have their focus on making products for the customer business enterprise under customer's name, Brands Scandinavia has its own brand with retail business. The concept is still under development and has not yet products to show.

4.1 Core processes

The organizational core processes in Logonet Group include sales, design and purchase processes. These are all closely in connection with each other. The aim in *sales process* is to find out about the customer needs, to examine the possibilities and to offer them a suitable solution. The sales person or the one responsible for the customer relationship will be the contact person for the customer along the whole sales process. This person will also coordinate the information stream between design, purchase and customer. The *design process* starts after sales department has clarified the customer's need. This process is in its quality and innovativeness essential in maintaining and improving Logonet Group's competitiveness. The designer designs a concrete solution for the customer's need according to customer's graphical directives and corporate identity. This will be introduced to the customer by the sales person. The *purchase process* is about ensuring that customers receive the item in right quality, right time and in the right place. The buyer evaluates subcontractors according to the assignment from the sales department and the design for the product. Essential in purchasing is reliability of the subcontractor, delivery certainty, ethical values, quality of the product and the way the product is produced. The purchasing process includes also arranging the delivery with emphasis on timing and cost-effectiveness.

4.2 Support processes

Support processes in Logonet Group are designed to support the core organizational processes. *Human resources process* is about ensuring that there is always professional and committed staff available. *Marketing process* ensures that the management has in its use enough information on markets and competitors. Marketing includes also building and maintaining a company image and supporting sales process in achieving its targets. *Economy process* takes care of accounting, reporting and financial planning. *Information management process* is about taking care of the information technology in the best way for it to support the business. *Office service process* is about providing supporting services such as mail, phone and office comfort services to other processes so the staff in these can focus on their core tasks.

5 ORGANIZATIONAL THEORY – THE APPROACH

Organizational theory aims in explaining and understanding organizational phenomena. Organizational analysis can be divided into two levels; the intra-organizational level refers to the internal interactions and characteristics of an organization and; the inter-organizational level refers to the external interactions among organizations and between organizations and their environment (Jaffee, 2001).

The approach on organizational theory I have chosen to examine the implementation process of CSR will follow the approach of Christensen et al (2007). The approach combines both intra-organizational and inter-organizational levels. The authors focus on how a living organization operates in practice, in interaction with formal, structural and legal constraints, external factors, internal traditions and cultures (Ibid. p. 9). In particular the focus is on leader's active performance of their management function. To examine this, the authors present three different perspectives, an instrumental perspective and two institutional; cultural and myth perspectives. First, the instrumental perspective focuses on the conscious choices and intentions of the management and the way these are expressed through formal structures. Second, the cultural perspective aims in understanding the constraints intrinsic in established traditions and cultures in the organization. Third, the myth perspective refers to the dominant values and norms in the environment, which influence the possibilities for action in organizations. These perspectives differ in the way they understand the logic of action of organizational members and in their view of organizational change. To start with I will present the three perspectives and thereafter look into the different roles of management understood from these respective points of view. After presenting each perspective I will look into how different approaches to CSR and the implementation of CSR can be understood within these perspectives.

5.1 Instrumental perspective

Instrumental perspective is based on rationality and has its traditions in the works of scientist such as Max Weber and Frederick Taylor. From the instrumental perspective organizations

are seen as tools for managers. Organizational structure is important as it imposes boundaries around an individual's choice of action and creates capacity to realize goals and values (Christensen et al, 2007). The logic of action from an instrumental perspective is the logic of consequence, and it aims in predicting the results of particular actions. Goals are formulated by leaders who focus on finding suitable means to achieve the goals (Ibid.).

5.1.1 Instrumentally rational actions

Organizational goals are ideas about what the organization wants to achieve or realize in the future. According to the instrumental perspective, instrumentally rational actions are needed to bring the company closer to the desired situation. Christensen et al. (2007) describe these consisting of four elements. First, the goal and problem is defined, and the questions on what one wants to achieve, and what the distance between that and the desired situation is, are answered. Second, the alternative actions are considered. Third, the consequence of each alternative, and their relation to the goal, is evaluated. Fourth, the decision making rules on how to choose between alternatives are made. However, according to Christensen et al, even when all these elements are considered it is very seldom a company can behave fully rational. Problems are often complex, goals diffuse and inconsistent, and the information on alternatives and consequences are rarely complete (Ibid.). According to the concept of bounded rationality, organizations often choose the alternative that seems good enough and brings an acceptable degree of goal achievement. Thus, despite the claimed rationality, the results are not necessarily maximized (Ibid.).

Furthermore, rationality is related to not only organizational goals but also to the goals and interest of the individuals and groups in organizations. These goals and interests may vary from the ones of others, and there may be a conflict between different interests (Christensen et al, 2007). Also the ways an individual's or group's interests are realized are influenced by the interests of others. This can occur for instance when other actors put limitations on the alternatives for action or when other actors' actions influence the consequences of the individuals own actions (Ibid).

5.1.2 Formal organizational structure

Formal organizational structures, also referred to as social structures (Hatch, 2006), are expressed in organizational charts, manuals, rules and procedures (Christensen et al. 2007). They are determined by which formal rules or positions organizational members have, and by the sub-units and larger units they are part of. From an instrumental perspective emphasizes is on the structural arrangements of people, positions and work units to find the best and most practical way to achieve the organizations goals (ibid).

Drawing from Max Weber's theory on bureaucratic organizations, organizational theorists have divided the formal structure of organizations into three components; the division of labor, the hierarchy of authority and formalized rules and procedures (Hatch, 2006). Division of labor defines the responsibilities and work tasks of organizational members. The combination of these work tasks is designed to produce the desired outcome for the organization (Ibid.). Hierarchy of authority refers to the positions in the organization, and to the rights and powers these positions have. Formalized rules and procedures are explicitly made policies made to govern the organizational activities. These specify how decisions should be made and work performed (ibid).

According to Mintzberg (1993) organizational structure is important as it determines the way labor is divided into different tasks and the way these tasks are coordinated to ensure the results. The following elements are characteristic for an organizational structure; design of positions; designing of superstructure; steering and coordinating; and level of centralization. These can be related with the organization's particular needs, such as flexibility and ability to change.

Design of positions refers to the tasks of particular positions in the organization. Mintzberg makes a distinction between organizations that have high individual competence width and those with strong individual specializations (Mintzberg, 1993). The flexibility of an organization is usually connected to positions with multiple tasks that require a wide spectrum of competences. Having a wider spectrum of competences, individuals and groups are capable to solve complex problems that require integration of several areas of knowledge (Busch et al, 2007). On the other hand, rather than having individuals with a wide knowledge of multiple areas, organizations may have a need for strong individual specialization with a deeper

knowledge of a particular area. In this case positions are designed to take care of certain issues without much flexibility into other areas. The level of specialization is thus dependent on the needs of the organization, and will have an affect on the organizations ability to change (Ibid.)

Designing of superstructure refers to the grouping of tasks in an organization and can be divided according to; knowledge and skill; work process and function; time; output; client; and place (Mintzberg, 1993). The way these are organized will determine the way the organization's departments are designed, and the characteristics that are of high importance for the departments. The chosen organizational form should support both effectiveness and legitimacy of the company (Busch et al, 2007). As for the design of labor, there are diverse demands that determine the grouping of tasks, and the way the departments are organized will again affect the flexibility of the organization and its ability to change.

Steering and coordinating refer to the degree of individual freedom to decide how task are to be accomplished (Busch et al, 2007). According to Mintzberg steering can be done through; mutual adjustment by employees to horizontally coordinate their activities according to the ones of others; direct supervision by the managers to ensure that tasks are done and results achieved; standardization of work processes through rules on how tasks are to be done; standardization of output through demands on particular results; or standardization of knowledge through requirements on individuals' competences (Mintzberg, 1993). In practice these forms are rarely distinct from each other but rather mixed together (Busch et al, 2007).

The level of centralization refers to the hierarchy and decision making in the organization. Centralized organizations are hierarchical in the way that decisions, particularly significant and final ones, are made high up in the organization (Busch et al., 2007), ultimately by only one person (Mintzberg, 1993). Decentralized organizations have a lower level of decision making and the power is distributed to several organizational members (Ibid). A critical determining factor here is who, or what positions, are in connection with the changes in the environment and how fast the decisions are to be made (Busch et al, 2007). Flexibility is usually connected with decentralized organizations as they allow faster decision making at the bottom of the organization, where the demands are often first acknowledged. However, if time is not a crucial factor, this does not have any significance (Ibid).

As a conclusion, the formal organizational structure can be used to strengthen the rationality of the organization and to pose limitations to individual's choice of actions while simultaneously creating possibilities to realize specific goals. Thus it both constrains and enables the organization's instrumental rational actions. (Christensen et al, 2007)

5.1.3 Rationality and uncertainty

Organizations today are often viewed at as open systems (Christensen et al, 2007), i.e. they are seen in connection with their environments. As Busch et al points out, many organizations today have the need for flexibility and ability to change in order to survive (Ibid, 2007). Environmental factors can be important in influencing the way the organizational structure is formed and the way tasks can be accomplished through instrumental rational actions. From an instrumental perspective those environmental factors that influence the organization's goal achievement are the most important (Christensen et al, 2007). As discussed before, environmental factors have a great influence in determining what organizational form is the most suitable. In less stable environmental conditions there is a higher need for flexibility as the organization must be able to adapt to the rapidly changing conditions. On the other hand stable conditions allow the organization to be more rigid, and to focus on optimizing activities with respect to minimizing costs and maximizing profit (Hatch, 2006). Uncertainty caused by environmental factors is related to the lack of information about the conditions. Thus the degree of uncertainty may be different in two organizations operating in the same environment. According to Hatch uncertainty is dependent on how the decision makers perceive the uncertainty and the degree of information they have access to. Managers perceive environments as stable with little complexity when the information they need is both known and available. On the other hand, if managers find them selves in a situation where they do not know what information is needed, they perceive their environments as complex and rapidly changing (Ibid.)

5.1.4 CSR from an instrumental perspective

As previously mentioned in discussing the concept of CSR, CSR can be derived from different rationales. When the decision to focus on CSR is based on rational calculations on

what is best for the company the approach is an instrumental one as discussed in this chapter. Rational calculations are often based on minimizing restrictions imposed by societies on business, increasing financial benefits or enhancing legitimacy (Blowfield & Murray, 2008). From instrumental perspective implementing CSR into organizational processes can be done by a step by step program in which economic, social and environmental issues are balanced (Schoemaker & Jonker, 2006). Great emphasis is on setting goals and designing a structure for CSR in the organization.

Instrumental perspectives on CSR often focus on the business case of CSR (Blowfield & Murray, 2008), in other words on the benefits that companies can gain from engaging in CSR. From this viewpoint companies take a proactive strategic approach to CSR with the focus on the opportunities tied to CSR. On the other hand, instrumental perspective includes also a more responsive approach to CSR with focus on social risks the company must take in consideration in order to preserve its legitimacy and reputation (RARE). According to Blowfield & Murray demonstrating how CSR relates to business performance is important in integrating CSR into core business activities (Ibid, 2008). Organizational self benefit, often financial, is here understood as the main guiding force for organizations to focus on CSR. From an instrumental point of view the influence of CSR on business performance does not however have to be understood as merely financial. According to Blowfield & Murray business performance can include measures such as; shareholder value; revenue; operational efficiency; access to capital; customer attraction; brand and value reputation; human capital; risk management; innovation; and license to operate (Blowfield & Murray, 2008: 136).

Furthermore, Blowfield & Murray make a distinction between three types of business cases related to CSR (Ibid, 2008). Firstly, CSR is seen as a means of avoiding financial loss, for example by defending company's reputation. Secondly, CSR is seen as a driver of tangible financial gains, for example by improving the quality of the workforce or by driving product innovation. Thirdly, CSR is seen as an integral element of company's strategic approach to long-term business performance, thus companies can for example start to use more renewable natural resources to ensure the availability of resources in the future. The first type is related to risk management and has a reactive approach to CSR. The two latter, especially the last one, has a proactive approach and focus on long-term strategic management of CSR. The authors point out however, that there is relatively little empirical evidence on the correlation between CSR and direct financial performance (Ibid, 2008). However, among others

according to Knudsen, despite the mixed evidence, corporate social performance seems to have a positive impact on financial performance (Ibid, 2006).

From an instrumental perspective, CSR implementation aims in finding a connection between goals, means and consequences. When the organization decides to implement CSR initiatives, the goal and problem is first defined. Alternative CSR initiatives for achieving the goals and dealing with the problems are considered. The consequences of these initiatives are assessed and rules on what factors are to be in focus when making decisions are set. According to the concept of bounded rationality fully rational choices are however not possible. Thus the constraints imposed on decision makers by formal structures and capacity problems influence the goals (Christensen et al, 2007). Here the degree of information is an important factor, as it enhances the company's capacity to choose the alternatives that are of higher importance.

From instrumental perspective goals are often formulated and implemented by the management (Christensen et al, 2007). As a consequence of this top-down approach the interests of managers have significant importance on the forming of social responsibility in the organization. Priorities of organizations, and their managers, vary in deciding which stakeholders benefit from CSR initiatives and to what extent. This is problematic as companies can decide to focus on certain stakeholders in their CSR policies while simultaneously be exploitative of another (Haigh & Jones, 2007). This can be understood as a strategic choice by the company but it may also be a consequence of bounded rationality. In the latter case decision makers are not aware of the possible issues they are expected to consider and as a consequence they may end up doing harm to their stakeholders and risk worsening the reputation of the company.

As discussed, the instrumental perspective puts great emphasis on the formal organizational structure (Christensen 1t al, 2007), and finding the right CSR structure for a specific company is crucial (Blowfield & Murray, 2008). Designing the right organizational structure (Mintzberg, 1993) for CSR is important and questions arise such as; how CSR is to influence the behavior and work tasks of organizational members; which department is to have the main responsibility for CSR and whether there should be a dedicated CSR manager; what kind of steering and coordination mechanisms are to be used in CSR management; and who has the power of decision making when it comes to CSR related issues. The following four steps are

presented by Blowfield & Murray as an example of a management guide for designing corporate responsibility structure.

1. Understand the drivers of CSR within the firm
2. Mapping what is already happening inside and outside the company (identifying CSR issues, stakeholders and functions within the company that support CSR efforts)
3. Coming to grips with the existing system (analyzing company system, culture, and impending changes)
4. Designing a specific CSR management structure (evaluating structural options, developing staff plan, creating structure for cross-functional interaction, assessing the process and framework for budget and resource allocation)

(Blowfield & Murray, 2008: 112)

From an instrumental perspective CSR is a tool for management to enhance business performance. The questions managers ask is what is in it for us. It would be naïve to believe companies are not considering their own benefit when implementing CSR, and as Blowfield and Murray points out it is crucial to demonstrate the benefits to engage more companies to implement CSR into their business operations (Ibid, 2008). However, if the rationale for implementing CSR is simply of instrumental nature with an emphasis on profit maximization, considering only issues that are for the company's benefit while neglecting others of high importance, the whole idea of social responsibility suffers. CSR should not be only limited to those aspects that affect the financial bottom line, but extended also to aspects in which the business case is weaker (Ibid).

5.1.5 CSR and instrumental leadership

Leadership from an instrumental perspective means "to plan, decide, coordinate and control according to a set of formal goals and a range of operations leaders want to realize." (Christensen et al, 2007: 97) In fact steering is very much in focus. According to Christensen et al steering is about making collective decisions and putting them into effect. From an instrumental perspective this is done by influencing individuals' behavior through a system of

formal steering and control instruments. Formal structures are used systematically to achieve organizational goals (Ibid, 2007). According to Ramus and Oppegaard formal, control oriented management often includes implementation of an environmental policy or program that is compatible with the company's strategic intentions related to sustainability (Ibid, 2007). Thus also CSR frameworks, such as GRI and Global Compact, can be seen as instruments for managers to influence the behavior of individuals in the organization and to enhance goal achievement.

For instrumental leadership to be successful, the conditions must enable it. These conditions include leaders having control over their subordinate actors, based on formal and legal conditions, and that these are accepted by the subordinates (Christensen et al, 2007). Furthermore leaders must be able to engage in clear organizational thinking to find ways to realize the goals. Thus information enhancement is important to discover the possible problem areas related to the specific organization and its economical, social and environmental responsibilities. The role of leadership from instrumental perspective is related to leader's hierarchical status, and includes roles such as organizing decision making processes, coordinating initiatives and implementing resolutions and policies (Christensen et al, 2007). The information decision makers have on CSR, and the time and other resources they have naturally influences the path the organization take in implementing CSR. As discussed, increased information will enhance the success in formulating and achieving CSR related goals in a rational manner and simultaneously decreasing the experienced uncertainty (Hatch, 2006) related to CSR issues.

According to Nadler and Tushman instrumental leadership of change processes include three elements. Firstly, leadership involves *structuring*. The leader builds teams that are competent to execute and implement the change and create structures that guide the behavior towards what is desired (Ibid, 1990). Thus CSR leadership consists of influencing the behavior of individuals to line it with the desired CSR goal and creating a structure for CSR in the organization. The latter includes deciding which department is to be responsible for the implementation process and for example creating a new position for a CSR manager. Secondly, instrumental leadership is about *controlling*. This involves creating systems and processes to measure, monitor, and assess behavior and action, and to administer corrective action (Ibid). Company codes of conduct and CSR frameworks can be used by managers to control and measure individual behavior and to ensure the behavior is aligned with the goals

set in these policies by monitoring behavior on measurable indicators (Weaver & Trevino, 2001). However, as Utting points out it must be notified that monitoring and verification can be very difficult as the range of data is usually very broad and the access to this data limited (Ibid, 2000). Thirdly, leadership consists also of *rewarding*. Rewards and punishment are required depending on whether the behavior of individuals is consistent with the requirements of change (Nadler & Tushman, 1990), and the goals set for CSR.

5.2 Cultural perspective

The cultural perspective emphasizes the importance of informal norms and values that are established through time and have become part of the traditions and culture of the organization. From this perspective organizations are viewed as institutionalized organizations. Different from the instrumental perspective on organizations as tools for managers, institutionalized organizations are seen as more complex and less flexible to adapt into new demands. Institutionalized norms and values of the organization are often the reasons why change attempts are rejected. On the other hand, strong informal norms and values may increase the organization's ability to solve tasks in a more suitable manner and to function as a socially integrated unit. Different from the instrumental perspective, the behavior of individuals is less based on rational choices as they are rather being influenced by values and norms, and a desire to meet the requirements of what is socially appropriate behavior. The culture of an organization is a much more difficult thing to grasp than the formal norms and values such as those expressed in the communicated rules, organizational charts and work manuals. (Christensen et al, 2007)

5.2.1 Norms, values and artifacts

According to Schein (1992) organizational culture can be divided into three levels; basic assumptions; espoused values; and artifacts. These are presented below in figure 5. The deepest level of the culture is in the basic assumptions of what is believed to be the truth or reality, and will determine how organizational members respond to stimuli and problems. These assumptions are often taken for granted and therefore rarely questioned. At a more conscious level of the culture are espoused values. Values are social principles, goals and standards that organizational members believe have intrinsic value. The values of an

organization define what the organization cares about and what its priorities are. Although values are often not thought of when for example making decisions, organizational members can become very sensitive about them if they are faced with conflicting values (Hatch, 2006). Organizational norms are based on its values. They are unwritten rules on how organizational members are expected to behave. Depending on the organization, certain rules can be expressed either informally in the form of norms or formally for example in the manuals of the company (Ibid), such as described in the previous chapter of instrumental rationales. According to Schein's perspective artifacts are the most visible cultural features as they can be seen, heard and felt. As values and norms, also artifacts often express the core assumptions of the organization (Ibid, 1992). The connection may however not always be easy to recognize (Hatch, 2006).

Level	Definition	Example
Artifacts	Tangible and observable aspects of organization	Written documents, physical layout, dress, behavioral rituals
Espoused values	Beliefs about what should happen in the organization	Organizational philosophy, vision and mission
Basic assumptions	Taken-for-granted ways of doing and thinking and achieving goals	Standard operating procedures, presumed methods of efficiency

Figure 5. Levels of organizational culture (Schein, 1992: 17)

According to Schein the three levels of organizational culture influence each other mutually. As mentioned basic assumption influence the values and norms, and the development of artifacts in the organization. Furthermore the direction may be reverse as new behavior may after time be routed into the organization and become part of its basic assumptions (Ibid. 1992).

5.2.2 The logic of appropriateness

The cultural perspective differs from the instrumental perspective in the logic of appropriate behavior. Instead of focusing on the deliberations of pro and contra arguments, consequences or self interest, the focus of cultural perspective is on 'matching' the situation with the identity (Christensen et al, 2007). According to Christensen et al matching occurs when "rules for actions are deployed in order to link situations and identities" (Ibid, 2007:40). What is considered as appropriate behavior obviously varies between organizations. The culture and its values and norms are evolved in time and are based mainly on the past experience of the organization (Ibid). According to Christensen et al, matching a situation with an identity can be based on diverse origins. It may be based on previous learning experiences, on the prioritizing of some values over others; on recently used rules; or on the experiences of other actors (Ibid, 2007:41). Furthermore, organizations are often complex and the values and norms that guide the behavior of its members may be sometimes in conflict. Conflicting values may obviously be problematic to organizations but there is also a positive side to it. Learning to balance many objectives simultaneously and to cope with diversity often increases flexibility and competence in the organization (Ibid).

Conflicting values may occur between so called first and second order values (Schoemaker & Jonker, 2006). First order values are related to business, to the business proposition or to what makes the business run, and determine the core competences and success of the organization. They refer to what is important for the particular company in its particular field of business. Second order values support the first order values but are not necessarily directly linked with the business. They relate to the desired behavior of employees towards customers, colleagues and other stakeholders. In most of the organizations corporate social responsibility is an example of second order values. However, in organizations where CSR is integrated into the core of the organization and it has become part of the business proposition, it can be considered as a first order value. Conflicts between first and second order values may occur when one does not support the other, for example when values that guide the behavior of employees are in conflict with the values and norms that underpin the market paradigm (Ibid).

5.2.3 Culture, identity and image

From an institutional perspective pressure to behave in certain way may be as much a cause from the internal as external factors. Christensen et al define internal pressure as the informal norms and values that organizational members bring with them and make relevant in the organization they work in. External pressure is the pressure from main stakeholders whom the organization interacts regularly or is dependent on (Ibid).

In their article on *the dynamics of organizational identity* Hatch and Schultz discuss the connections between organizational culture, identity and image. The authors define organizational culture as the underlying "tacit organizational understandings (e.g. assumptions, beliefs and values) that contextualize efforts to make meaning, including internal self-definition" (Ibid, 2008:996). Organizational identity is closely related to the culture but more precisely to how organizational members experience them selves in the eyes of others. According to the authors organizational identity is the result of the interaction between organizations cultural self-expressions and mirroring stakeholder images. Thus it is a result of both internal and external factors. Organizational identity is continuously created, sustained and changed (Ibid, 2008). The connections between organizational culture, identity and image are shown in Figure 6. Following the arrows from the top left in the form of an eight, organizational culture is expressed in the identity, which further influence the image others have of the organization, and may be used to impress the organization's stakeholders. Furthermore the image others have of the organization mirrors the identity and reflects the organizational culture. Organizations that have their focus only on one side of the figure will according to Hatch and Schultz have dysfunctions. Ignoring the image others have of the organization results in organizational narcissism. Thus it may have negative consequences on the reputation as the behavior may not be seen as appropriate by the company's stakeholders. On the other hand focusing solely on the image may end up in hyper-adaptation as the traditions of the organizational culture are neglected. Organizations end up polishing their image with the aim to seduce others without any deeper implications on the organizational culture (Ibid). This kind of window dressing will be discussed more closely in relation to the myth perspective.

Identity expresses
cultural understandings

Identity mirrors
images of others

Culture	Identity	Image

Reflecting embeds
identity in culture

Expressed identity leaves
impressions on others
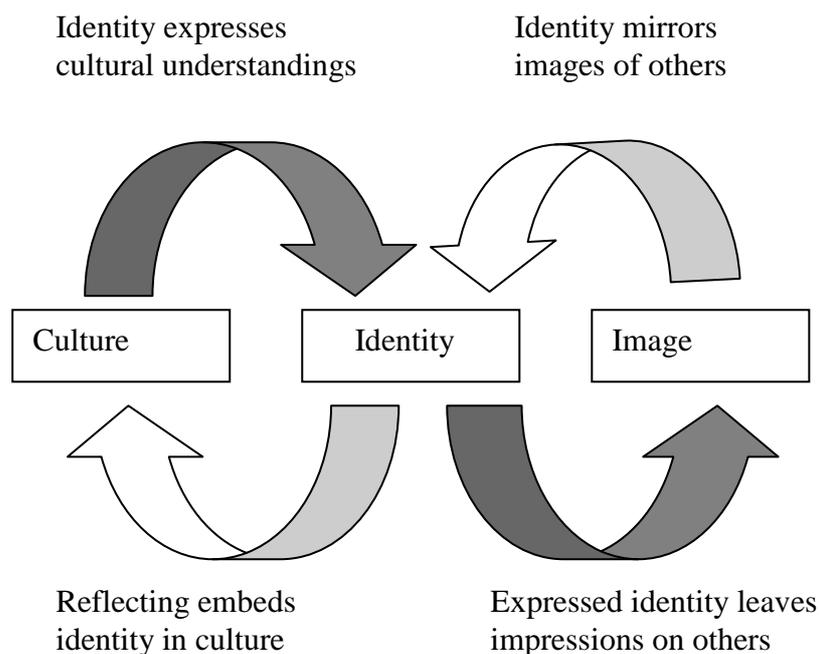
Figure 6. The organizational Identity Dynamics Model. (Hatch and Schultz, 2008: 991)

5.2.4 Changing the culture

There is a debate on whether organizational culture is something one can change or not (Hatch, 2006). From a more instrumental perspective it is possible to influence the values and norms of an organization and thus change the culture and the behavior of actors towards what is desired. Others see culture as a more stable state. The possibilities to manage it are seen as limited as norms and values are deeply routed in the basic assumptions and understandings of how things are (Ibid). This is the way institutionalized organizations are viewed at. Something most scholars agree on however, is the significant influence of top managers on the organizations culture (Ibid). Dessler argues, that "the leader, more than any other person in the firm, must promulgate the basic values, beliefs and expectations that will drive the organization" (Ibid, 1986: 360). The role of the management is to provide an example and to try to influence the behavior of others. However, it is not guaranteed that the managers' expressions and actions will be understood as intended or that they will have the desired outcomes on the organizational culture (Hatch, 2006). Furthermore not only managers are in an important role. The cultural perspective emphasizes the influence of organizational members from all levels as from this perspective change initiatives are often generated from bottom-up (Christensen et al., 2007).

From a cultural perspective change happens slowly and in increments to adapt to the internal and external demands (Christensen et al, 2007). Institutional change can be seen as a process (Meyer & Rowan, 1977), whereby certain ways of acting are becoming the right way to do things and in the end are taken for granted. As seen in Figure 6 cultural change is a process of balancing between internal and external pressures. Traditional values and norms that have developed during time may be altered by new ones in a process of mirroring and reflecting. The ability for an organizational culture to change can be understood here to be related to how organizational members interpret them selves and their environment, and whether organizational members experience a need for change. It is therefore dependent on whether there is a match between what is experienced to be the reality by the organizational members with the one by organization's external stakeholders (Busch et al, 2007).

5.2.5 CSR from cultural perspective

Examining CSR from a cultural perspective is about examining the values related to social responsibility that guide behavior in organizations. Implementing CSR from this perspective is about embedding CSR into everyday behavior of all people in the organization. CSR must be turned into a set of organizational values and this requires adapting it into the organizational culture and identity. It is important to not only include CSR into formal procedures and organizational processes but to actually embed it into the communities of work, i.e. into value based groups of individuals (Schoemaker & Jonker, 2006). Organizations from a cultural perspective are more rigid to change and thus succeeding in embedding CSR related values into the culture and to its basic assumption (Schein, 1992) can be a great challenge. The institutionalized cultural frames of the organization (Campbell, 2004) and organizational inertia (Hoffman, 2001) in this relation can act as resistance to the implementation of CSR. The process of implementing CSR is slower than from the instrumental perspective as it takes time to route CSR into the organizational identity and culture.

CSR related values may be sometimes in conflict with the first order values (Schoemaker & Jonker, 2006) that guide the business proposition. If the first order values related to business are in conflict with what is socially appropriate behavior, there is a need to assess possibilities

to change those values. Trade offs between second order values related to CSR and first order values that promote the business proposition can be harmful to actors concerned and to the organization itself in the form of lost reputation or even legal complications. Conflicting values caused by the complexity and diversity of CSR are though something an organization have to learn to cope with.

CSR can be driven by internal or external pressure, or by a combination of both. Internal pressure from a cultural perspective may be caused by organizational members own values related to social responsibility. The organization's own norms may lead to it making a commitment to a specific cause, independently of any stakeholder pressure (Maignan & Ferrel, 2004). Contrary to the instrumental perspective, initiatives from cultural perspective are less hierarchical and can in principle be initiated by any of the organizational members. Motivated employees may for example generate bottom-up activities on CSR and encourage others to get involved (Jonker et al, 2004). However, as Jonker et al. claim to succeed in engaging the whole organization into CSR also other pre-conditions are needed. These include the commitment of top management, manpower and money, and sufficient support through organization (Ibid, 2004). External pressure for CSR is caused by the organization's stakeholders and their demands. To find out about stakeholder demands may require entering into a dialogue with them. Dialogue is about listening and responding, but also about making moral commitments to those who are affected by the organization's actions (Becket & Jonker, 2006). Dialogue with the stakeholders can be understood as important in balancing between the organizational culture, identity and image. As shown in figure 6, mirroring others perception of the company with own perceived identity is often needed if the culture is to be changed. Thus self-reflection and self-criticism will help the organization to become aware of the problem areas and to eventually improve its performance (Hess, 2008). Entering into a dialogue may facilitate in making explicit the perceptions others have of the organization and to ensure the image stakeholders have is more true to reality.

CSR that is present in both company's identity and image is more likely to guide actions and decisions in the organization as it may slowly become part of its culture and basic assumptions. Whetten and Mackey argue that when sustainability (or CSR) becomes part of the company's philosophy and behavior, sustainability is beyond strategy. Sustainability is integrated into the organization and become part of its very characteristics (Ibid, 2002). The process of embedding CSR into the culture begins with convincing organizational members to

take the path of sustainability. Once this is succeeded, the process of institutionalizing CSR has begun and CSR can eventually become the norm in the organization (Campbell, 2004). However, as mentioned the process is often slow and happens in increments.

Jonker et al present four phases that organizations go through in the process of integrating CSR within a specific organizational context. The authors emphasize the process being of incremental nature and often rather a "messy affair" than a clear step by step process (Ibid, 2004). Here the characteristics of institutional change from a cultural perspective are evident as the emphasis is on the incremental nature of the change (Christensen et al, 2007) and on a process whereby certain ways of acting becomes gradually the right way to do things (Meyer & Rowan, 1977). The role of a change agent is critical according to Jonker et al. especially in the beginning of the process in developing a sense of direction and understanding for CSR. A change agent is an individual who drive CSR forward in the organization and is making general notions regarding CSR to be suitable for the organizational context (Ibid, 2004). Although this process of integrating CSR into the organization has mostly similarities with the cultural perspective as it aims in integrating CSR values into the culture, the phases include also characteristics of instrumental and myth perspectives. The phases of embedding CSR are following: 1. Sensitizing: becoming receptive to CSR leading to a certain level of awareness, 2. Discovering: experimenting through small initiatives and concrete projects, 3. Embedding: linking in with structural and system aspects of the organization and 4. Routinising: linking CSR to the company's core-competencies (Ibid, 2004).

<u>Sensitizing</u>

In the first phase the company develops a sort of diffuse receptiveness for CSR. Drivers for this may be diverse, both internal and external. Internal drivers can be caused by e.g. high rates of sick leaves or a need for improved social cohesion (Ibid, 2004:7). External drivers may be related to NGO campaigns or other CSR promoting initiatives and awareness triggers. In this phase CSR is recognized as being important to the organization and the necessity to deal with the issue is accepted.

Discovering

In the second phase the company starts working with CSR and an individual is given the task to act as an initiator. This change agent initiates small projects related to CSR and starts spreading CSR in different ways in the organization. However, there is not yet a holistic concept of CSR. The drivers in this phase are usually connected to the change agent's own personal commitments and enthusiasm. Important for he or she is to translate the concept of CSR so it becomes suitable for the nature and culture of the company. Jonker et al. characterize this phase as learning by doing, the direction of the process depending on the vision of the change agent, the power he or she has to influence others and the freedom of movement he or she is allowed in the company.

In order to extend the diffusion of CSR further in the organization, and move towards the third phase, more people need to be involved and the role of the change agent is eventually passed to several agents. Simultaneously the drivers become more related to the business position and economical benefits, and the approach to CSR is of a more strategic kind. Here the business case starts to be important and CSR is seen as a tool for managers. Thus, the nature of CSR is equal to the instrumental perspective.

Embedding

In the third phase the focus is on linking CSR into the company's core competences. Here the change agent is mobilizing everyone in the organization to foster capacity building related to CSR. To be able to engage others new drivers and arguments are needed. Here it is important to find out what kinds of factors are influencing the move towards successful achievement of implementation. Thus for a business enterprise, economic arguments play an important role. In this phase CSR can be linked with other existing organizational competencies (e.g. ISO – systems) and some structural choices and activities, such as creating a new department for CSR, may be done to facilitate the implementation of CSR. Jonker et al points out that there are diverse ways to go forward in this phase, however typical for all organization here is that CSR becomes part of a regular management assessment system (Ibid, 2004:11).

<u>Routinising</u>

In the last phase, CSR is integrated deeper into the organization, and into its culture. This phase is the result of the process consisting of incremental changes in integrating economical, social and environmental concerns deeper into the organization. CSR is interpreted and understood to be a natural part of all the decisions in the organization. Dealing with CSR is becoming a regular management task and it is present in the mission, vision, policy and strategies of the organization and translated into systems, structures and other tools. According to Jonker et al most of the organizations have not yet reached this phase; in fact the authors argue the phase being more based on academic assumptions than empirical evidence (Ibid, 2004).

5.2.6 CSR leadership from a cultural perspective

From the cultural perspective leadership is associated with interpersonal relations and processes. Compared with steering, leadership from this perspective is more decentralized, direct and dialogue based (Christensen et al, 2007). Goals are not necessarily directly formulated but rather formed in time as a result of organizational history and culture (Ibid).

Selznick discusses ways to identify and analyze institutional leadership in his essay on leadership in administration. The author points out that what leadership constitutes of is not easily grasped and what leaders do is by no means self evident. Firstly, leadership is according to Selznick "a kind of work done to meet the needs of a social situation" (Ibid, 1957: 22). It is a specialized form of activity and must be seen in connection with the social situation in which the function is practiced. Secondly, leadership should not be confused with the positions of authority or decision making in an organization. Not all activities performed in high positions are leadership activities. Thirdly, leadership is not necessarily needed in all situations, or to the same extent in all organizations (Ibid, 1957). Furthermore Selznick defines leadership as setting goals in the frames of the conditions that have determined what one can and perhaps must do. Leadership is also about balancing internal and external pressures with attention to the way adaptive behavior brings about changes in organizational character (Ibid, 1957).

As discussed previously, dialogue with stakeholders can be important in balancing between the organizational identity and image. Leadership has an important role here in facilitating dialogue. Ramus and Steger argue that successful sustainability (or CSR) implementation require time and resources for establishing a dialogue in which values are discussed, personal commitment to responsibilities is encouraged, and organizational learning activities are used to encourage employees to integrate environmental values into their work (Ibid, 2000). Organizational learning can be defined as a process of improving actions through better knowledge and understanding (Files & Lyles, 1985) and as creating new ways of seeing and doing things (Nonaka, 1994). According to Post et al. companies have shown three different forms of learning about, and responding to, their stakeholders. Firstly, *adaptive learning* involves adjusting routines and practices to avoid known mistakes and take advantage of recognized possibilities. The essentials of organizational strategy, structure and culture are not changed in this form of learning as processes and behavior are only modified in small amounts (Ibid, 2002). This kind of learning can be a result of increased awareness towards CSR related risks or CSR related benefits, and thus mostly suitable under the instrumental perspective. Secondly, renewal learning is about evolutionary and more proactive behavior. It includes re-examination of assumptions and cognitive framework and thus noticeable changes in strategies and structures (Ibid). Here increased focus on CSR can be understood to trigger this self-examination. Learning resulting from this will have a deeper impact on the values and norms of the organization. Thirdly, transformational learning involves substantial change within the organization (Ibid, 2002). This kind of learning may result in major changes in the strategy, structure and core culture of the organization. This is usually a result of significant discontinuities or new realities (Ibid, 2002). CSR in this third form of learning becomes integrated into the purpose of the firm, changing it more radically from the inside.

Higgs discuss the role of leadership in implementing CSR and point out that leaders are supposed to lead less and change more. Important is to create an environment that allows change, and to focus on building relationships and creating capacities (Ibid, 2006). To succeed in bringing CSR closer to the core of the business in the organization leaders are to focus on developing values and aligning behaviors with a responsible organization. CSR should not be considered as something on the side, but as something in the heart of the business (Ibid, 2006). Higgs argues that simplistic linear models for implementing CSR do not work as there is no single formula for success. Important when choosing the approach is that it is anchored in the context of the business and based on an informed understanding of

the business and the dynamics of change (Ibid, 2006). As change from the cultural perspective is seen as more difficult to succeed with, it is important for the leader to make the concept of CSR more suitable for the specific organizational context. Emphasizing the connection between CSR and existing organizational values will facilitate the process of implementing CSR. Values related to economical, social and environmental responsibilities are certainly not completely new in the organization. As Matten and Moon (2008) argue, many companies have had an implicit relationship towards CSR for a longer time, including values related to their responsibilities but they have only recently started to address these explicitly. Although the values related to CSR may not be new for the organizational members, leadership may be needed to motivate employees in various ways to give greater emphasis to these values in their work.

5.3 Myth perspective

The third approach, myth perspective, also called new institutionalism, emphasizes the influence of organizational environments. Institutionalized environments have social norms on how organizations should be designed and how they should function (Christensen et al, 2007). Organizations from this perspective become, at least on the surface, more similar to each other as they adapt the same socially created norms. These norms are here referred to as myths, following the view of Christensen et al.

5.3.1 Myths and legitimacy

Organizations from a myth perspective are seeking for legitimacy from their institutional environments to demonstrate that they live up to the norms of the society. Legitimacy for a company means that its actions are accepted in the society it operates in (Hatch, 2006). Myths provide general ideas and more precise recipes on how modern organizations should look like, which structural components they should have and which procedures and routines they should prioritize (Christensen et al, 2007:58). Following these norms of the society will increase the legitimacy of the company in the eyes of others. The importance of legitimacy is especially evident in cases where unethical actions by business enterprises have resulted in large scale boycotts, demonstrations and thus in worsen reputation (Hatch, 2006). According to the institutional theory legitimacy should be considered as an input along with raw

materials and other resources the company needs for the transformation process to produce outputs. This is illustrated in figure 7.

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┌─────────────────────┐        ┌─────────────────────┐        ┌─────────────────────┐
│ Inputs              │        │ Transformation      │        │ Outputs             │
│ • Raw materials     │──────→ │ processes           │──────→ │                     │
│ • Labor             │        │                     │        │                     │
│ • Capital           │        └─────────────────────┘        └─────────────────────┘
│ • Equipment         │
│ • Social legitimacy │
│                     │
└─────────────────────┘
```
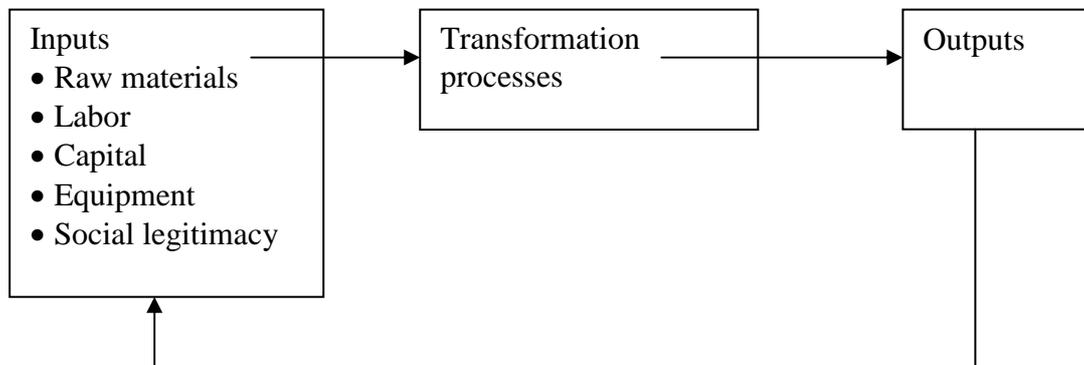
Figure 7. Social legitimacy as an organizational resource (Hatch, 2006: 88).

Social environments are however complex and what is understood as legitimate is inconsistent. Thus organizations are faced with a wide range of changing and sometimes conflicting ideas and recipes for legitimate structures and procedures to choose from. Furthermore sometimes fashionable ideas spread quickly through imitation of others, and merely end up as window dressings without any practical implications (Christensen et al, 2007).

5.3.2 Organization recipes

Myths as social norms consist of "organizational recipes" on how to design an organization (Christensen et al, 2007). According to Christensen et al typical for these recipes are that they focus on parts of the organization, they have their own literature where they are discussed and promoted, and they have often linguistic labels. Popular recipes today address areas such as management (f. ex. Team-based management), leadership (f. ex. Total Quality Leadership) and organizational design (f. ex. Divisionalized structure) (Ibid, 2007).

Organizational recipes are making organizations more alike, as organizations through them adopt similar ways of doing things. However, as institutionalized organizational recipes are immaterial ideas, they allow much autonomy for individual organizations to develop their own versions and to adapt them to fit the organization and its other recipes. In this way organizations are able do adopt different, also inconsistent, recipes (Christensen et al, 2007).

The degree of freedom in adapting a recipe depends obviously on the nature of the recipe. Some recipes may include detailed instructions on structures, procedures and routines, and are therefore less flexible. (Christensen et al, 2007)

5.3.3 Implementation of recipes

The choice to implement a certain institutional recipe is usually initiated by someone inside the organization. This person, often someone in the management, has become aware of the idea, becomes interested and finds it suitable for the organization (Christensen et al, 2007).

According to DiMaggio and Powell there are three reasons why organizations adopt popular recipes, and thus become more resembling to each other. The first, coercive adoption happens when an organization is instructed by the state or other institution to implement certain recipes. This can occur through regulations or laws. The second, normatively based adoption refers to adoption derived from common norms, values, knowledge and networks by various professional groups. The third, mimetic adoption occurs when organizations try to be as other organizations that are associated with success. This often takes place when organizations experience a great deal of uncertainty and by imitating others they are able to decrease this uncertainty (Ibid, 1983).

When organizations decide to implement an idea or recipe, there are in general three view points to examine how organizations deal with them: quick coupling, rejection and decoupling. Sometimes, however, even when the organization has decided to implement a recipe, it never becomes part of the practice (Christensen et al, 2007). The first way recipes are dealt with is quick coupling. Here, recipes are often seen from an instrumental view as quick tools to fix problems. They are presented as fully developed and easy to take in use, without a need to modify or adjust (Røvik, 1998). Secondly, the cultural perspective emphasizes that recipes are often met with resistance from organizational members. Recipes can be experienced to be incompatible and unsuitable to the complex organizations, its values and norms. Thus recipes are often in risk to be rejected, resulting in failed implementation attempts (Christensen et al, 2007). Thirdly, seen from a new institutional myth perspective, implementing recipes may increase both legitimacy and efficiency of the organization. Trying to appear both legitimate and efficient may however be a dilemma as these two aims do not

necessarily support each other. To avoid this dilemma, organizations may intentionally keep recipes decoupled (Ibid). In this way, recipes have very little practical implications and are used as window dressing to only boost the image of the company.

According to Røvik (1998) implementation of organizational recipes may occur also in a more flexible way through translation, to fit the organizations particular needs or characteristics. The translation may be done on the basis of rational calculations to find out which aspects of the recipe will give economic benefit and effectiveness. It may also be done when management decides they do not have the time or other resources to implement the recipe as such. Thus it is modified into fitting already existing organizational structure, procedures and routines. Rational calculations may also be done when recipes are modified to avoid conflict with the local traditions. Furthermore, translations may sometimes happen unintentionally, even when those implementing the recipes think they are adopting it in its original form. Røvik discusses translation also as a form of identity management. This refers to a situation in which an organization has a dilemma between being modern and unique. Popular recipes are often adopted to enhance legitimacy and to provide a modern and successful picture of the organization. However, adopting recipes may also be seen as a threat towards the uniqueness of the organizational identity as an organization adopting popular ideas becomes more homogenous to others. Thus organizations may adopt popular concepts but emphasize their uniqueness in that the concept takes in that particular organization. (Ibid, 1998)

According to Røvik translations of popular recipes can be divided into four main groups; concretizing; partial imitation; combination; and re-melting. Concretizing refers to when organizations aim to interpret and clarify a concept. The translation here is from a general idea into a more specific one. Partial imitation is often used when recipes consist of several loose coupled elements. In this case organizations are often rationally choosing the elements they have use of. However, to be able to do this, the organization must know what it needs and what is provided by the different elements of the recipe. In other words, to be able to choose rationally one must have enough knowledge of what one needs and what is offered. The third translation type, combination, refers to when organizations bring together recipes or parts of recipes into a combination form. This often occurs when several recipes are used simultaneously, and they are seen in connection with each other. Re-melting is a more radical translation than those before. Here elements of different ideas and recipes are brought

together as in combination, but they are melted together into a totally new concept and eventually the elements used to create it are no more separately visible. (Ibid, 1998)

5.3.4 Recipes from instrumental and institutional view

Popular organizational recipes can be understood in different ways. They can be looked both from instrumental view and institutional view (Christensen et al, 2007).

From an instrumental view recipes are tools for managers in trying to make organizations more effective. The most popular recipes have spread widely as they have been proven to work well in other organizations. Thus, from an instrumental view recipes are adopted as solutions to problems. The problem is first identified, following with a search for the best solution for it. Several solutions may be assessed in order to find the most suitable one. Thereafter, the implementation process is properly organized to establish new routines and activities. Translation of the recipe may also be done on the basis of rational calculations on what is needed (Christensen et al, 2007).

From an institutional view organizational recipes are seen in a different light, as meaningful symbols. These symbols are rationalized in the way that they are presented as tools for enhancing efficiency and modernization (Christensen et al, 2007). Popular recipes have become symbols for rationalistic values in modern societies, such as reason, efficiency and democracy, and they are associated with the traditional Western ideal of continual progress (Ibid, 2007: 75). Thus, the symbolic perspective combines also instrumental characteristics, and recipes are seen as both symbols and effective tools.

5.3.5 CSR from myth perspective

CSR from a myth perspective emphasizes the environmental norms on the way socially responsible companies should look like. Legitimacy is central in explaining why corporations should change their organizational practices towards more socially responsible. CSR from this perspective is seen as important for organizations in demonstrating that they live up to the demands of the modern society. Corporate social responsibility can be seen as a management

trend among other fashionable trends (Sahlin-Andersson, 2006), reflecting the norms of the modern society (Christensen et al, 2007). Social legitimacy is something organizations are seeking from their environments (Hatch, 2006). When an organization starts to more explicitly address its commitment to CSR it can be understood as legitimacy building (Matten & Moon, 2009). Thus the organization by demonstrating its responsibilities aims in gaining acceptance from the society and simultaneously improving its image.

Widely accepted CSR frameworks are in an important role when examining CSR from a myth perspective. Companies adopting CSR frameworks are seen perhaps as more legitimate by the society improving the image and reputation of those companies. As Christensen et al points out, organizations from the myth perspective are becoming more homogenous to each other as they adopt similar ways of doing things (Ibid, 2007). Popular CSR frameworks are guiding company actions by establishing common rules for them in the area of responsibility. Thus while gaining more momentum CSR frameworks such as Global Compact and Global Reporting Initiative are driving organizations towards more similar ways of acting. The best practices promoted on the web pages of these frameworks are also contributing in this process, as they provide success stories as examples for desired practice. Critics on CSR have been based mostly on the possibility to use CSR as window dressing. Companies have for example been accused for producing glossy environmental or CSR reports to improve their image when carrying on business as usual without any practical changes (Utting, 2001). Companies using CSR as merely window dressing are however in a risk of loosing their reputation if caught in making false promises or accusations.

CSR frameworks can be examined as popular organizational recipes. They guide organizations towards more homogenous ways of acting, but simultaneously allow much freedom for individual organizations to adapt them into the organizational context. Sahlin-Andersson (2006) refers to CSR frameworks as soft regulations, including often formal reporting and coordinating procedures. Companies can edit the rules by displaying their compliance with limited set of rules or to interpret the rules so they fit into the specific situation and expectations. In this way companies can also decide to emphasize aspects that are already in accordance with their practice and leave others out. Soft regulations use often blaming and shaming mechanisms to sanction companies that fail to comply with the rules after making a commitment to do so. Thus they rely mostly on group pressure and the importance for a company to maintain its image (Sahlin-Andersson, 2006).

Furthermore CSR frameworks such as other organizational recipes can be translated in the same ways as were discussed earlier in this chapter. Firstly, some frameworks such as Global Compact give very general ideas on what responsibilities companies should consider in their practices (Sahlin-Andersson, 2006) and therefore *concretizing* is needed to make the ideas more specific. Secondly, companies can often choose only some elements that are suitable for them (Utting, 2001) such as Global Reporting Initiative allows to certain extent, and thus use *partial imitation*. Thirdly, CSR frameworks can be used as *combination* together with already existing organizational recipes e.g. environmental reporting systems, as Korhonen and Seppälä argues have been the trend in Finland (Ibid, 2005). Fourthly, *re-melting* can occur if these kinds of combinations are more radically changing the end result into something completely new.

5.3.6 CSR leadership from a myth perspective

Leadership from a myth perspective can according to Christensen et al be interpreted at least in two ways. Firstly, leadership can be passive as a consequence of natural processes occurring in the organizational environment. Leaders accept and put into effect the myths that external pressures push towards the organization (Ibid, 2007). This kind of approach is more of a reaction to, or reflection of, the external environmental pressures, and not a result of deliberate strategy (Matten & Moon, 2008). If the company does not have a filter for the pressures posed on it from its environment, the company may end up implementing recipes that are not necessarily important for it and even end up in hyper-adaptation (Hatch & Schulz, 2008). Secondly, myth perspective can be seen also from a more active leadership approach. Here, leaders use deliberately myths in a more rational way, using the symbolic of myths to inspire the organizational members while still providing directions to them and ensuring a good image on the surface. This will strengthen the leaders' legitimacy as they are seen as dynamic, rational and effective, while simultaneously other organizational members may see the myths as general guidelines for action (Christensen et al, 2007). CSR can be either a reaction to the pressures from the society without any strategic aim as the first way of leadership implies, or following the second approach, as a deliberate rationalized way to improve the leader's legitimacy and to control the behavior of organizational members.

As discussed earlier in this chapter, the implementation of organizational recipes may not always have significant impacts on the organization. From the instrumental perspective CSR as an organizational recipe may be quickly coupled into the organization to fix a CSR related problem. Leadership is simply connected to putting the system into work with right structuring and controlling the behavior of individuals. Here CSR may not have any impact below the surface, as it does not become part of daily business decisions. From the cultural perspective, when implementing CSR leaders must be aware of the possible rejection. Resistance from organizational members may occur if CSR frameworks are not experienced as suitable for the organizational context, its values and norms. Here leadership may fail to convince others of the need to implement such a framework. From a myth perspective leaders may deliberately decouple CSR frameworks if they are experienced to be inconsistent with other recipes. Thus CSR ends up being used as window dressing to increase the company's legitimacy without practical implications.

5.4 Integrating instrumental, cultural and myth perspectives in CSR leadership

In the previous sections three different organizational theory perspectives and their CSR implications have been discussed. The instrumental perspective emphasizes the rationalized goals and the formal structure of the organization. CSR from this perspective is a tool managers' use in achieving organizational goals. Steering is used to influence actors indirectly through formal structures, procedures and routines. The cultural perspective has its focus on values and norms in the organizational culture and its traditions. Important here is the integration of CSR related values into the heart of the organization in order to avoid rejection. The role of leadership is more related to interpersonal aspects, and it is more decentralized, direct and dialogue based. The myth perspective emphasizes the institutionalized environments that pose pressure on the organization to become more alike others. Organizations from this perspective are seeking for legitimacy from their environments to show they live up to the modern norms of the society. CSR frameworks are used as symbols enhancing the reputation and image of the organization and thus improving the legitimacy of the organization and its managers. This can be done either as a reflection to the environmental pressures or more proactively as a strategy.

Organizations that focus merely on one of the perspectives when implementing CSR may end up facing problems later on. Focusing only on instrumental aspects and the business case of CSR can be understood as short sighted. In cases where the business case is weaker companies may be tempted to focus merely on their first order values and neglect the CSR related second order values. This is however not the case when CSR related values are integrated into the culture and is present in the mindset of the employees. CSR as part of the culture is also important in new situations where there are perhaps no direct protocols or rules to refer to when deciding on how to act. However, CSR must have practical implications and companies merely focusing on the cultural perspective when implementing CSR may find it difficult to realize in practice. Thus structural changes and changes in controlling mechanisms are needed. These changes will also ensure that CSR becomes part of the way of acting even when it takes time for the organizational culture to adjust to some of the new values that come along with it. From the myth perspective companies may risk to loose their reputation if CSR is only used as window dressing. Thus the company must focus also on other aspects if it really wishes to implement CSR into the behavior and mindset of organizational members. CSR frameworks as other popular recipes should be used in the way that they suit the specific organization. Best practices are useful in giving examples but every organization is different and thus there is a need for careful evaluation of the special features of the organization in question.

As discussed these three perspectives need not to be distinct from each other. The decision to implement CSR and the path the organization takes in doing so can be a combination of all these perspectives. Formal steering mechanisms can be used to guide and control individual behavior in accordance to CSR related goals while simultaneously focusing on the interpersonal aspects and motivating organizational members to integrate CSR values into their communities of work. Furthermore in addition to these, leaders may also simultaneously use CSR as a symbol, demonstrating that the organization is following the norms of a modern society. CSR frameworks can be understood as tools for managers in controlling the behavior of organizational members but also as symbols enhancing the legitimacy. From a cultural perspective CSR frameworks are to be connected to the existing organizational values and norms, or otherwise they risk to be rejected. Thus these frameworks should be implemented together with competence building to ensure their integration and organizational learning into new ways of acting and thinking. Dialogue with different actors can be useful in becoming

aware of the stakeholders' needs and demands and providing them with more truth picture of the organizational needs and challenges.

Furthermore, the path organizations take in implementing CSR can be understood to move in phases as was discussed in the chapter on cultural perspective. The four phases presented in the chapter showed the meaning of CSR being more of an instrumental kind in the beginning of the process with some aspects of myth perspective. When moving forward in the process CSR becomes more important for the organization as such and the values related to CSR are eventually institutionalized. Both instrumental and myth aspects can be understood as essential on the way to the final result of integrating CSR into the organizational culture.

The research questions presented in the beginning of this thesis are divided into three questions. The first research question aims to find out about the understanding of CSR in the case company. The second and third are more connected to the three organizational perspectives discussed above and to the way CSR in the organization is developed and to the challenges related to the specific organization. The aim is to examine how the path the organization is taking can be explained from the instrumental, cultural and myth perspectives. As discussed CSR can be a mixture of all these three perspectives. However, depending on the nature of the company, the approach towards CSR; i.e. the way the three perspectives are present in the company, there may be some challenges or dilemmas related to CSR. The aim of the third research question is to discover whether there are such challenges present in Logonet Group.

6 METHOD

In this chapter I aim to discuss the way the empirical study conducted in this thesis was designed. The following under chapters will present the method, the sources of data evidence and the way this data was analyzed.

6.1 Case study

In the empirical study of this thesis I chose to use a single case study method. Case studies can be used in many situations, also in contributing to the knowledge of organizational phenomena (Yin, 2009) as is the aim in this thesis. According to Yin case studies are especially suitable as methods when the research questions are explanatory or exploratory and aim to answer questions starting with "how" and "why" (Ibid.). Taking a look back at the research questions this thesis aims to find answers to, they are explanatory with the aim to find answers to mainly "how" questions, but also exploratory as they are studying processes in a company that are not known in before hand using the organizational theory to examine these. Thus the research questions have been to some extent reformulated after the collection of the data.

Case studies have been criticized for not providing data that can be generalized. However, case studies attempt to make analytical generalizations with the aim to generalize a particular set of results with a broader theory. Thus the aim in this thesis is not to generalize merely from the study results but to analyze by reflecting the results to organizational theory and theory on CSR. Yin claims using multiple cases will mostly improve the possibility for this kind of analytical generalization (Ibid, 2009). The decision to use only a single case method in this study is based on practical considerations. Multiple cases require a great amount of time and other resources. Thus using a single case method allowed me a possibility to gain better and perhaps deeper understanding of the company, as I had the possibility to use all my resources on simply on case company, Logonet Group. The case in this study can be characterized as a representative case (Ibid). It can be used as an example of a process that several organizations may experience in similar ways. However, I find it important to emphasis that every organization is unique and as mentioned the aim is not to make generalizations merely on the basis of the study results.

The case study method, in contrast to quantitative method based on numeric data derived from surveys, allows one to focus more in depth of the phenomena studied. The data collected in this study was of qualitative nature, where emphasis is on words rather than quantification (Bryman, 2004). Qualitative approach focuses on how individuals and groups view and understand the world and construct their experiences into meaning (Silverman, 2001). Thus a case study method with a qualitative approach was suitable for the aim of this study project as my aim was to find out about corporate social responsibility development as an organizational phenomenon and the managers understand and experience this phenomenon.

6.2 Choosing the case

In the beginning of the process of writing this thesis, I made the decision to focus on corporate social responsibility. However the way I would go on was still unclear. I contacted Logonet Group as I had heard CSR was currently getting more focus in the company. I received a reply from the Project Manager responsible for CSR development telling me about the current situation of CSR in the company and expressing their interest to co-operate with me regarding my thesis. After exchanging couple of emails I was invited for a meeting with the project manager. She told me more about the development of CSR in the organization and the decision to take in use CSR frameworks in the near future. After the meeting she also sent me several documents encompassing some basic information on the company and its CSR related projects. On the basis of e-mail exchange, the meeting, documents I received and conversations with my supervisor and another university employee, the research questions started to form and I decided to focus my empirical study on this case.

6.3 Sources of data

The empirical data was collected during the actual study and thus *primary data* was used. This means that the data is generated by the researcher who is responsible for the design of the study and the handling of the data (Blaikie, 2000). In contrast to secondary data that is generated by another researcher, primary data is a result of direct contact between the researcher and the source. In a case study that uses qualitative data and aims in understanding of a social phenomenon it is hard to imagine using any other than primary data. The nature of

the data collected was qualitative focusing on understanding the experience of social actors, their attitudes and the meaning they give to their actions. In the study data was collected in *semi-natural settings*, which is the most common form of research in the social science. It is about asking individuals to report on their own or other people's activities, attitudes and motives, or on social processes and institutionalized practices (Ibid.). Also *social artifacts* were used as a source of data. These are not received directly from individuals but are traces and products produced by them, and include documents and other visible signs of past activities (Ibid.).

6.3.1 Interviews

Interviews are an important source of data in case studies as they provide insights into human affairs and behavioral events (Yin, 2009). In contrast to surveys, informant interviewing gives also a possibility to observations and evaluations (Andersen, 2006). The informants in Logonet Group were all in leading positions in the parent company Logonet Inc and its two daughter companies Kulma Inc and Logonet Brands Inc (Brands Scandinavia). These three companies form together Logonet Group and share their office location in Helsinki. Although Logonet Group in theory consists of three companies, I will refer to it in this thesis as one company or an organization to make it easier for the reader to follow. When referring to only one of the companies constructing Logonet Group I will use their respective names.

In this study 7 organizational members at Logonet Group were interviewed. The informants were selected after a meeting and a conversation with the Project Manager who was responsible for quality systems and the development of CSR in the company. She helped to arrange the interviews and sent forward my letter of introduction to all possible candidates. The purpose of the letter was to give some basic information about the study for the informants; to give them an idea on what to expect in the actual situation, and simultaneously getting them interested to sign up for the interviews. In the letter I also explained shortly the theoretical perspectives that would be used as a reference frame. As Andersen points out this is very useful to provide the informants with some information on what is behind the study (Ibid, 2006).

The interviews were semi structured, meaning they followed a certain interview guide but were not too fixed to it. This was chosen to have certain flexibility in the interviews, for the interviews to have a more conversational and even somewhat informal manner. As Yin points out, the interviews for case studies should be guided conversations rather than structured queries (Ibid, 2009). Thus the data received from interviews would not be too fixed to certain questions and the interviews, or conversations, would have the possibility to develop into interesting areas that were not necessarily planned before hand. According to Blaikie in a study based on qualitative data, the researcher has to accept opportunities when they open up and follow leads when they occur (Ibid, 2000). In other words one must be flexible and take advantage of the possibilities that occur along the data collecting. However, to not loose entirely track in the conversations an interview guide was made to ensure that certain areas would be dealt with in this study. The interview guide was first made to be used when interviewing the Project Manager responsible for CSR as she was the one with most knowledge on the issue. After gaining information on the situation of CSR in the company from the project manager the interview guide was adjusted to be suitable for also the other informants who were not necessarily as familiar with the CSR development in the company, but could tell more about the practical concerns related to CSR in their own work and about their personal attitudes towards the issue.

The interviews took each from 30 minutes to 90 minutes. The interview with the Project Manager was naturally the longest one. For others I had promised to conduct the interview in less than 60 minutes to respect their busy time schedules. The time spent for the interviews were obviously dependent on the relevance of the subject to the informant's position in the organization and to her or his personal interest towards the subject. All the interviews were recorded after getting permission for this from the informants. Attention was paid to not pose leading questions that could direct the answers to certain directions and to give the informants time to talk and answer the questions without interrupting them.

6.3.2 Documents

In the beginning of this study I received some documents from Logonet Group to examine. Documents providing information on the organization and its processes were useful to give me an overall picture of the organization before actually conducting the interviews. I also

received many documents on CSR related projects that had been initiated in the organization prior to this study. These initiatives will be discussed later in the data analysis. Some of these documents were of confidential nature and therefore will not be added as attachments to this thesis. In examining documents it is important to remember that these are written by somebody at a certain time with the purpose for others to read. Thus they can have an aim to give a glossy picture of the company providing positive information while ignoring possible negative aspects.

6.3.3 Observations

As I was conducting the interviews at Logonet Groups' office in Helsinki I was also able to make some direct observations in the office. As Yin points out informal observations can be made during the field visit when other evidence such as data from interviews is being collected (Ibid, 2009). While visiting the office I was observing the office environment, the products that were visible, the posters and certificates hanging on the walls, and the over all atmosphere in the office. As I will come back to later, observing physical artifacts played an important role as they are relevant data evidence in this case and shows to certain extent the visibility of CSR in the company.

6.4 Key informants

As mentioned, seven organizational members were interviewed in the empirical study. The informants were all in leading positions in Logonet or its two daughter companies Kulma and Brands Scandinavia. The key informants were; a Project Manager, responsible for quality systems and corporate social responsibility development in Logonet Group; CEO of Logonet Group; Concept Manager of Brands Scandinavia; Commercial Director of Logonet Group; Design Manager of Logonet Group; Managing Director of Brands Scandinavia; and Managing Director of Kulma. Key informants are individuals who can provide essential information for the researcher to be able to answer the research questions (Andersen, 2006). The key informants taking part in this study where all important in providing essential information for answering the research questions. As expected some where personally more interested in corporate social responsibility and perhaps had a stronger connection to CSR due

to their positions than others. However, later when presenting and discussing the empirical findings all the informants will be referred to as they all provided significant information for the purpose of this study. In the text I have decided to use quotations without directly referring to names. I came to the conclusion that it was not necessary to use the informants' names as the study is not aiming to discuss or compare individual perspectives, but rather understanding the overall approach towards CSR in Logonet Group.

6.5 Reliability and validity

There are some criteria that must be fulfilled in the study for it to be considered as reliable and valid. Reliability is about the consistency and authenticity of the research findings (Kvale, 1997). For reliability to be high the same case study should be able to be repeated in another time, perhaps by another investigator, and still give the same findings and conclusions. Thus reliability is about minimizing errors and biases in the study (Yin, 2009). Validity is in a broad concept about the degree of success in investigating what is intended to investigate (Kvale, 1996). In other words the method used for investigation must be suitable to answer the research questions.

According to Andersen when data is generated in special situations there are two stages where questions on reliability and validity are to be dealt with (Ibid, 2006). The first question is whether what is said in an interview situation can be documented to be rightly perceived and understood. It is important to separate between statements on real conditions and statements that are expressions of assessments or interpretations (Ibid). Here documentation is very important. All the interviews conducted in this study were recorded and thus it was possible to listen to the statements also after the interview. Instead of only making notes during the interview, recording allows one to focus more on the way things were said, not only on what was said. Some statements could be for example said in an ironical way and thus the tone of the voice could make a significant difference. The interviews were also transcribed to make it easier to analyze them afterwards and to keep easily accessible documentation.

Secondly, according to Andersen facts and assessments used in descriptions, interpretations and analysis are to be verifiable and consistent in relation to the purpose and reference frame of the study (Ibid, 2006). Theory as a reference frame enhances the possibility to make

analytical generalizations and therefore improve the validity of the study. The focus in the interviews was to examine how the theory discussed in this thesis could be found in the reported organizational operations, organizational members' behavior and attitudes. As semi-structured interviews have a conversational manner and require subjective interpretation some may claim they are not fully reliable. Due to the use of semi structured interviews none of the interviews were exactly the same and if conducted in another time they would have perhaps been to certain extent different. However, as the aim in this study is to find out about not only reported behavior but also about the understanding of corporate social responsibility and attitudes towards it, interpretation and flexibility is needed. To improve the reliability of the study an interview guide was used to keep the conversations on track and to ensure that important aspects would be discussed.

6.6 Challenges related to the interviews

There were two main challenges related to the interview situations that can be seen as threats to the reliability and the validity of the study. Firstly, when asking people to tell about them selves there is always a possibility of a gap between what they say they do and what they actually do. People tend to give a more positive picture of them selves and report on what is socially acceptable even when not necessarily true in their case. Sometimes it is important to know how to read between the lines in order to understand the real and implicit meaning of what is said (Kvale, 1997). Thus careful interpretation is sometimes needed to understand what the informant really means. Furthermore, when recording the interviews there is a possibility that this will affect the informants' answers. People may be more careful in what they say as they may be afraid of possible negative consequences of their sayings. Another challenge was the one of theoretical language. I noticed that in some cases I was using too theoretical language when asking questions which affected the understanding of them. This is quite natural as the theoretical language on CSR had become very familiar to me during this process, and sometimes I found my self forgetting to rephrase the questions in a more familiar way to the informants. However, when realizing that the informant had not necessarily understood my question as I had meant it I corrected the misunderstanding by asking the same question again in a more comprehensible way.

6.7 Challenges related to the data analysis

Some challenges occurred also in the data analysis. The fact that the interviews were all conducted in Finnish and not in English as is the language used in this thesis brought along some difficulties. Translations from spoken Finnish to written English turned out to be somewhat difficult and time consuming as many of the informants were using figurative and colloquial language. In the end I decided not to translate the whole transcribed interviews but analyse them in Finnish and only make direct translation to English on those sentences that were chosen to be quoted later in the text. The transcribed interviews turned out to be quite long and it was time consuming to examine them.

6.8 Limitations of the study

There are some limitations in the study that need to be pointed out at this point. In the beginning of the study my intention was to conduct phone interviews with the responsible ones for Logonet Groups international offices. However, due to some problems in contacting these informant candidates I chose to focus on interviewing the managers in Logonet Group's Helsinki office. Due to this, the scope of the empirical study was not as wide as it could have been. Some of the informants were however dealing with the international offices on regular basis and had also personal working experiences from Far-East. Thus I could rely on the information they could provide.

Problems in examining the culture of an organization, and particularly its basic assumptions, are another limiting factor of the study. As Schein (1993) points out, basic assumptions are deep in the organizational culture and often taken for granted. Thus they are difficult to examine especially in a study that is conducted in a short period of time. To find out about the real underlying assumptions would need time to observe and professional skills to interpret the behavior of individuals. Hence, conclusions on basic assumption are relying much on what was stated to be the case by the informants and on the interpretations of these.

7 EMPIRICAL FINDINGS AND DISCUSSION

In this chapter I will present the empirical findings based on the data; the interviews, documentation and observations. I have chosen to present the findings and discuss them together in this chapter instead of separating them into two. I found this the most suitable way to proceed in a case study based on qualitative non-numeric data that require interpretation. I will begin this section with a presentation of the projects related to corporate social responsibility that had been initiated in the company before this study and those the company is planning to initiate in the near future. Next I will discuss the leadership style in Logonet Group. After this I will present and discuss further the data received from the interviews, documentation and observations on the field. Here the focus will be on information relevant to the research questions and presented with reference to the theoretical part of this thesis.

7.1 Previous CSR initiatives

Prior to this study there had been some more concrete corporate social responsibility related initiatives conducted in Logonet Group. In the beginning when contacting the company I understood that CSR was something that was only about to gain more focus in the company. However, after talking with the Project Manager and examining documents on previous projects I understood that CSR related issues had already been focused on to some extent. The fact that CSR had been only recently addressed more explicitly, by using the concept CSR, may have led to this small misunderstanding from my side.

7.1.1 Code of conduct

Logonet Group has a code of conduct required for subcontractors to comply with (see appendix). The code of conduct is based on requirements set by the European Union environmental and safety legislation and the International Labor Organization (ILO). Hence the code of conduct requires subcontractors to comply with requirements on e.g. environmental protection, product safety, labor related issues such as not using child labor, work health and safety, and freedom of association. The code of conduct requires also that

vendors allow Logonet to conduct scheduled and unscheduled inspections of vendors' facilities to ensure the compliance with the code of conduct at all times. It is emphasized that if violations are found, corrective actions must take place. Repeated violations or knowingly violating the code of conduct may result in Logonet Group terminating its business with the vendor.

7.1.2 ISO 9001

Logonet Group has developed a quality management system in accordance with ISO 9001 standard set by the International Organization for Standardization. To live up to the ISO 9001 standard a company must demonstrate its ability to consistently provide products that meets customer and applicable statutory and regulation requirements. The company also needs to demonstrate its aim to enhance customer satisfaction through effective application of the system with continuous improvements (ISO 9001:2008).

In Logonet Group's quality manual that was developed in 2009 there are some CSR related issues addressed in addition to direct product quality and customer care. The paragraph on employee protection, work ability and welfare points out the importance of these as one of central aims for management. There is an employee health and safety committee in Logonet Group to ensure these issues are taken care of. In Finland it is compulsory for every company with over 10 employees to have an organizational member to act as an occupational health and safety supervisor. Thus also in Logonet Group an employee is chosen for this position to represent the staff in these matters. The paragraph on equality emphasizes the importance of treating all organizational members at all times as equal no matter the age, race, gender or other feature. Fostering equality should be part of every organizational member's work and present in decision making in all levels in the organization. These issues are also discussed in the staff document that encompasses issues related to human resources management in Logonet Group.

In addition to employee conditions and equality there are also paragraphs on environmental sustainability and social responsibility in the quality manual. The environmental protection concerns are more detailed with practical ways to reduce the foot print of the company. Emphasis is also on adhering, and especially requiring the sub contractors to adhere, the law and regulations on environmental protection and labor conditions. Also providing a safety and

comfortable working environment is mentioned as one of the social responsibilities of the company.

7.1.3 WWF Green Office

Logonet Group joined the WWF Green Office program and received a diploma for its Helsinki office in 2009. The program is a practical environmental program with an aim to reduce carbon dioxide emissions and offices' ecological footprint. Green Office is designed to motivate office staff to act in a more environmental manner with regard to everyday tasks, improve environmental awareness and simultaneously bring cost savings. I accordance to the program Logonet Group has set a guideline with ten green principles (see appendix) for its staff in Helsinki office.

7.1.4 Bamboo project

Logonet Group has initiated a Bamboo project with the support from the Finnish Funding Agency for Technology and Innovation (TEKES). The aim of the initiative is to produce an ecological product and service concept, combining the reduction of CO_2 emissions and compensation, and a range of environmentally friendly and CO_2-neutral image products. The concept includes using new types of materials in product design, production and logistics services. Sustainability principles, environmental impact minimizing and third party certification are used in the supply chain to ensure that the aim of the concept will be achieved. Logonet is using Bamboo as the main way to build this concept. Bamboo is suitable for the project in many ways, most importantly as it is one of the fastest growing plant species and suitable for developing countries' land use projects in places where the nutrition of the soil is poor and unusable for cultivation.

7.2 Planned initiatives

In addition to the CSR related initiatives described above, there are also some initiatives that are planned to take place in the near future and are thus at the moment in a planning phase. These include taking in use United Nations Global Compact framework and Global Reporting

Initiative guidelines for sustainable reporting. There is also a factory project including some social responsibility aspects the company is planning to initiate.

7.2.1 Global Compact

Global Compact is a voluntary initiative providing principles for companies in how they can act in more social responsible ways. The initiative became operational in the year 2000 and has today over 5100 corporate participants and stakeholders from over 130 countries. Global Compact gives a set of values that companies are encouraged to embrace, support and enact in their "sphere of influence". These values are based on principles on human rights, labour standards, environmental issues and anti-corporation (see appendix). Global Compact is a voluntary soft regulatory framework. Instead of having binding legal sanctions for those who fail to comply, it is based on commitment, credibility and visibility for compliance. It is formulated in general terms allowing interpretation to adjust it into the specific nature of the practice and different circumstances. The initiative is supported with networks that are designed to emphasise and facilitate learning and dialogues among different actors and sectors. This is partly done by publishing examples on "best practices" on the Global Compact website. The idea is that by publishing reports on successful initiatives and improvements member companies will have the possibility to learn from each other. (UN Global Compact)

7.2.2 Global Reporting Initiative

Global Reporting Initiative (GRI) was established in 1997 and has since then been developed with continuous improvements into "the world's most widely used sustainability reporting framework". The GRI guidelines can be used voluntary by business enterprises in reporting on economic, social and environmental dimensions of their activities, products and services. The guidelines are developed in a process together with participants from business, civil society, labor, and professional institutions. The third and newest version of guidelines (G3) was published in 2006 and is free to download on the GRI website. The guidelines are designed to be used in organizations no matter the size, type, sector or geographic location. They contain principles, guidance and standard disclosures, including indicators, for

organizations to adopt. Emphasis is on the voluntary nature and flexibility of the framework. Companies can adopt it in an incremental way, as not all have the same reporting capacities. There is a possibility to apply only some of the GRI indicators but when doing so the company must explain the reasons. Only when the company applies the whole framework it can claim to report in accordance with the Global Reporting Initiative (GRI).

The Global Compact and Global Reporting Initiative have several common features. Both of the frameworks are sustainability oriented in their attempt to integrate economical, social and environmental considerations into business practices. They rely on norms derived mostly from existing international norms and principles. The frameworks are relevant for organizations of different size, sector and geographical location. Both GC and GRI are partnership based as they encourage several actors to be involved in developing them further and in monitoring the compliance of member organizations. In the end, these frameworks are voluntary for organizations and thus the need to be flexible is acknowledge allowing them to be adapted into different circumstances and also to attract the highest possible number of organizations to take part in them and thus develop a deeper understanding of social concerns.

7.2.3 Factory project

Logonet Group is planning a relatively large factory project with some CSR elements included. At present Logonet Group has its own textile factory in Bangkok. The company is however planning to relocate this factory to Bangladesh with the aim to reduce production costs. The factory project started in spring 2008 and is a co-operation with Finnpartnership. Finnpartnership is a business partnership program providing advisory services for Finnish companies' business activities in developing countries. It also gives out financial support for planning, development and implementation phases for projects. Logonet Group was using the support for mapping the potential partners for the project, travel costs, hiring outside expertise producing a project clarification, and for an assessment report on environmental and social impacts. The factory project is planned to be implemented with another Finnish company and a Bangladeshi partner. The construction work will be initiated in 2010 and when finished the factory will employ approximately 900 workers. The aim is to have the factory certified with ISO9001 and SA8000. ISO9001 quality standard is already known to the company as discussed. SA8000 is a global social accountability standard for decent working conditions

based on the United Nations Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labor Organization (ILO) conventions. The factory project includes building a school in connection with the factory where locals can learn textile sewing. There has been co-operation with a local orphan home, and discussion on the schools possibility of providing education for the orphans when they are leaving the home. In this way Logonet Group is contributing to the local community and at the same time increasing the possibility to gain compatible work force into their factory. There has also been considered the possibility to use alternative energy for the use of the factory.

7.3 Logonet Group's leadership style

On the basis of empirical findings from the interviews and information received from documents one can claim leadership in Logonet Group to be rather nonhierarchical. "Open discussion based culture" is mentioned in the quality manual to be "the foundation of Logonet Group". The leadership culture is flexible with given frames within actions are expected to be carried out. Individuals are given freedom to act inside these frames and corrective actions by the management are done in case problems occur. Thus control mechanisms especially in Helsinki office are little used as the management has trust on the staff and their ability to accomplish their tasks without excessive control. The case seems to be somewhat different in the company's Far-East operations as "the culture and the expectations of management are different." and "They (the staff) expect they are told more precisely what to do." The management culture has changed to some extent towards more formal leadership during the years as the company has grown in size. The company has also started to emphasize more on the training of new employees.

In addition to the nonhierarchical and discussion based leadership culture the organization can be characterized as more decentralized than centralized (Mintzberg, 1993). The decision making and the power is distributed to several organizational members. "Daily routine decisions" are pointed out in the quality manual to be done at "every level of the organization". Thus also the project manager responsible for CSR development has a rather wide freedom for decisions regarding CSR development in the company. There is a leadership board established where decisions that are of larger scale are discussed and made.

7.4 Managers' CSR understanding in Logonet Group

CSR seems to be still a quite new phenomenon in Logonet Group as such. Although there were several CSR related projects initiated prior to this study they were all quite recent. From the interviews one could notice that corporate social responsible was known for most of the informants at a quite general level. As such it was perhaps not used explicitly by the management on a regular bases and thus not very familiar as a concept. However, what the concept encompasses was understood as important by the management. When discussed further about what CSR should cover, the importance of economical, social and environmental responsibilities revealed all to be important. Environmental concerns seemed to be very familiar for the interviewees, perhaps due to these being the focus point in most of the previous initiatives in Logonet Group. Here one can notice the similarity with other Finnish companies with the main focus on environmental aspects such as Panapaan et al. (2003) claimed to be the case on the basis of their study on views on CSR and CSR practices in Finnish companies. Also labor related issues in the developing countries such as not using child labor in the factories and having good working conditions were understood as being important by all the informants. The importance of these issues seemed to be derived mostly from the customer demands.[1] Issues related to company's practice in Far-East were much in focus, but also the welfare of employees at the Helsinki office was mentioned, although not to a great extent. Some informants were however clearly devoted to work environment and health issues.

Logonet Group's general view on CSR was a mixture of Campbell's (2007) subjective and objective views. Both following internationally accepted criteria on what responsibilities companies should have and to fulfill the responsibilities the company has towards it stakeholders were expressed to be important. The previous was especially evident in the company's use of code of conduct, ISO9001 standard and the intention to develop Global Compact and Global Reporting Initiative to be implemented in the company. The latter was to a high extent emphasized in the interviews. In table 1 is presented statements describing the informants' understanding of CSR and the responsibilities Logonet Group has in their opinion. These statements were chosen as they described the main focus of the respective informant's understanding of CSR.

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[1] Customer demands will be discussed later in relation to driver for CSR

Table 1. Managers' understanding of the CSR concept in Logonet Group

"It (CSR) is about social, environmental and economical responsibility, responsibility towards the surrounding society and different stakeholders… Our weight point has been on environmental matters."
"To produce reasonable and ecological products…starting with the packages and the material we use."
"Environmental concerns…in our case from the beginning of the production chain... And how we treat people and customers. Whether we are a decent citizen as a company "
"In my opinion it (CSR) means to have responsibility of the employees and of the environment… And off course we do pay taxes to the state, employee people and recruit all the time more."
"Recycling issues, green office, ILO regulations, employee law regulations…Responsibility issues can be also here very close...in our own environment. Big economical responsibility is to keep the workplaces."
"Environmental and social responsibility related concerns, the production factory choices and how things are taken into consideration here (in Finland). In the Far East for us to act in a socially sustainable way and here (in Finland) that people and the society is taken into consideration."
"General work welfare is close to my heart. Green values, we have the Green Office…and using recyclable materials"

When examining how Logonet Group's CSR understanding fits Carroll's pyramid of CSR, one could notice that legal and ethical responsibilities were mostly in focus, while the economical and philanthropic responsibilities were not emphasized to a great extent by the informants. Legal requirements were mainly addressed when talking about the type of work force that is used, employee rights, environmental legislation, and about paying taxes. These were obvious things to do for those who mentioned it. The legal responsibilities were mainly referred to as adhering to the legislations of the country in question.

"We must follow each country's legislations. No matter if it is related to these kinds of social issues, work health care or environmental legislation that is present in the country. That is the minimum we must do."

Ethical responsibilities had to do with environmental concerns and employee welfare, regarding both production factories and the Helsinki office. Employee welfare in the Helsinki office received somewhat controversial statements. For some it was clearly important matter to focus on, while some others meant that employee welfare in Finland is already regulated by the state to the extent that it does not necessarily need a great amount of excessive attention by the company. However, by no sense this means that employee welfare would be ignored in the company. As mentioned previously employee welfare is discussed in the quality manual and there is a committee established for this purpose. The issue seemed to be rather taken for granted by most of the managers, and thus related to the Finnish business moral to ensure things are taken care of without explicitly addressing so. Perhaps Logonet Group's open and discussion based culture is the channel through which these issues are taken care of without necessarily explicitly addressing it. This was emphasized in statements such as: "We have a very people friendly environment here… This is a heaven compared to many other workplaces." and "The spirit in Logonet has always been good."

Philanthropic responsibilities were not emphasized to a great extent by the informants; however there had been some philanthropic initiatives such as giving money for charity at Christmas time. Furthermore the factory project includes the assessment of the possibility of contributing to the society (Carroll, 1991) in providing education and a place to go for orphans after they exceed the age limit for the local orphan home. Economical responsibilities such as providing work places and paying decent salaries were mentioned, although these were not much in focus in the informant's statements on the responsibilities Logonet Group has. These were however recognized to be important and the foundation that has to be in order before other responsibilities can be fulfilled such as Carroll (1991) points out. The reason why economical responsibilities were not to a great extent emphasized in the interviews is perhaps due to the fact of these being self evident to the informants.

7.5 External and internal drivers

Drivers for CSR development and initiatives in Logonet Group have been both external and internal. The external demands from company's customers seem to have been the most significant driver. Logonet Group is by focusing on CSR related issues reacting to the signals and direct requirements of its customers. The importance of this was clear in statements such as "If we didn't take (CSR) issues in considerations I think we wouldn't do business with over half of our customers." This can be understood to be in connection with the company's growth as it has lately gained more customer relationships with larger multinational companies. The requirements these companies have for their subcontractors are often stricter than those of smaller companies as is shown in the following statement: "They (multinational companies) watch and want the whole production chain to be transparent." The most detailed CSR requirements come from the Logonet Group's North American customers or other North American stakeholders, such as license holders. Some of the multinational companies add to their requirements to have the possibility to do direct auditing to subcontractors that are used by Logonet Group. One of the license holders had for instance sent a list in the beginning of the cooperation on factories in Far-East that had already passed their auditing requirements and thus recommended for Logonet Group to use in production. "If we would take another one, it would have to fulfill these requirements and it would take more time as they (the multinational license holder company) would need to audit it first." However, not all the companies had conducted audits even if they had required having the possibility to do so. Despite this it was clearly important to fulfill the requirements even if they would be mainly rhetorical from the customers' side.

In addition to the demands from customers, there were also requirements from state supported initiatives for companies who receive support to be able to document on their CSR compliance. Thus it had been important for Logonet Group to have shown its responsibilities are taken care of to ensure the support gained for example from Finnpartnersip for the factory project. Furthermore the Bamboo project had received support from the Finnish Funding Agency for Technology and Innovation (TEKES) due to the project's aim to develop ecologically sustainable products. Logonet Group's CSR focus is also driven by proactive steps on minimizing the external restrictions from the society. "Especially on the retail side long term plans are done. It is important to really know if something is going to happen, if

some new requirements are going to appear." Concerns regarding the possibility of the state or EU increasing taxes on companies with negative impacts were also mentioned. Furthermore proactive approach to CSR had also to do with attracting future customers. "We aim to be before competitors, so we can offer some additional value regarding social responsibility, especially regarding environmental concerns."

Despite the strongest drivers for CSR being customer demands, internal drivers had also played a role in Logonet Group's CSR development. At the time of the study the Project Manager responsible for the company's quality and CSR development was clearly in the role of a change agent driving CSR forward in the company. From the interviews one can conclude the significance of the role of the change agent in developing CSR in the company, reminding others of its importance and in providing information for others on CSR related issues when needed. However, also other organizational members had been active on the field. The change in attitudes regarding the role of business has changed in the Finnish society at large such as Korhonen & Seppälä points out (2005). Furthermore this change can be understood to have resulted in a higher focus on CSR among Logonet Group's customers and their organizational members, and also among Logonet Group's own staff. The change in attitudes was highlighted in the following statement. "Our customers' demands are not suddenly changing…the common opinion is changing. Just like our staff's attitudes have changed along the same time as customers'." [2]

7.6 Instrumental CSR in Logonet Group

The instrumental perspective and business case was evidently important in the Logonet Group's approach. CSR was understood to be quite directly in connection with financial profitability as it was seen to increase the company's market possibilities through better fulfillment of customer requirements. The following statement show the importance of business case for CSR and the influence of customer requirements on the company's CSR approach:

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[2] Attitudes and values supporting CSR in the company will be discussed later together with the cultural perspective in Logonet Group's CSR. The institutional environments leading to the change in attitudes will be discussed in the section for myth perspective.

"As good thing as it (CSR) is, it can't be an absolute value. Business must be profitable… Goals are also the requirements that customers set for our operations, and on the basis of those we must adjust our operations and reset our goals."

This statement emphasizes what was discussed earlier in connection with the external drivers. The importance of living up to customer needs has evidently driven CSR forward in the company. As Blowfield and Murray points out customer attraction and thus a company's ability to attract and retain customers is one of the measures of business performance on which corporate social responsibility might have an impact on (Ibid, 2008). If CSR was not paid attention to, Logonet Group would risk loosing important present and future customers. Thus the goal of CSR is directly related with ensuring the company's survival on the field and its license to operate (Ibid), i.e. the company's ability to maintain a level of acceptance among its stakeholders for it to continue operating effectively. Also quality and CSR frameworks had the purpose of improving the company's ability to achieve certain goals, such as assuring customers the fulfillment of certain requirements and enhancing the attractiveness of the company. However, the company's marketing efforts are quite small due to the nature of the business and its established position in the market, and neither CSR nor quality frameworks were used much in marketing. Most of the informants did not consider CSR to be very costly to the company. It was rather mentioned to be "more of a choice". Nevertheless, some of the customer requirements on CSR were rather standards that had to be followed than free choices.[3]

7.6.1 CSR structure in Logonet Group

As CSR was still a quite new phenomenon in Logonet Group there had only recently been established a position for a dedicated person to take care of CSR issues in the company. The Project Manager responsible for quality and CSR development had been working for two years in her current position. Prior to this CSR issues had been dealt mainly by an employee in the company's human resources and by the company's Far-East offices when auditing subcontractors in connection with quality controls. When asked why there was established an own position for quality and CSR development, the answer was simply: "so that things would be done." The general guidelines for CSR related issues in the company are developed by the project manager but also the other managers, especially those with shareholding positions

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[3] This will be discussed more in connection with the myth perspective.

influence the way CSR related issues are dealt within the company, especially in its Far-East operations. The ultimate power of decision making in the company, also regarding CSR issues, is the one of the CEO of Logonet Group, who is also the company's largest shareholder. However, in the interviews every organizational member's own responsibility to take into consideration important responsibilities in their work was emphasized by the informants.

7.6.2 Control mechanisms

Control mechanisms include systems to measure, monitor and assess behavior and action, and to administer corrective action (Nadler & Tushman, 1990). In Logonet Group there were already developed CSR related control mechanisms. The most important was the Code of Conduct that subcontractors are required to comply to. Audits were mostly done by company's Far-East staff in connection with quality controls and by merchandisers when searching for possible subcontractors to produce a certain product. It had been recognized that some factories may show extra effort when they are aware of the coming audits and as one of the informants said they may make some extra effort to "put the make up on". One of the informants pointed out that the best way to avoid the problems related to false information on the conditions is to be present in the country. Hence having offices and employees in Far-East reduces the risk of having poor working conditions or child labor in the factories as there is more pressure for the subcontractors to show their compliance. However, the control audits were not done systematically on a regular basis. In the reality visits or audits can be difficult to realize often enough to all the Logonet Group's subcontractors due to the vast number of used factories. There are numerous different products the company produces according to its customers' needs and thus different subcontractors are needed as the materials and types of product vary. The change in type and amount of needed products means also that the company can not always find available capacity in the factories that it normally uses. Thus those factories known by Logonet Group to have good quality and CSR standards may have sold out their capacity and the company must search for new subcontractors. Furthermore, Logonet Group is not always able to conduct full audits, especially in cases where the contract with the subcontractor is merely periodic and the demanded time used for production limited. However, all the subcontractors are to sign the Logonet Code of Conduct before the cooperation can begin and at least in theory should fill the requirements.

The Green Office standard for Helsinki Office has some indicators that were to be systematically controlled in Logonet Group. According to the Project Manager this was the company's first step towards reporting on its CSR issues and a good way to start practicing for the use of larger frameworks such as the Global Reporting Initiative. Starting with smaller initiatives is typical for incremental change processes as was described in Jonker et al.'s four phases of CSR integration (2004). [4]

7.6.3 Rewarding

At the time of this study there were no CSR related rewarding systems in Logonet Group. The existing rewarding systems in the company were directly connected with sales numbers. However, when asked whether it was possible to create some the answer was positive. Some ideas came for instance in creating systems to encourage the selling of environmentally friendlier products to customers. It was mentioned also that the possible rewarding systems should have a clear message so they would provide something to strive for and not merely be experienced as increasing the work load of employees. Creating rewarding systems could be useful in motivating organizational members to consider CSR matter also when not required and thus strengthen the company's CSR integration especially in the early stages of integration (Jonker et al, 2004) when CSR is not routed into the organization yet.

7.7 Cultural perspective in Logonet Group

There are also important aspects related to the cultural perspective in Logonet Group's approach to CSR. CSR related values, especially environmental and those related to work welfare seemed to be important to many of the informants at a personal level. As the company had only recently started to focus more on its social responsibilities, CSR mindset was not necessarily routed into the organizational culture yet. However, from the interviews one can tell that there is no resistance towards CSR, at least at a general level. As previously discussed, from the cultural perspective organizations have institutionalized characteristics meaning that the values and norms are more difficult to change (Christensen et al, 2007).

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[4] The incremental nature of the change will be discussed in relation with the cultural perspective on CSR in Logonet Group.

Resistance towards change initiatives occur often when values and norms are threatened. In Finland though, the CSR values and norms can be argued to be related to the way of thinking such as Panapaan et al. (2003) points out. In Logonet Group the values and norms existing in the company, especially those related to work welfare, were not experienced to be in conflict with CSR. However, some value related conflicts regarding environmental issues were expressed by the informants.[5] In Logonet Group the absence of resistance and the presence of change agents are in favor for a change towards an increased focus on the company's responsibilities. As one of the informants pointed out, "there is a small group who is active and wants to bring forward this matter. They can do the change as the passive group is easy to get along." Assuming that the passive group is not ignorant, CSR integration encompassing the whole organization should be possible in the future if wanted and thus allowed so. The management culture in Logonet Group's Helsinki office is highly discussion based and thus low in hierarchy, something that according to Christensen et al (2007) is typical for leadership seen from the cultural perspective. This allows also possible future CSR initiatives to be initiated from bottom up as long as they are supported by the management.

CSR was understood mainly as something important that is on its way to become a more significant part of business. At the present it was not necessarily as one of the informants pointed out "at the lips of everyone at all times…" but was "…taken in consideration when situations occur." Although understood to be important the ethical considerations were not claimed to be routed into the whole organization. However as one of the informants pointed out the process of integrating CSR fully into the organization may come in time: "Even if it (CSR) is not routed into the organization and there would be only some stories (initiatives), I believe it will start to realize it self for real after some time." The process of change is happening in increments in Logonet Group, starting with smaller initiatives and increasing slowly to encompass the organization at different levels. Incremental change is typical for the cultural perspective (Christensen et al, 2007) and the integration of corporate social responsibility to the whole organization such as Jonker et al (2004) describe in their four phases on CSR integration. Logonet Group's CSR development seems to be at present most compatible with the second phase, i.e. discovering, as the company has started to work with CSR but has not necessarily yet developed a holistic concept of CSR. For the company to move on to the third phase CSR should become part of the communities of work among all

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[5] Conflicts will be discussed later in this section.

the organizational members. Creating CSR frameworks can be understood to facilitate this process.

7.7.1 Personal values

As the importance of CSR has gotten more focus by the society at large in Finland and the business enterprises, the attitudes of individuals have also changed. In Logonet Group some organizational members have shown a more active attitude towards the matter than others, but there is no resistance towards these issues. Thus it can be concluded that CSR related issues, even if not emphasized are nevertheless not in conflict with the personal values of the organizational members. All the informants had positive attitudes towards CSR development in the company, some of them showing also clear personal interests towards CSR related issues while others had a more customer oriented approach emphasizing the requirements to focus on CSR. The commitment of top management is one of the preconditions needed to succeed in engaging the whole organization into CSR (Jonker et al, 2004). Personal interests of owners and managers have also been the most important motive to start developing CSR in Finnish companies in general (Keskuskauppakamari, 2003). In Logonet Group the managers seem to be committed and supporting towards the development of corporate social responsibility. The following statement by the Project Manager shows the presence of personal values related to CSR among managers and the importance of this to her work:

"When discussing about something with an aspect of corporate social responsibility, one can notice on people or their comments that they have thought about these things in their inner value worlds…these comments come unintentionally… It makes my job pleasant; it would be difficult for me to do or to plan these kinds of things if there was a reluctant starting point and an attitude problem."

Focusing on CSR was seen also to some extent as socially appropriate behavior. Some of the informants expressed working in a company that shows responsibility towards its operations to be having importance for them at a personal level. Thus focusing on CSR was seen as socially appropriate behavior. The logic of appropriateness (Christensen et al, 2007) was perhaps derived mostly from known incidents by large companies neglecting their responsibilities resulting in negative consequences for the company. It was highly important to Logonet Group to avoid being in a situation where their operations could be considered inappropriate by their stakeholders.

7.7.2 Dialogues with stakeholders

From a cultural perspective when developing corporate social responsibility it is important for a company to engage in a dialogue with stakeholders to find out about their expectations, needs and potential risks related to CSR. As was shown in figure 6, changing the culture in an organization and finding out about stakeholder needs requires often a continuous mirroring and reflecting between image, identity and culture. In Logonet Group dialogues with customers are in an important role. The sales people are to engage into a dialogue with customers to find out about their needs and to provide information on how Logonet Group can help them in fulfilling these needs. In this way Logonet Group can be understood to receive information also on their customers' mindsets and to leave an impression of their own to the customer. This is obviously very important for Logonet Group in its customer relations and evident also in the company's CSR approach, customer requirements being the most important driver for CSR in the company. Through dialogue Logonet Group can also influence the customers' final product decisions and perhaps have the opportunity to strive towards a more socially or environmentally friendly solution.

The management culture in Logonet Group, especially in Finland, is open and discussion based and thus seems to have much in common with the cultural perspective. This kind of management culture can be understood to encourage organizational members at all levels to express their concerns and come with suggestions for improvements or innovations. In the quality manual it is pointed out that every organizational member has "an opportunity to bring forward their own opinions regarding the company's operations, both positive and critical." An open and discussion based environment can stimulate organizational members to be more innovative also related to corporate social responsibility initiatives if this is encouraged by the management.

In Kulma there had also been some discussions with voluntary non organizational organizations about the possibility to cooperate in the company's sales enhancement campaigns for its customers. These kind of campaigns could be for instance about promoting products by giving a certain percentage away for charity. Dialogues with non governmental organizations in this context can also promote innovation in the company and enhance its attractiveness to its customers. Although these kinds of campaigns had not been fully

developed to a great extent yet, the possibility of using cooperation had been recognized and preliminary discussions on the way to do so had taken place.

7.7.3 Changing the culture

Corporate social responsibility has clearly started to become a more important focus area in Logonet Group and there seems to be no greater resistance against it in the organization. From a cultural perspective this is important for the future development of CSR as conflicting cultural features can enact as barriers to further development. There are however some conflicting values and other challenges that may affect the success of integrating CSR into the culture.[6] Important enabling factors for CSR integration into the communities of work (Schoemaker & Jonker, 2006) in Logonet Group are the absence of resistance, the commitment of top management, the active interest of some organizational members, the dialogues with stakeholders (mainly customers and organizational members) and the reflecting of these. For an organization the need for a change must be first recognized. As was discussed above and as figure 6 illustrates the ability to change is in connection with the way organizational members interpret themselves and their environment, and this can be enhanced by engaging into dialogues with stakeholders.

The company has already started to experiment with smaller initiatives and was moving on to greater ones such as the factory project and the development of CSR frameworks that require careful assessment of company's CSR compliance. The change process has in other words began and whether it will have a great impact on the basic assumptions (Schein, 1992) of the organization or to become routed into the organization such as the fourth phase of CSR integration by Jonker et al (2004) illustrates will remain to be seen. As Schein points out the three cultural levels; artifacts; espoused values; and basic assumptions all influence each other (Ibid, 1992). In Logonet Group's Helsinki office artifacts are used to remind staff on the commitment to Green Office and to inform staff and visiting customers about the CSR related projects that have been initiated in the company. In the lobby there was a poster of the Bamboo project and a frame with Logonet Group's ISO9001 certificate. The company's commitment to Green Office could be seen in small notes as reminders for instance to shut down the coffee machine and computers. There was also a poster of Logonet Group's ten

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[6] Challenges will be discussed later in this section.

green principles on the wall for everyone to remind them selves. Internet was also used to send information and links on CSR related issues, especially on those related to green values. These reminders and information were pointed out by almost all the informants and were clearly experienced to be important. Artifacts as reminders on important values may slowly start to change the other two levels of the organizational culture as Schein (1992) points out. This was also recognized by the informants as the following statement shows: "To change an attitude needs thirty repeats". To ensure the change is experienced as important at all levels in the organization training and information providing should be used effectively. Re-examination of assumptions and cognitive frameworks will be helpful in finding the right strategies and structures to improve the integration of CSR deeper into the values and norms of the organization.

7.8 Myth perspective in Logonet Group

The myth perspective was also present in Logonet Group's CSR approach. The institutionalized norms of the environment (Christensen et al, 2007) that have an impact on organizations making them more similar to each other can be interpreted to have had a great impact on Logonet Group's decision to focus on CSR. Although these norms were mainly derived from the company's customer demands they can be understood to reflect the values and norms of the larger society. Logonet Group's CSR focus can be seen from the myth perspective as coercive adoption where organizations are instructed by the state or other institution to implement certain recipes (DiMaggio and Powell, 1983). The instructions to follow certain rules are in this case not coming from the state but from organizations that are customers of Logonet Group. The demands the customers themselves have can be assumed to have been a reaction to the end product user needs and expectations, as well as to other social norms. The norms of the Finnish society have changed, expecting business to consider their responsibilities in their operations and also to address these explicitly and transparently (Korhonen & Seppälä, 2005). Thus more and more companies engage themselves in and start reporting on CSR, such as Logonet Group has began to do. The following statement among others shows the presence of coercive adoption in Logonet Group:

"I believe that large international customers set game rules for how their subcontractors are to operate, and through that it becomes more of a standard. It is not anymore nice and ethically smart to act like this but more of a requirement. At this time already there must be some standards fulfilled to be able to play with the big guys."

CSR by the informants was understood as a modern trend, but as a lasting one. Some showed a bit skeptical attitudes about the fact that an increasing number of companies are talking about and using CSR for marketing without necessarily having any direct practical implications. This was recognized to have some significant risks related to worsen reputation and the risk of loosing the license to operate. It was emphasized that what is claimed to be done must have also true practical implications.

7.8.1 The importance of legitimacy and reputation

Legitimacy for a company as Hatch (2006) defines it is to be accepted in the society it operates in. For Logonet Group's CSR this legitimacy is mainly wanted from the company's customers, but also legitimacy from employees and the larger society was acknowledged as important. For instance showing that Logonet Group is a responsible company was recognized to have an impact on employees' commitment to the company. One of the informants pointed out for instance that as an employee one can be proud to work in a company that is taking its responsibilities into consideration and also showing it explicitly.

Reputation and good image was experienced to be extremely important to Logonet Group. The company is rather unknown to the wider society and the end product users as its products and services are mainly to be used in the names of its customers. As one of the informants pointed out, the company does not have a reputation among "a wider audience". Thus negative publicity could be extremely harmful as the company does not have a positive image as a reference among this "wider audience" and thus the only image would turn out as negative. Furthermore Logonet Group has a great responsibility to ensure its customers their image is protected and that no problems will occur. The company can be understood to be responsible for its own image but also for the image of its customers whom it operates as a subcontractor to. The following statement emphasizes the importance of image and reputation to Logonet Group in ensuring its success and license to operate in long term.

"We are in this kind of business where we answer to the customer that these kinds of problems won't occur. It is important for the sake of the continuity of single customer relationships. Plus if the reputation goes…the circles are so small that we would have to start building offices into other countries."

The last sentence was obviously said in an ironically way, not meant literally but demonstrating the dramatic consequences of loosing the reputation. This shows also the importance of developing corporate social responsibility to reduce risks and the role of CSR as proactive risk management. The approach is rather proactive as there appears to be no previous negative incidents in Logonet Group's history that it would be reacting to. CSR's image enhancing role was recognized to be highly important and in fact one of the main reasons why the company had focused on CSR. However, as can be seen in the following statement, also ethical considerations were in this context emphasized:

"The goal has firstly been to polish our public image towards our customers, which is the raw truth. But when many things can be done right without it causing any excessive expenses or economical investments, why would we then not do it right when we can."

7.8.2 Development of internationally known CSR frameworks

As the Logonet Group is mainly a subcontractor to its customers and not directly in connection with the end product user it does not rely much on marketing. Thus neither CSR was used directly in marketing. The situation of Brands Scandinavia is somewhat different from Logonet and Kulma as it has retail business and therefore has a closer connection to end users. Despite the little use of marketing in Logonet Group the importance of ISO9001 quality certification had been acknowledge in enhancing sales and attracting customers. Thus when asked also CSR and CSR frameworks were thought to perhaps be useful marketing mechanisms. Some of the informants expressed it could be very important to address what the company had done in this area while some others thought it was not highly necessary.

As the development of Global Compact and Global Reporting Initiative (GRI) for the company use was still in the beginning of its process these were not very known to the informants. The project manager who had the task to develop these frameworks was the only one with further knowledge on them. When asked why Global Compact and GRI were chosen to be used by the company it was clear that the reputation of these frameworks was an important factor such as Global Compact was recognized to provide some extra credibility as

it is under the name of United Nations and thus widely known. The framework was also thought to be useful in marketing. Also GRI was chosen on these premises as it "is presently the most used…appreciated, trustable and generally approved (CSR reporting system)." Thus the legitimacy of these frameworks was important. As discussed previously in the theory part of this thesis, these frameworks can be understood as popular recipes (Christensen et al, 2007) as they are widely acceptable and drive organizations towards similar ways of acting. In Logonet Group the adopting of CSR frameworks can be characterized as a mixture of what DiMaggio and Powell (1983) call normatively based adoption and mimetic adoption. The decision to adopt Global Compact and GRI frameworks were partly derived from common norms, values, knowledge and networks of professional groups and thus normatively adopted, but also with the aim to become more alike other companies that are associated with success, as the mimetic adoption implies to. DiMaggio and Powell argue the latter being often used to decrease an experienced uncertainty. In Logonet Group the informants expressed to be quite familiar with CSR in general; they showed to have a quite good general understanding about the company's responsibilities, and they experienced the amount of information available to them to be sufficient. However, some areas of CSR were clearly of higher uncertainty than others due to the lack of available information. The uncertainty was related to the company's use of multiple subcontractors and the problems related to certain information about their operations as will be discussed in next chapter.

There were no significant challenges expressed to be related to the development of Global Compact for company's use. However, GRI was experienced to be somewhat more complicated requiring a greater deal of resources. GRI was thought to be taken in use first partially as it would give time to the organization to slowly get used to the vast guidelines. This is also encouraged in the GRI guidelines as adopting the whole spectrum of indicators may be too challenging and resource requiring at once. The implementation of GRI in Logonet Group is in other words to be partially imitated (Røvik, 1998) by rationally choosing which indicators will be taken in use at first. The advantage of having ISO9001 quality standard was mentioned as the company has already reported some on their environmental and social responsibilities in connection with it. This implies that certain combination of recipes (Ibid) may also take place when developing CSR frameworks. However, environmental and social concerns are rather shortly mentioned in the quality manual and thus deeper evaluation is needed. The project manager expressed it to be highly important to have something to report of and to report on actual behavior, and thus there would be some

changes needed before the whole reporting system could be taken in use. This indicates that the reporting systems will most likely have some actual practical implications and not only to be used as window dressing. Being transparent and telling what was chosen to be left outside reporting was also recognized to be important such as GRI recommendations emphasize.

7.9 Challenges

The informants expressed directly and indirectly some challenges and dilemmas related to corporate social responsibility in Logonet Group. The main concern areas can be separated into three groups; the type of business; the use of subcontractors; and stress at workplace. The first one is relate to a conflict between first and second order values (Schoemaker & Jonker, 2006), the second one to the challenge of auditing multiple subcontractors and to uncertainty caused by constant need for new information (Hatch, 2006), and the third one to the challenge of balancing between efficiency and work welfare at the Helsinki office.

7.9.1 Type of business

Some business enterprises can be considered to be more responsible than others on the mere basis of the nature of the business. The first order values (Schoemaker & Jonker, 2006) related to the purpose of the business may be directly connected to CSR by for instance founding the operation on ecologically produced products. As Jonker et al points out the ultimatum phase in integrating CSR into organizations is when CSR is "routinised" to the organization and becomes a natural part of all decision makings in the organization (Ibid, 2004). However, for many companies there remain some conflicts between the business proposition and corporate social responsibility. These kinds of conflicts between first and second order values were present also in Logonet Group.

The development of green values while simultaneously producing a great amount of material into the world was expressed by some informants to be controversial. The purpose of Logonet Group's business is to find suitable solutions for customer needs, and thus the customers are in the end deciding what will be produced. Customer needs vary and hence also the material and the factory used in production, and the way the item is delivered to the customer are

dependent on the time and money the customer is willing to use. Producing ecologically friendly products was recognized to be somewhat more expensive but yet attractive for many customers. However, focusing on mainly green products was not experienced to be possible, at least at the present, due to the higher price. This was evident especially in Kulma as the company may produce thousands of small items to be used as giveaways together with customers' products and thus there is often a strict price limit for production. Giving away partly ecologically friendly products to enhance the sales of other products was also experienced to be controversial as the following quotation expresses:

"If we talk about having giveaways it becomes a bit two-faced behavior if we say "by two cola bottles and you get a bottle opener", and the bottle opener is made 35 % of ecological material. It is much more ecological to not give the bottle opener than to make it 35 % of recycled material."

When asked whether Logonet Group can guide customer needs into perhaps more ecologically or socially responsible choices the response was somewhat positive. If the company succeeds in creating a good solution for the customers and has strong arguments for the use of socially and environmentally responsible materials and production methods the customer can sometimes be convinced the benefits of paying a higher price. However, as mentioned for some purposes customers are requiring low prices and also fast deliveries. Hence, ecologically friendlier products and the use of factories with the best quality are not possible as they exceed the price limit. The time for production is often limited as customers want quick deliveries requiring the product to be flown instead of using less polluting and slower ways such as cargo ships.

The sustainability of products was expressed to have been paid attention to in Logonet Group's operations. As mentioned ecologically friendly products such as products made from bamboo with the use of alternative energy sources were part of what Logonet Group offers its customers. In sales enhancement campaigns there were also developed electronic giveaways such as free downloads for music and films from the internet. Argumentation for the smaller foot print of these products was recognized to be useful in getting customers to choose these instead of traditional material giveaways. The importance of good quality and designing was also emphasized in relation to the sustainability of products as they "last longer and the everyday life of people becomes easier."

7.9.2 Subcontractors

The greatest challenge for Logonet Group's CSR was expressed to be clearly the use of subcontractors in Far-East. The problem was related to the use of multiple subcontractors in producing a vast amount of different products. The following statement shows the way audits are done and the problems related to it.

"The biggest risk is that we buy much from different producers and for real it is not possible to check all. The main producers are checked and there is an own internal auditing. If there is some special product that is made maybe once in a year and if the value of the order is thousand euros the auditing may not be done. And it is then basically based on the own words of the factory that these things are in order. Hence, for sure we can not know whether things are in order."

As discussed before Logonet Group has a Code of Conduct that all its subcontractors are to sign and comply to. However, controlling whether they fulfill the requirements was experienced as a challenge due to the numerous factories used. Due to the different and unique items that are designed for the customers the company must search for a suitable factory to do these. Sometimes a factory that has been previously used for a certain type of item has no capacity left at the time required and thus Logonet Group is forced to search for another factory that can fulfill the task. This is problematic both for the quality of the product and for assuring the CSR requirements to be fulfilled. The quality may differ from the one produced by the previously used factory. When contracts are made for only a short period there is also a problem with arranging proper audits as these require resources and the time and money used for the production may be strictly limited by the customer.

Audits are often done in connection with the quality controls. In fact quality of the product is much related to the CSR standards. Good quality means often also that other things such as working conditions in the factory are in order. The choice of the subcontractor is highly important and the company has tried to focus on those who are "used for making international labels". Due to the controls and requirements of large multinationals, the quality and CSR can be trusted to be better in these factories. Certainly, having good quality often cost a bit more. However, "It will obviously be seen in the quality of the product if you save in the price. You will loose anyways in the end." Due to the problems of capacity sometimes keeping the quality and ensuring good working conditions in the factories can be nevertheless

challenging. How far the responsibilities of Logonet Group should go in the production chain was also discussed. For instance the Global Compact guidelines give a set of values that companies should embrace, support and enact on in their sphere of influence. However, what is understood by sphere of influence is not clearly determined by Global Compact as it is used more as a metaphor. The following statement reveals how this sphere of influence is understood in Logonet Group.

"We know very far backwards the chain. Somewhere it becomes dim, when there starts to be more subcontractors…fabric wholesales and market places… The biggest challenge is in that. Quite everything cannot be taken responsibility for. That we ourselves operate well and take responsibility of the way our own subcontractors operate, that is already much."

7.9.3 Stress

As Logonet Group has grown in size during the past years the workload in the company has also increased. Obviously new employees are recruited to full the tasks that have resulted from rapid growth. However, stress seems to be a factor that may affect the welfare of the organizational members, both managers and other staff. Busy time schedules at the Helsinki office and also among the Far-East managers was a concern that was expressed either directly or indirectly in the interviews. The importance of considering not only production operations and subcontractor conditions but to also focus on matters concerning the welfare at Helsinki office was expressed by some informants as very important as the following informant statement confirms.

"One should not take it for granted that everything close by is good. I mean matters concerning the whole chain should be taken into consideration. For instance here at the workplace it is all the time busy, (one should consider) that co-workers are not too much pressed."

The pressure mentioned by the informant was mainly a consequence of customer demands. Customers were experienced to be often somewhat inpatient with the time to be used for production and deliveries. As a consequence to the pressure to meet certain time limits the organizational members may be exposed to stress and overtime work, which again can affect the work health and lead to problems in long term. Occupational stress and its consequences on organizational members health has been in general a highly discussed topic in the Finnish society. The requirement from the state to have an employee representative for these issues is

set to improve the situation and to protect the staff. In Logonet Group the stress can be understood to be related to the company's growth and perhaps to the fact that certain areas are not so well established yet, such as knowing the required work force needed or routines related to new areas of business.

8 CONCLUSION

In this final chapter of the thesis I aim to answer the research questions and make conclusions on the basis of the theoretical frame and the discussions based on the empirical findings in the previous chapter. With respect to the research questions presented in chapter 1 I have chosen to divide this chapter into first three under chapters for each research question, following by some concluding remarks on the success and importance of this study.

8.1 CSR understanding and development in Logonet Group

The aim of the first research question was to gain an understanding on the way corporate social responsibility is understood in Logonet Group and how it had evolved in the organization prior to this study.

How is corporate social responsibility understood by the management in Logonet Group?

It is evident that CSR as a concept had started to become somewhat familiar in the organization although yet on a quite general basis. The managers' focus was mostly on environmental issues and concerns related to work welfare in the company's Far-East operations. As in many other Finnish companies, environmental concerns had been in focus in previous CSR related initiatives in the company. Thus these were perhaps also paid much attention to by the managers. Due to the company's commitment to WWF Green Office standard for the Helsinki office these values had also gained much visibility in the organization in forms of artifacts. The work welfare at Logonet Group's own factory in Thailand and subcontractors' factories in the Far-East was considered to be part of Logonet Group's main responsibilities. This was perhaps the only issue that was related to uncertainty due to the vast amount factories used for production. Work welfare at the Helsinki office was not paid so much attention to, perhaps as it was seen to be self evident. In the past decades CSR in general has been mostly implicit in the Finnish business environment and thus part of the moral considerations without necessarily explicitly addressed. Also the high trust towards the Finnish government to take care of employee concerns may have an impact on the absence of explicit concerns related to this. However, as the Finnish law on occupational health and

safety requires there is an employee chosen to represent these matters also in Logonet Group. Also some of the managers in Logonet Group can be considered as initiators in this matter as they expressed it to be personally of high significance to them.

From Campbell's objective and subjective CSR views Logonet Group's CSR understanding can be argued to be a mixture of both. Objective view was evident in the company's use of internationally accepted criteria for subcontractors' labor concerns and was explicitly addressed in the Logonet Code of Conduct. Also the intention to implement widely known CSR standards was in accordance to the objective view. The subjective view on following what is accepted by company's stakeholders, or more precisely in Logonet Group's approach by its customers, was however to a greater extent emphasized. Customer's requirements were the most important driving force for CSR development in the company, and the importance of CSR was clearly to fulfill the customer requirements and expectations. Other important stakeholders were considered to be the company's employees and the state (mainly in relation with state supported initiatives). Additional stakeholders such as non governmental organizations or other institutions were clearly less focused on.

From Carroll's four CSR categories the legal and ethical responsibilities were mostly in focus. Economical and philanthropic responsibilities were discussed less by the informants. Legal responsibilities were related to following the law and other regulations posed by the state but also those by the company's customers. The customer requirements on labor issues can be seen partly belonging to this category as they give a framework in which the business can operate and fulfill its economic mission. Without adhering to these the company could not fulfill its economic responsibilities which is the foundation upon which all other rest (Carroll, 1991). Labor issues were also part of the ethical responsibilities in Logonet Group's CSR understanding, such as were concerns related to environmental responsibilities. Economical responsibilities were mentioned by some of the informants to be the company's ability to make profit so it can employ people and thus contribute to the societies. Philanthropic responsibilities were not emphasized to a great extent nor necessarily seen as part of company's responsibilities.

Sustainable development was to some extent discussed by the informants. Firstly, focusing on CSR was considered to strengthen the company's ability to survive in the future; to have a sustainable economy. Such as the triple bottom line by Elkington (1999) and Carroll's

pyramid on CSR understanding (1991) emphasizes, business must first be profitable for the company to be able to be sustainable or fulfill its responsibilities in other areas. Also some sustainability criteria had been considered in using ecological materials, non material giveaways and in focusing on the long lastingness in the design of the product.

Focusing on CSR in Logonet Group was mainly a reaction to customer requirements, but also used as a strategy giving extra value to the company to ensure its position among its competitors. Proactive approach towards CSR was also evident in considerations to ensure the possible future requirements from societies and customers to be fulfilled. Furthermore focusing on CSR was also partly risk management to protect the image and reputation of the company and to minimize the negative consequences that could result in loosing customers.

8.2 Logonet Group's CSR development from organizational theory perspectives

The aim of the second research question was to draw together the understanding and development of CSR in Logonet Group with the three organizational theory perspectives discussed in the theoretical frame of this thesis.

On the basis of organizational theory, from the instrumental, cultural and myth perspectives, how can we understand the path Logonet Group has taken, or is planning to take, in implementing and organizing CSR?

Instrumental perspective

From the instrumental perspective business case for CSR was evidently important. CSR was considered to be a tool for management in fulfilling customer requirements and in enhancing customer attractiveness, and thus important for the company's long term success. The profitability gained from focusing on CSR was experienced to be much higher than the possible expenses it may require. Hence, focusing on the company's responsibilities was seen by the management as a wise thing to do. However, despite CSR having been expressed to be a tool for the management, CSR was not to a great extent structured or systematic in the company at the time of the study.

The goal of CSR development was to fulfill the present and future customer requirements, and thus also enhance the image of the company. From the instrumental perspective management can use mechanisms, such as structuring, controlling and rewarding, to assure the goals are achieved. The two previous were used into certain extent in Logonet Group, while the possibility of the latter was acknowledged but not yet taken in use. Two years prior to this study there had been a position created for quality and CSR development and thus there was a dedicated Project Manager to take care of these issues. Otherwise there were not many changes in the organization structure regarding CSR structuring. Every organizational member's responsibility to show attention to CSR issues was emphasized. Thus the responsibility of developing CSR in the organization was mainly the one of the Project Manager while other organizational members were to consider responsibilities in their own daily day work. The company can be characterized as rather decentralized allowing the organization to operate in a more flexible manner. Thus at least smaller decisions regarding CSR concerns of the operations could be done at lower level of the organization. The power to make decisions regarding CSR development, such as decisions to take in use certain frameworks, was given to the Project Manager. Larger decisions regarding the company's CSR in Far-East were mainly done by the CEO and the Far-East management. The most important control mechanism was the Logonet Code of Conduct that was to be adhered to by all the Logonet Group's subcontractors. When signing the code of conduct subcontractors allowed Logonet Group to make audits to their factories. Audits were mainly done in the connection with quality controls by Logonet Group's employees. It was acknowledged that some improvements could be done in making these more systematical, although this was experienced as a great challenge due to the multiple subcontractors used and the periodic nature of some of the contracts with subcontractors. The CSR frameworks, especially GRI, that are to be developed in the near future can be thought to be used as control mechanisms assuring that certain CSR related goals are to be achieved. The existing reward systems were related directly to sales numbers. However, the possibility of creating CSR related rewarding systems was acknowledged, although not yet developed. These kinds of rewarding systems should motivate employees to include CSR concerns into their daily work. For instance staff could be rewarded from selling or designing environmentally friendlier products. As the company relies much on innovativeness of the product in its aim to develop unique services for the customer needs, CSR could be directly linked to this for instance in rewarding 'the CSR innovation of the year'.

<u>Cultural perspective</u>

From the cultural perspective organizations are seen as more rigid as they have institutionalized values and norms that are difficult to change. Thus if these institutionalized features are in conflict with CSR values there may be a great challenge in changing the organizational behavior and CSR initiatives risk to be rejected. Among Logonet Group's management the attitudes towards corporate social responsibility were either neutral or positive. Some of the informants were clearly seeing CSR as important on a personally level while others had a rather practical approach to it as it was experienced to be important for the company to consider due to customer requirements. Other organizational members were claimed by the informants to be either passive or active on the matter. Some organizational members such as the Project Manager were seen as initiators or change agents for CSR encouraging others to consider CSR issues and providing information related to CSR. Furthermore there seemed to be no resistance towards CSR development in the company. Some conflicts between first order and second order values were however present. The nature of the business, as it produces a great amount of material for promotional purposes for its customers, was experienced to be sometimes in conflict with ecological values. There were however expressed some ways to reduce this conflict, such as using ecological materials and providing customers with non-material services. However, the customers made the final decision on what was to be produced and how much time and money was to be spent. Furthermore, these were directly in connection with the sustainability of the product. Ecological products were experienced to be somewhat more expensive to produce and choosing a more sustainable way for deliveries i.e. cargo ships would take more time.

The importance of dialogue from cultural perspective was also evident in Logonet Group. Dialogues with stakeholders were important especially in finding out about the customer needs, but also useful in informing customers about the CSR compliance and the CSR related products and services Logonet Group could offer them. Thus dialogue could be potentially used in convincing customers of the benefits in choosing a responsible option. Dialogue can be also assumed to have taken place internally with organizational members on a daily basis. This conclusion is based on the fact of the leadership culture being clearly discussion based and low in hierarchy, and hence allowing open dialogues to take place. Therefore one can also claim the leadership being mostly compatible with the cultural perspective. Some dialogues had also taken place with other stakeholders such as non governmental organizations in

finding ways to co-operate with them. Despite this, the dialogues with other stakeholders than customers and employees were quite minimalistic, such as was the focus on main stakeholders.

According to the cultural perspective organizational change happens slowly in increments. This is different to the one of instrumental perspective claiming an easier step by step process to be possible in implementing change. In Logonet Group's approach to the development of CSR, the incremental nature of this process and thus cultural perspective were clearly present. The company had already started with several CSR related initiatives and it was understood that the process of developing CSR would take some time. However, the first order values or the business proposition were not considered to be possible to be based on CSR related values, at least in the near future. Thus, Logonet Group's CSR at the time of this study was mostly related to the second, discovering, phase in Jonker et al.'s four phases of integrating CSR into the organization. The expectations of the society, customers and other stakeholders had evidently changed more in favor for CSR, yet customers were not always experienced to be ready to make compromises regarding the time and money spent for the production. Thus CSR was not experienced to be possible to be entirely related to the business proposition. Artifacts were used effectively to bring upon a change in attitudes and behavior inside the organization, especially related to green values in connection with the company's WWF Green Office standard. Also the implementation of CSR frameworks that were to be developed can be seen to be compatible with the cultural perspective as it was emphasized to incrementally implement these when allowing so, to give time for the organization to adjust, and to be able to do what was reported to be done. Thus from the cultural perspective the integration of these frameworks and their practical implications were most likely to be successful. However, the aim should be to strive towards eventually a full implementation of the frameworks.

Myth perspective

From a myth perspective organizations are seeking legitimacy from their environments and by adopting organizational recipes becoming more similar to each other. In Logonet Group legitimacy from company's customers was emphasized, and was seen to be highly significant for the company's long term survival. Thus social legitimacy in the company can be thought to be part of the organizational resources such as was shown in figure 7. In this way Logonet

Group's decision to implement CSR can be interpreted to be compatible with DiMaggio and Powell's coercive adoption, the instructions to implement CSR derived, not from the state, but from other institutions, i.e. company's multinational customer enterprises. The requirements posed by these customers can be seen to be nearly compatible with the law as Logonet Group is forced to take them into consideration to be able to continue its business. The increased requirements to focus on CSR was a consequence of the growth of the company as it had gained more customers including larger multinational companies of whom some have strict standards on how their subcontractors should operate with regards to CSR. As these companies required their subcontractor Logonet Group to act in a responsible way so did Logonet Group require also from its own subcontractors.

The meaning of reputation and image were experienced to be very important for the company and its customers. Consequences from possible negative reputation were acknowledged to be severe and thus CSR was also partly about risk management. CSR was considered to be useful in marketing but only if the company could ensure things to be true. It was emphasized that CSR was to have some clear practical implications and not to be used as window dressing. The importance of this was highly evident as the company did not want to take the risk of becoming in bad light among its customers if not being able to fulfill its responsibilities as claimed. As discussed this was important as Logonet Group is not only responsible for its own reputation and image but also for the one of its customers. Negative incidents regarding CSR could have severe consequences to the whole supply chain.

Global Compact and Global Reporting Initiative guidelines were to be adopted into the organization mainly as they were considered to be internationally known and thus could increase the reliability of the company in its customers' eyes. The company's positive experience of the ISO9001 quality standard and its impact on enhancing the attractiveness of the company can be understood to have led to the development of also these other internationally acceptable frameworks. There were experienced to be sufficiently information and practical examples on the implementation of GRI and Global Compact which was considered to be helpful in the implementation process. As the development of these frameworks was still in the beginning of the process it was not yet considered how these would affect the organizational members work.

The ways in which the three perspectives emerge in Logonet Group's CSR are illustrated in the table beneath. As discussed and as one can see in the table, all the three perspectives were present in the organizing and development of CSR in the company.

Table 2. CSR in Logonet Group from instrumental, cultural and myth perspectives.

Perspective	CSR in Logonet Group
Instrumental	- Tool for management - CSR related goals • to fulfill present customer requirements • to improve image • to attract new customers • to ensure position among the competitors - Business case: self benefit important - CSR also a proactive strategy to meet future requirements - Structure: dedicated employee responsible for CSR - Control mechanisms: code of conduct, auditing, developing of CSR frameworks - CSR frameworks used, or to be used, as tools
Cultural	- Incremental change rather than quick fix - Small initiatives to begin with - CSR related values personally important to many - No negative attitudes or resistance - Internal drivers for CSR - Dialogues with internal and external stakeholders - Artifacts used in changing the culture
Myth	- Legitimacy seeking - CSR important for image and reputation - CSR as reaction to societal values and norms - Customers requirements to implement certain recipes - Coercive adoption - Developing of internationally known CSR frameworks

8.3 Challenges and dilemmas related to Logonet Group's CSR approach

The aim of the third and last research question was to examine whether there were possible challenges and dilemmas related to CSR in the company. Here the aim was to find out about experienced problem areas and to examine whether there were some challenges related to the company's approach to CSR i.e. to the way the three perspectives were present or absent in the company's approach.

Are there challenges and dilemmas related to CSR in Logonet Group and to its approach to CSR?

There were clearly some CSR related dilemmas and challenges present in Logonet Group. The first challenge expressed by the management had to do with the nature of the business as the values guiding the business proposition were experienced to be into certain extent in conflict with CSR values, especially ecological values. This was related to the amount and the experienced significance of the material produced by the company. The vast amount of subcontractors used by the company had also some challenges to it as audits to all of them were sometimes difficult to conduct. Thus at times the company had to rely on the words of the subcontractor for everything to be in order. Another challenge was the one of dilemma between employee welfare and customer demands on short time schedules. Busy time schedules and stress resulting from it were caused by customer demands on quick production and deliveries.

As have been discussed previously in this section all the three organizational perspectives were to some extent present in the way CSR had been developed in Logonet Group until the time of the study and how it was planned to be developed further in the near future. This can be understood to be beneficial for the development of CSR and the success of integrating CSR in the company. At present CSR development had not been to a great extent systematical. The importance of business case and legitimacy was clearly evident as CSR was developed to enhance the self benefit gained from it and to improve the image of the company. Thus it was not entirely sure whether CSR would be considered in areas where the business case and the requirements of the customers were weaker. This may bring upon some

problems in the future if important areas are neglected. It also shows that CSR was not yet routinized deeper into the culture.

The Logonet Code of Conduct had been created to control that at least minimum requirements in the Far-East are to be fulfilled. As the biggest challenges in Logonet Group's responsibilities are related to its Far-East operations, the company can minimize the risks by effective control over its subcontractors. At the time of this study the auditing was not necessarily as systematic as it could be and thus some improvements in this field would strengthen the company's risk management. Another challenge related to Logonet Group's Far-East operations was to find a responsible way to put down their factory in Thailand when relocating their operations to Bangladesh. CSR includes also considering issues related to responsible dismissal of employees by for instance assisting them in finding new jobs.

CSR being a quite new phenomenon in the company it was not completely integrated into the communities of work. If CSR is only paid attention to when situations occur and not part of the organizational mindset, such as the cultural perspective emphasizes, companies can risk having negative consequences when meeting unexpected situations. Here information is crucial to be prepared in situations with unexpected problems. The problem of not being able to do systematic audits to the company's all subcontractors can be seen in relation with the business case. Conducting audits in cases where the production was of lower price and merely periodic was not always seen as possible to be fulfilled and thus the company was dependent on relying on the words of the subcontractor for everything to be in order. Focusing on CSR was here experienced to be costly for the company and thus the audits did not always take place. The importance of business to be profitable is certainly a preposition and if the resources used for audits are too high in comparison with the price of the purchase it would not be reasonable for the company. However, as was acknowledged there is a high risk related to this as the company cannot fully rely for things to be in order.

Leadership in Logonet Group's Helsinki office was rather un-hierarchic and discussion based. Hence it was much similar to the leadership style from the cultural perspective. Organizational members were trusted to fulfill their responsibilities and also to take in consideration the company's responsibilities in their work. Control mechanisms in the Helsinki office were not used much, except from those related to the Green Office standard. As CSR values were not expressed to be completely integrated yet into the communities of

work there may be a need to develop effective control mechanisms or guidelines in addition to the Green Office, to assure responsibilities are being paid attention to by all the organizational members at all times. Also possible CSR related rewarding systems would motivate the employees to take into consideration these issues on a regular basis and thus enhancing the integration of CSR. This is off course dependent on whether the company sees the deeper integration of CSR as a desired state. Corporate social responsibility can be understood to become more systematic in the organization in the near future when the CSR frameworks will be implemented. The development of CSR frameworks can also be understood to be useful in spreading information on CSR related issues into all levels of the organization and accelerating organizational self examination. Organizational learning processes resulting from this can improve the integration of CSR into the communities of work.

In Logonet Group's CSR development one can notice the similarities with the first two phases of integrating CSR by Jonker et al (2004). The requirements from the customers seemed to have been the most significant drivers for CSR development at the time of this study. Thus also the business case was important. This is highly important in the beginning of the process as it gives direct arguments in favor for the company to develop its CSR. However, in Logonet Group's situation CSR, especially labor matters in Far-East, were more of a must to consider if the company wanted to continue its customer relationships. In this way myth perspective becomes very relevant in the company as it is responding directly to the customers requirements that reflect the norms and values of the society. There is a challenge to this with regards to other areas of CSR. It seems that as the requirements were concerning labor issues in Far-East, some other CSR areas may have been left in the shadows of these. An example on this is the work stress at Helsinki office that did not receive so much focus by the informants. It is important to not only focus on the large challenges related to the company's Far-East operations but to also remember to take care of issues near by. Nevertheless, not all CSR concerns initiated in the company were directly required from it. The environmental initiatives, for instance, were more derived from personal values of the change agents than from direct requirements. The organizational values and norms seemed to be at least to certain extent compatible with CSR and thus allowing the further integration of CSR into the organization in the future. This can be understood to require however some compromises, training and motivation building in finding the best responsible solutions for

the company's operations and to ensure also those who were claimed to be passive rather than active to be more involved.

For CSR to become part of the organizations operations its impact on the core and supporting organizational processes must be assessed. Emphasizing CSR aspects in the core processes could promote innovation and customer satisfaction. In the sales process the possibilities to impact the customer choices are directly in connection with company's CSR compliance. The challenge is to convince the customer of the importance of quality and CSR aspects. For a bit higher price the customer can gain better quality, have sustainable materials and methods used in production, and ensure good working conditions. Arguments for the importance of these should be developed and staff trained to have the required knowledge. In design process, even though the main guidelines come from the customer needs and requirements, the designer can influence the long lastingness of the product and the material that is used for it. Thus with good designing and favoring environmentally friendlier materials the designer can influence the sustainability of the product. The purchase process is perhaps the most challenging for CSR as it includes dealing with multiple subcontractors and finding the right one to produce the item. Here, there is no doubt that reputation can be in danger if one fails to choose the right factory with the right quality and CSR standards. Improvements in auditing systems to make them more systematic will reduce this risk. Also focusing on information sharing inside the company on the CSR compliance of the factories that have been used previously by the company, using third party auditing, and perhaps co-operation with other companies to share information and to conduct common audits could be used to improve the CSR aspects in the purchase process. Obviously also using more sustainable packing material and transportation should be paid attention to. From the support processes the human resources process is the most significant in its CSR improvement capacity. CSR should be integrated into the training off new and old staff, in improving the knowledge and commitment of all organizational members.

8.4 Concluding remarks

In this thesis I have discussed the way CSR is developed in organizations and the path they may take in implementing CSR and CSR frameworks, with the focus on one case company's, Logonet Group's, approach. In the theory part was firstly discussed different ways to

understand CSR and the situation of CSR in Finland. The main theory part consisted of three perspectives on organizational theory by Christensen et al (2007) and the way CSR development and management could be understood from these perspectives. The empirical study was based on information received from the case study at Logonet Group. A case study turned out to be a successful way to study the phenomena as it allowed gaining deeper understanding on the way CSR was understood and developed in the company. Instrumental, cultural and myth perspectives were all present in the company's approach and thus their suitability in examining the development of CSR was evident. The perspectives turned out to be somewhat overlapping as certain issues could be considered to be compatible with more than one perspective. Thus it was not possible to put one above the other in examining their existence. Furthermore, having multiple cases could have improved the generalization of the study results. However, comparing the organizational perspectives with the approach taken in merely Logonet Group was most suitable with considerations to practical issues such as time and other resources, yet allowing analytical generalizations to be conducted. The study may have practical implications for the case company in its further development of CSR and CSR reporting. The study results can be understood to be beneficial for the company, or perhaps also other companies, in understanding the role of these perspectives and the challenges related to them in CSR development.

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Appendix

LETTER OF INTRODUCTION

Logonet Group

This letter contains information on my master's thesis and about the subjects that will be dealt in the interviews. My wish is that everyone in Logonet Group who will cooperate with me and take part in the interviews will have the possibility to read this letter.

I am a master's student in Social Science at the University in Stavanger, Norway. I am currently writing my thesis on corporate social responsibility (CSR) development and the use of CSR frameworks. I have been entitled the possibility to conduct an empirical study in Logonet Group, which I am very grateful to you. In my thesis I am examining CSR development from three organizational theoretical perspectives. The perspectives my thesis encompasses are briefly following:

1. CSR as a tool in achievement of goals, its formal impact on organizational structure and management practice.
2. CSR as an ethical value, its impact on organizational culture, intern values and norms.
3. CSR as legitimacy enhancement, its impacts on organizational image.

These three perspectives are not necessarily excluding. My aim is to study how these perspectives are present in Logonet Group's approach to CSR and how they have perhaps influenced the way CSR is developed and will be developed in the organization. For this thesis to have as much practical implications as possible I aim to clarify whether there are some specific challenges related to CSR and CSR frameworks in Logonet Group.

Following subjects will be dealt in the interviews:

- the importance of CSR for Logonet Group
- main responsibility areas and possible challenges related to these
- CSR related wishes and goals
- drivers for the decision to initiate CSR frameworks, previous initiatives
- CSR structure
- Organizational values and possible conflicts between them
- CSR related capacity and information
- Possible challenges and possibilities related to CSR reporting

In the interviews I will pose some already prepared questions, however the meetings have mainly a form of informal conversations. The interviewees are welcomed to add relevant issues to the conversations.

Best regards,

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Interview guide

CSR-Definition

How would you describe the meaning of corporate social responsibility?

Who determines what responsibilities the company should have?

Who are the main stakeholders of the company? How are they influencing or influenced by the Logonet Group?

What are those areas Logonet Group can be held responsible for? How can the company take care of its responsibilities towards these issues?

Are there some specific challenges related to CSR in Logonet Group?

Are there some opportunities and risks related to long term sustainable development (economical, social and environmental)?

CSR and organizational theory

Would you describe Logonet Group's approach to CSR to be related to one or several of the following?
1. As means to achieve certain goals (profitability, reputation, risk management etc.).
2. As ethical values that need to be integrated into the organizational values and norms as they are socially acceptable ways to do things and important for interpersonal aspects.
3. As legitimacy building to live up to the modern society's demands and thus mainly important for the image of the company.

How would you characterize the function of leadership in Logonet Group?

CSR from an instrumental perspective

Are there some CSR related goals the organization wants to achieve? If, how can these goals be achieved?

Are there some important self benefits the company can gain from CSR? Please, describe.

How is CSR structured in the company? (Who has the responsibility for CSR improvement? What kind of steering mechanisms are used to manage CSR (Codes of Conduct, CSR frameworks)? How are these controlled and monitored? Are there some rewarding/sanction systems in relation to CSR?)

In your experience, is CSR a complex or a relatively known phenomenon? Do you experience you have enough information or knowledge about CSR related challenges?

CSR from a cultural perspective

Are CSR related issues important for you personally? Please, describe.
In your opinion is CSR part of the organizational values? Please, describe.

Are values related to responsibilities something Logonet Group has emphasized in its way of doing business before or is this new? Please, describe.

What are the first order values of the organization (that guide the business proposition)? How is the relation between these values and CSR related values?

How has the idea of CSR developed in the company? Would you describe the decision to focus on CSR more as a cause of internal (organizational members) or external (stakeholders) factors?

Are there some ways Logonet Group is improving, or can improve, its capacity related to CSR?

CSR from a myth perspective

How would you describe the importance of having a good image for Logonet Group?

Can CSR be understood to improve the company's image?

Why has Logonet Group decided to implement Global Compact and Global Reporting Initiative?

Are there some specific challenges related to these frameworks and the organizational context?

The UN Global Compact's ten principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

LOGONET GROUP'S TEN GREEN PRINCIPLES FOR THE HELSINKI OFFICE

1. Close computers for the night
2. Shut down the lights after yourself
3. Recycle garbage into right containers
4. Walk and use public transportation always when possible
5. Use the small and big flush in the toilet as it is supposed to.
6. Print two sided
7. Share information electronically and try to avoid paper prints
8. Avoid taking the elevator, use stairs
9. Recycle working office material back into office material storage room
10. Take good care about nature and your self

LOGONET

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Approved: Quality Manager

Confidential
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REQUIREMENTS FOR SUPPLIERS/VENDORS

CREATORS OF PROMOTIONAL MERCHANDISE

Compliance to European environmental and safety legislation.

All quotations and deliveries to LOGONET should comply to the European Union environmental and safety legislation. This legislation covers amongst others the following issues:
- Product liability
- Commodities act general product safety decree
- Commodities act and consumer safety
- CE marking
- NEN norm for toys (EN71-1/2/3/9/10/11)
- Limited use of PVC Softeners (phthalates)
- Use of Azo−free colorants
- Low Cadmium (max 100 ppm)
- Cadmium free batteries
- Directive dangerous waste
- Bromine−containing fire retardants
- RoHS
- WEEE
- REACH

Disclaimer:
This enumeration is not complete and you will not be able to derive any rights from it.
You are solely responsible for the correct legally required specifications of a product.

LOGONET Code of Conduct for Vendors

This LOGONET Code of Conduct outlines the basic requirements concerning working conditions that must be satisfied by all vendors of LOGONET. LOGONET and its principals are free to supplement these requirements at any time.

Child Labour (ILO 138 and 182)

Vendors shall not use child labour. "Child" is defined as a person who is not older than the local age for completing compulsory education but in no event is less than 15 years of age. Vendors must verify the age of their workers and maintain copies of their workers proof of age. Vendors must follow all applicable laws and regulations regarding working hours and conditions for minors.

Involuntary Labour (ILO 29 and 105)

Vendor shall not use involuntary labour. "Involuntary Labour" is defined as work or service which is extracted from any person under threat or penalty for its non-performance and for which the worker does not offer himself or herself voluntarily, and includes all manner of prison, bonded, indentured and forced labour.

Disciplinary Practices

Vendors shall not use corporal punishment or any other form of physical or psychological coercion or intimidation against workers.

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Non-discrimination (ILO 111)

Vendors shall employ workers solely on the basis of their ability to do the job, and shall not discriminate on the basis of age, gender, racial characteristics, maternity or marital status, nationality or cultural, religious or personal beliefs or otherwise in relation to hiring, wages, benefits, termination or retirement.

Health and Safety

Vendors shall maintain a clean, safe and healthy workplace in compliance with all applicable laws and regulations. Vendors shall ensure that workers have access to clean drinking water, sanitary washing facilities and an adequate number of toilets, fire-extinguishers, and fire exits and that workplaces provide adequate lighting and ventilation. Vendors shall ensure that the afore mentioned standards are also met in any canteen and/or dormitory which is provided for workers.

Environmental Protection

Vendors shall comply with all applicable laws and regulations in respect of protecting the environment and maintain procedures for notifying local authorities in the event of an environmental accident resulting from Vendors operations.

Wages and Benefits (ILO 100)

Vendors shall provide wages and benefits that comply with all applicable laws and regulations or match the prevailing local manufacturing or industry rates, whichever is higher. Overtime pay shall be calculated at the legally required rate, regardless of whether workers are compensated hourly or by piece rate.

Working Hours

Vendors shall not require workers to work, including overtime, more than 60 hours per week or more than any maximum number of hours per week established by applicable laws and regulations, whichever is less. Vendors shall guarantee that workers receive at least one day off during each seven-day period.

Freedom of Association (ILO 87 and 98)

Vendors shall respect the right of workers to associate, organize and bargain collectively in a legal and peaceful manner.

Familiarization and Display of This Code of Conduct

Vendors shall familiarize workers with this Code of Conduct and display this Code of Conduct, translated in the local language, at each of their facilities in a place readily visible and accessible to workers.

Legal Requirements

Vendors shall comply with all legal requirements applicable to the conduct of their businesses, including those set out above. Vendors shall ensure that their contractors and suppliers adhere to this Code of Conduct.

Monitoring of Compliance

Vendors authorize LOGONET and its principals to conduct scheduled and unscheduled inspections of Vendors facilities for the purpose of ensuring compliance with this Code of Conduct. During these inspections, LOGONET and its principals shall have the right to review all employee-related books and records maintained by Vendors and to interview workers.

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Corrective Action

When violations are found, LOGONET and the Vendor concerned will agree on a corrective action plan that eliminates the problem in a timely manner. If it is determined that a Vendor is knowingly and/or repeatedly in violation of this Code of Conduct, LOGONET and its principals shall take appropriate corrective action, which may include cancellation of orders and/or termination of business with the Vendor in question.

Vendor Agreement

LOGONET is dedicated to full and complete compliance with all laws and regulations applicable to the conduct of its business and expects its vendors, and buying agents utmost cooperation and commitment with such efforts. It is therefore requested that the owner, president, managing director, or chairperson for your company sign and return a copy of this letter there by confirming your understanding of its contents and agreement to undertake the obligations it sets fourth. Please return a signed copy with the signed Purchase Order. If LOGONET does not receive a timely response, it will be forced to review its relationship with your company. In closing, we highly value the relationship with your company and believe that you share our compliance concerns. Thank you in advance for your cooperation and we look forward to continually strengthening our relationship for years to come.

Name: _____   Date: _____

Title: _____   Signature: _____