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Managerial perceptions on corporate social responsibility: A Transatlantic comparison between forest products companies in Europe and North America

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MANAGERIAL PERCEPTIONS ON
CORPORATE SOCIAL RESPONSIBILITY:
A TRANSATLANTIC COMPARISON BETWEEN
FOREST PRODUCTS COMPANIES
IN EUROPE AND NORTH AMERICA

By

Aino A. Virtanen

A THESIS

Submitted in partial fulfillment of the requirements for the degree of

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Abstract

Corporate Social Responsibility (CSR) addresses the responsibility of companies for their impacts on society. The concept of strategic CSR is becoming increasingly mainstreamed in the forest industry, but there is, however, little consensus on the definition and implementation of CSR. The objective of this research is to build knowledge on the characteristics of CSR and to provide insights on the emerging trend to increase the credibility and legitimacy of CSR through standardization. The study explores how the sustainability managers of European and North American forest companies perceive CSR and the recently released ISO 26000 guidance standard on social responsibility.

The conclusions were drawn from an analysis of two data sets; multivariate survey data based on one subset of 30 European and 13 North American responses, and data obtained through in-depth interviewing of 10 sustainability managers that volunteered for an hour long phone discussion about social responsibility practices at their company. The analysis concluded that there are no major differences in the characteristics of cross-Atlantic CSR. Hence, the results were consistent with previous research that suggests that CSR is a case- and company-specific concept. Regarding the components of CSR, environmental issues and organizational governance were key priorities in both regions. Consumer issues, human rights, and financial issues were among the least addressed categories. The study reveals that there are varying perceptions on the ISO 26000 guidance standard, both positive and negative. Moreover, sustainability managers of European and North American forest companies are still uncertain regarding the applicability of the ISO 26000 guidance standard to the forest industry.

This study is among the first to provide a preliminary review of the practical implications of the ISO 26000 standard in the forest sector. The results may be utilized by sustainability managers interested in the best practices on CSR, and also by a variety of forest industrial stakeholders interested in the practical outcomes of the long-lasting CSR debate.

1. Introduction

The societal expectations towards forest-based industries are growing. The emerging diversity of social conflicts combined with increasing environmental awareness and the strengthening role of civil society actors have pushed forest companies to take proactive steps toward sustainability. Corporate Social Responsibility (CSR) integrates social, economic and environmental concerns with the values and operations of companies. The potential business benefits and the social demands on responsibility have driven forest products companies to explore the concept (Li & Toppinen 2011), and as a result, the concept is becoming increasingly mainstreamed (Louche, et al. 2010; Panwar 2010).

However, CSR is a broad concept and there is little consensus on a specific meaning or criteria that define what CSR is (Dahlsrud 2008). The lack of a commonly accepted definition of CSR undermines the transparency and accountability of the concept, thus negatively impacting its credibility and efficiency (Waddock 2004). Strategic CSR is the dimension of corporate responsibility used in this study (Porter & Kramer 2006; Galbreath 2009; Li 2012). It emphasizes connection between firm sustainability goals and policies to practical implementation of CSR in order to create stakeholder value and competitive advantage.

To date, there have been several attempts to standardize CSR. Creation of shared norms, common rules, standardized procedures and reporting frameworks for CSR can all be perceived as attempts to institutionalize CSR on a global level (Jonker & Marberg 2007). The recently established ISO 26000 guidance standard is a prominent example of the emergence of institutions in the field of CSR (Hahn 2012a, Hahn 2012b; Hahn & Weidtmann 2012). The standard sets an internationally accepted definition for CSR and aims to assist managers to convert the widely interpreted concept from theory to practice.

Business scholars have not yet adequately addressed how the guidelines of ISO 26000 are perceived by sustainability managers of forest-based industries, and whether there are country-specific characteristics in the implementation of CSR. As it is argued that the

CSR concept will remain an essential part of business practices (Carroll 1999) and the standardization of CSR is on the horizon (Jonker & Marberg 2007; Li et al. 2011; Panwar & Hansen 2007; Hahn 2012a, Hahn 2012b; Webb 2012), it is urgent to fill this gap in knowledge.

This Master's Thesis is structured around five sections: first, the objectives are introduced; second, the theoretical background is covered; third, the adopted methodology is presented; fourth, the results are discussed; and lastly, the conclusions and suggestions for future research are provided.

2. Objectives

The objective of this research was to build knowledge on the characteristics of CSR and to increase the understanding of the state of the art in standardization of CSR in the forest industries of Europe and North America. This objective was approached through an empirical analysis that examined managerial perceptions of CSR and ISO 26000, and categorized the current CSR practices of European and North American forest companies. The study was led by two research questions:

The First Research Question: a) How do the sustainability managers of European and North American forest products companies perceive CSR, and b) do the characteristics and practices of CSR differ between the two regions?

The Second Research Question: a) How do the forest industry managers perceive the standardization of CSR, and b) how do they perceive the recently released ISO 26000 standard on social responsibility?

Drawing upon a substantial amount of CSR literature (see Chapter 3), it can be concluded that profound societal changes and demands on sustainable forestry have increased the importance of CSR in the forest sector. CSR was initially developed independently on both sides of the Atlantic, but in the globalizing world, concepts and definitions tend to interact and merge. Hence, the objective to examine the various perceptions on CSR in

different country- and company-contexts is reasonable. The reflections on the two research questions above provide current, up-to-date insights on the social and environmental involvement of the forest products companies of the 21st century.

3. Theoretical Background

3.1. Evolution of Corporate Social Responsibility

*“The term (social responsibility) is a brilliant one; it means something, but not always the same thing, to everybody”
(Votaw 1972)*

There have been numerous efforts to define corporate social responsibility (CSR). Dahlsrud (2008) analyzed 37 CSR definitions and found that the concept of CSR is context specific and generally refers to five dimensions: stakeholder, social, environmental and economic responsibility, and voluntariness. In the academic literature, the terms “social responsibility” “corporate responsibility” and “corporate citizenship” are often used for the same purpose, hence the definitions are interchangeable. As this research focuses on responsibility issues on corporate level, the commonly known abbreviation CSR is used.

The definition of CSR depends on the social, political and cultural environment, and the way CSR is understood tends to differ between countries and companies (Krumwiede et al. 2012). The EU definition for CSR is “the responsibility of enterprises for their impacts on society” (European Commission 2011). In the EU, CSR integrates social, environmental, ethical and human rights concerns into the business operations and core strategies of companies (European Commission 2012) whereas the US definition for CSR traditionally addresses philanthropic commitments, charity and voluntary community engagement (Maignan & Ralston 2002; Amberla et al. 2011). There is a broad range of issues that fall under the umbrella of CSR: social concerns involve for instance stakeholder relationships, human rights, organizational governance and working

conditions, whereas environmental concerns on CSR focus on climate change, emission reductions and sustainable use of natural resources (Krumwiede et al. 2012).

CSR has strategic implications to corporate competitiveness and success (Porter & Kramer 2006; Galbreath 2009). According to Li (2011), being proactive, disclosing social and environmental information in reporting, and adopting international CSR standards and frameworks provides several benefits to forest products companies. It helps to cope with increasing stakeholder demands, increases the credibility of CSR and contributes to reputation, which generates and sustains competitive advantage and creates value (Porter & Kramer 2006; Galbreath 2009). Furthermore, implementing strategic CSR in forest products companies can contribute to a significant positive relationship between the corporate social and financial performance (Li 2012).

A strategic approach to CSR links to organizational legitimacy (Porter & Kramer 2006), which has had a great role in the evolution of CSR (Suchman 1995). Legitimacy refers to corporations' social license to operate and it is also known as a social contract between business and society (Suchman 1995). Suchman (1995) provides a theoretical background on the concept and describes that legitimacy is defined by the perceptions, expectations, values and beliefs of the society. The theory suggests that in order to retain their legitimacy, companies are required to proactively assess their operational environment, stakeholder demands and the impulses sent by the society (Hahn & Weidtmann 2012; Panwar et al. 2012) In other words, building CSR systemically into strategy helps the company to meet the interests of stakeholders and society at large (Galbreath 2009).

Traditionally CSR has also had an economic component; the old-fashioned view of the priorities of business suggests that the only responsibility of a firm is to make profit and provide a maximum financial return to shareholders (Carroll 1999). This view is often paraphrased as “the business of business is business”, reflecting the ideas of Friedman (1962), who addressed that social concerns are a burden for free society and economy.

Bowen (1953) was among the first to explore the concept of CSR and his book “social responsibilities of the businessman” can be considered as a starting point to the modern CSR literature. In the 1960’s the concept of CSR engaged a social movement which argued that companies should not ignore social responsibilities. At that time, however, this idea was mainly demonstrated by non-governmental organizations, not by governments, companies or academia (Carroll 1999).

In the late 1960’s and the early 1970’s, the concern over environmental and social issues shifted from the agenda of a social movement to the agenda of governments (Carroll 1999). The political system responded to the powerful critique by the society, and as a result, governmental regulation started to evolve on concerns that were traditionally seen as matters of individual activists (Jonker & Marberg 2007). Frederick (1998) suggests that after these first years of CSR, the evolution of CSR can be divided into four phases. The first phase, CSR₁, indicated that companies should “do the right thing” and behave well in the society. This was expected to happen for instance through community programs and charity. Companies’ first reactions to these philanthropic ideas were reluctance and resistance; from the business point of view CSR seemed to be irrelevant and costly.

CSR₂ in the late 1970’s and early 1980’s was a phase of responsiveness. The stakeholders became increasingly interested in how the company activities affected environment and society. Within CSR₂ the businesses acknowledged these matters by improving their communication and management practices, and by creating public affairs or outreach departments (Frederick 1998). This phase was also a period when companies actively started to manage and engage stakeholders, such as suppliers, customers, investors, employees, environmental groups, civil society and the government. To this day, the stakeholder approach has remained as one of the most essential components of CSR.

Stakeholder orientation (or stakeholder approach or stakeholder theory) became an essential component of the CSR discussions in the 1960’s (Freeman 1984). The theory deals with the external environment of the company, addresses the relationship between

business and society, and emphasizes that companies need to behave responsibly towards the entities that cooperate with the company (Freeman 1984). Since the 1960's the stakeholders have gradually become an important area of CSR research and today stakeholder management is considered as an essential component of CSR (Verbeke & Tung 2012). The increasing focus on stakeholder demands for sustainability launched the CSR₃, the phase of compliance. Companies started to address business ethics and follow codes of conduct. It was discovered that business wasn't just business anymore - deep social considerations needed to be integrated. During this phase the views of CSR started to become more fragmented. However, the corporation still remained as the center of attention (Frederick 1998).

Based on the proposal by Verbeke & Tung (2012), a firm's competitive advantage depends on its capacity to adapt to stakeholder needs and expectations that change over time. It is suggested that, before putting CSR rhetoric into practice, companies should first assess the roles and engagement of consumers, employees, competitors, suppliers and government. After these careful considerations, the chosen CSR practices should be designed based on the case-specific demands of the stakeholders. In addition, the company should address relevant elements of the external business environment, for instance the market demands, market networks, and regulatory environment. The variety of changing factors and considerations indicate that preferences of stakeholder management are constantly evolving (Verbeke & Tung 2012). Therefore, stakeholder identification and engagement are nowadays considered to be among the most fundamental practices of CSR (ISO 2010; Verbeke & Tung 2012).

Stakeholder orientation links to the resource-based view on the company. According to this view, the resources that can be perceived as valuable, rare, non-substitutable, and inimitable contribute to competitive advantage and determine the performance of the company (Barney 1991). Litz (1996) claims that the stakeholders' interdependence, ethical awareness and issue responsiveness are among the most important factors because they provide a responsible company with critical resources that serve as strategic assets. Recently there has been growing interest to integrate the approaches of stakeholder

orientation and resource-based view into CSR (Verbeke & Tung 2012). It is argued that both approaches contribute to the competitive advantage of a company and therefore that they should be regarded as complementary, not competitive (Verbeke & Tung 2012).

The stakeholder orientation has also been criticized; it is argued that a too narrow focus on stakeholders' needs and expectations potentially prevents the company from considering the society at large (Panwar et al. 2012). Hence it has been suggested that a stakeholder approach to CSR should be expanded into an issues management approach. An issues management approach helps a company decide on how much emphasis to place on each CSR issue. It requires the company to identify and assess the context-specific CSR issues that have relevance in that specific socio-economic environment in which the company operates (Panwar et al. 2012).

Nowadays it is increasingly acknowledged that managers striving for sustainability of their business need to go beyond the traditional "quality, cost, and time" thinking and address the complexity of sustainability development (Fenner et al. 2006). Therefore, the latest phase of CSR, CSR₄, moves the discourse away from the corporate-centric, social paradigm to wider dimensions with an eco-social focus of responsibility (Frederick 1998; Korhonen 2001; Jonker & Marberg 2007). The most fundamental and distinctive characteristic of CSR₄ is the argument that corporations need to break out from the traditional thinking where the corporation is the center (Frederick 1998). Consequently, the three themes of the triple-bottom line – people, planet and profit – are increasingly supplemented with a holistic systems thinking (Porter 2008).

A systems thinking approach to CSR has recently become important. It emphasizes matters arising from system complexity and the dynamic feedbacks between the system components (Porter 2008); in the context of this study the components are forest companies and stakeholders in the forest industrial value-chain. Important stakeholders are for example forest owners, mill communities, suppliers, consumers, competitors, non-governmental organizations (NGOs), governments and institutions. Understanding the inter-relationships between these different components and acknowledging their natural

uncertainty is essential for successful implementation of CSR in any field of business (Porter 2008). In addition, there are several components beyond the system boundaries that should be considered in a sustainability discourse (Fenner et al. 2006). For instance, it has long been evident that without a shift in the values, beliefs and ideologies of the society, the sustainability of business will be unobtainable (Votaw 1973).

From past to present, the concept of CSR has strongly evolved. In the 21st century it is a commonly employed term by business practitioners and organizations, and it seems that sustainability is on the companies' management agenda to stay (Kiron et al. 2012). The latest concept, CSR₄, has a holistic approach that acknowledges the numerous implications and uncertainties that social, environmental and economic issues have in the long run. CSR₄ complements the long term goals of sustainable development, which is "to ensure that the current generation meets the needs of the present without compromising the ability of future generation to meet their own needs." (World Commission on Environment and Development 1987).

Even though CSR is moving into mainstream, it is still questioned how the broad concept should be understood in different contexts, and whether CSR should be voluntary or regulated (Zerk 2006). According to Mikkilä & Toppinen (2008) CSR is integrated into the business language of the leading pulp and paper mills of the world. They identified a few regional characteristics of CSR and concluded that geographic- and company-specific differences in CSR communications are likely to remain. To a large extent, these differences stem from socio-economic norms and values of the operational environment. Accordingly, a diversity of CSR definitions is evident (Dahlsrud 2008) and the conceptualization of CSR remains as a matter of individual interpretation. The lack of a commonly accepted formal definition of CSR hinders its successful implementation. From an academic point of view it is challenging to investigate and measure CSR, and from the business point of view it is challenging to implement CSR in a manner that would satisfy business and stakeholder demands. Therefore, a common definition is needed in order to enhance the progress and credibility of CSR (Waddock 2004). The

attempts to increase the credibility and legitimacy of CSR through institutionalization and standardization will be discussed next.

3.2. Institutionalizing and Standardizing Corporate Social Responsibility

As discussed, definitions of CSR depend strongly on the social, cultural and political environment. Therefore, there are major differences between regions, countries, industries and companies. While each company has to determine its own approach to CSR, the implementation of CSR becomes a process shaped through trial and error. This is a heavy burden in terms of the routines and practices of sustainability managers, and it undermines successful CSR implementation (Hahn 2012a).

During recent decades, academia has increasingly investigated the opportunities of governmental and institutional CSR regulation, and the convergence of international CSR standards is a growing trend of CSR. DiMaggio and Powell (1983) discussed the bureaucratization of organization and the pressure to incorporate uniformity. They point out how organizations tend to become similar and homogenous over time (DiMaggio & Powell 1983). This isomorphism pushes companies to standardize their CSR practices.

In order to understand the recent developments towards the standardization of CSR, it is crucial to understand how CSR has been approached in terms of legislation. Historically, the environmental and social regulations of business have been legislated and executed by national governments and local authorities. However, during last decade globalization has boosted the rise of multinational corporations that conduct business beyond the borders of their home state. The regulatory responsibilities of multinationals are unclear, and they have for decades been a problematic case for environmental and social regulation (Zerk 2006).

Due to globalization, governments have less power to shape the rules of business. While the regulatory power of states and governments has decreased, the power of multinationals and private actors has grown. This has resulted in a governance gap, which

is now being filled by transnational governance which is mainly based on institutionalism and standardization (Hahn & Weidtmann 2012).

Globalization has created a new business environment, where the rules are set by global transnational governance in which private actors perform public functions (Zerk 2006). Due to the new allocation of power, corporations and private multinational companies are expected to proactively engage themselves in discussions and decision making regarding their responsibilities (Zerk 2006). Consequently, increasing the credibility and legitimacy of CSR through standardization has become a growing trend (Hahn 2012b). Several CSR guidelines and codes of conduct have already emerged and they are now increasingly used by companies and evaluated by academics (Louche et al. 2010). However, even with the emergence of guidelines such as GRI Reporting Framework and Global Compact, the field has been lacking guidance on practical matters. It is criticized that for instance the CSR literature of the US mainly provides theoretical insights on corporate philanthropy and lacks research on actual CSR practices (Lindgreen 2009). Therefore, the recent research on CSR has mainly assisted theorists, and not practitioners or sustainability professionals. As a result, the challenge of building CSR into strategy and implementing it remains (Galbreath 2008).

Regarding the two regions of this study, the European Union (EU) and North America have similar socio-economic characteristics: the United States of America (US), Canada and European countries are all Western Democracies, which share many common values, such as freedom of action and thought, equality of all individuals and acknowledgement of the law. These common values suggest some similarities in the social duties and responsibilities assigned to business. However, CSR has developed separately on the both sides of Atlantic and therefore governments and companies of the EU and North America have adopted differing approaches to the management of the relationship between business and society. According to Maignan & Ferrel (2000) and Maignan & Ralston (2002), the US relies on neo-liberalism, which emphasizes free enterprise as the main source of society's wellbeing, whereas in Europe and Canada social welfare is more dependent upon the actions of public authorities. Tschopp (2005) addressed the

differences of CSR reporting in the EU and US. He concluded that in an egocentric, capitalist society such as the US, companies are less likely to address environment social concerns. In general, EU countries engage more with sustainability (Hartman et al. 2007) and seem to be more progressive when it comes to social and environmental involvement (Tschopp 2005). Vice versa, the US government is reluctant to additional environmental or social constraints on their companies because over-regulation is seen as a threat to the financial markets and to the economic viability of the nation. The lack of environmental and social involvement of the world's largest economy has received severe criticism:

“After turning its back on the Kyoto Treaty and feeling the backlash from the Johannesburg Summit and War in Iraq, the US has been categorized as a selfish, self-absorbed nation. American environmental policies are criticized and its ethical standards are being questioned.”
(Tschopp 2005)

Surveying and reporting on actual CSR practices in the US has demonstrated that acting responsibly takes several different forms because organizations monitor and address the demands of their stakeholders differently (Lindgreen 2009). This suggests that the CSR practices that are carried out reflect how the organization perceives and prioritizes its stakeholders. In addition to stakeholder composition and relationships, the company size and the industry are factors that contribute to differences in CSR. Literature suggests that company size is positively related to CSR activities (Greening and Gray 1994) and that large companies tend to disclose more social information through their reporting (Adams et al. 1998). This is mainly because large organizations have more resources available to assess social demands, address stakeholder needs and communicate on CSR. Accordingly, the large companies tend to engage more with CSR and improve their practices at a higher level.

Regarding the importance of different stakeholders, traditionally shareholders are perceived as important. For instance, Konrad et al. (2006) conducted a mix-method study on the business-society relations of European multinational corporations. Their study

assessed the importance of different stakeholder groups to multinational corporations, and concluded that the group “capital providers” such as shareholders and investors are the most important, and “civil society” is least important. However, the study also indicated that the groups “NGOs”, “general public” and “local communities” have grown in importance during the last 10 years (Konrad et al. 2006).

In the European Union, CSR issues are addressed by the European Commission (2011). The renewed strategy 2011-2014 for Corporate Social Responsibility describes the internationally acknowledged CSR documents and frameworks that the European Commission recommends that EU enterprises follow. The European Commission (2011) suggests that EU enterprises utilize the following internationally recognized guidelines: OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights. According to the EU, this list of recommended guidelines: “...represents an evolving and recently strengthened global framework for CSR. European policy to promote CSR should be made fully consistent with this framework.” (European Commission 2011). Due to these suggestions by the EU, interest in complying with the ISO 26000 might increase in the future.

The institutionalizing and standardizing of CSR provides possibilities but it has also encountered some challenges. For instance, business evolves over time and the business structure might change rapidly due to the political atmosphere, trends, global economics or unexpected changes in the markets. These changing factors indicate that one size does not fit all because each organization has its own characteristics, stakeholders and operational environment; the choice of CSR activities among companies is strongly dependent on the context within which they operate (Porter 2008). Therefore, the emphasized and prioritized CSR activities vary greatly, even inside the organization and within different production units and individual business cases (Panwar & Hansen 2007; Vidal & Kozak 2008a).

The changing and evolving nature of CSR may be trending towards an individual search process. Heijiden et al. (2010) argue that the process is company-specific and requires company leaders to develop their own concept that guarantees a balance between people, planet and profit. This approach to CSR is highly process-oriented and perceives CSR as a sense-making process with three stages: exploring, translating, and embedding. Change agents, such as active managers who involve stakeholders in the process, facilitate CSR implementation and have a crucial role in the process towards a successful “CSR recipe” (Heijiden et al. 2010). Due to the case specificity of CSR, the standardization of CSR has been greeted with caution by forest industries and the issues approach has been suggested as more appropriate for the identification and management of CSR issues (Panwar & Hansen 2007). However, it is evident that the business field lacks a comprehensive theoretical approach to CSR (Porter 2008). In other words, the managers have long been calling for a tool that would translate CSR rhetoric into practice. This is where the ISO 26000 guidance standard comes in.

3.3. ISO 26000 Guidance Standard on Social Responsibility

The ISO 26000 guidance standard is an example of transnational governance in the field of CSR (Hahn & Weidtmann 2012). ISO 26000 has been characterized as a “significant breakthrough innovation” (Webb 2012) and as an evolutionary step in standard innovation (Hahn 2012a) because it is suitable for organizations of all sizes and sectors, and because it has unique features regarding authority and legitimacy. The standard was published in November 2010 by the International Organization for Standardization (ISO) which is a widely known developer and publisher of international, high-profile standards (ISO 2010). Among the most popular ISO standards are ISO 9000 quality management series of standards and ISO 140001 environmental management series of standards (ISO 2011). As ISO 26000 is a fairly new phenomenon, its full implications and success are yet to be determined. However, the first years after its launch have aroused debate and discussion around the standard (Marques 2012) and led to on-going research in various locations (Hahn 2012; Webb 2012) and to publication of several guidebooks (Moratis & Cochius 2011; Tuominen 2012).

The ISO 26000 standard provides guidance on the integration of CSR into management processes. It has distinctive characteristics. Firstly, ISO 26000 was developed through a multi-stakeholder process with an emphasis on participatory decision making and democracy (Hahn & Weidtmann 2012). The process involved representatives of government, industry, labor, consumers, NGOs, consultants and academics – experts and observers from altogether 99 ISO member countries. In addition, the working groups included 42 liaison organizations with CSR specialists for instance from Global Reporting Initiative (GRI), UN Global Compact (UNGC), the Organization for Economic Cooperation and Development (OECD) and International Labour Organization (ILO). This participatory development process has significant outcomes in terms of legitimacy and authority. For instance, Hahn & Weidtmann (2012) analyzed the development process of ISO 26000 and concluded that it contributed to high level of legitimacy. They state that the involvement of various inter-governmental organizations and governmental representatives from both developing and developed countries provides ISO 26000 with an international social license to operate (Hahn & Weidtmann 2012).

According to ISO 26000 guidelines, an organization's performance on social responsibility can influence, for instance, competitive advantage, reputation and the ability to attract and satisfy important stakeholders, such as investors, owners, employees, suppliers, customers, the media and the community in which the organization operates (ISO 2010, Tuominen 2012). ISO 26000 provides guidance on the principles of social responsibility. Among the important principles are transparency, ethical behavior, and the respect for stakeholders' interests, law and regulation, human rights and international policies (Tuominen 2010). It also provides guidance on stakeholder identification and engagement, and on the CSR communications and integration of responsible business into strategies, systems and processes. One of the most important elements of ISO 26000 is a list of core subjects (see Table 3.1). The core subjects present the most essential areas of CSR that an organization should take into consideration in order to maximize its contribution to sustainable development.

As described in chapter 3.1., the traditional view on CSR suggests that the only responsibility of a firm is to make profit and provide a maximum financial return to shareholders (Friedman 1962, Carroll 1999). Keeping this in mind, it is notable that ISO 26000 focuses solely on corporate governance and on social and environmental issues. It does not include economic components and therefore it also differs from the traditional “people, planet profit” illustration of CSR.

Table 3.1. Core Subjects of ISO 26000 (ISO 2012)

i. Organizational Governance	
1	Decision Making
ii. Human Rights	
2	Due diligence
3	Human rights risk situations
4	Avoidance of complicity
5	Resolving grievances
6	Discrimination and vulnerable groups
7	Civil and political rights
8	Economic, social and cultural rights
iii. Labor Practices	
10	Employment and employment relationships
11	Conditions of work and social protection
12	Social dialogue
13	Health and safety at work
iv. The Environment	
15	Prevention of pollution
16	Sustainable resource use
17	Climate change mitigation and adaptation
18	Protection of the environment, biodiversity and restoration of natural habitats
v. Fair Operating Practices	
19	Anti-corruption
20	Responsible political involvement
21	Fair competition
22	Promoting social responsibility in the value chain
23	Respect for property rights
vi. Consumer Issues	
24	Fair marketing, factual and unbiased information and fair contractual practices
25	Protecting consumers' health and safety
26	Sustainable consumption
27	Consumer service, support, and complaint and dispute resolution
28	Consumer data protection and privacy
29	Access to essential services
30	Education and awareness
vii. Community Involvement and Development	
31	Community involvement
32	Education and culture
33	Employment creation and skills development
34	Technology development and access
36	Health
37	Social investment

As a universal guidance standard for CSR, ISO 26000 might have significant implications for management routines. Instead of re-inventing the wheel and being involved in an endless learning process, managers can utilize the guidelines to identify the common social and environmental expectations towards an organization. As a result, the urgent need for negotiations between companies and their stakeholders is removed and transaction costs are lowered (Hahn 2012). However, it is emphasized that that stakeholder dialogue is extremely important because that helps the company understand what is expected by society. Stakeholder perceptions on CSR can have impacts on a company's reputation, and its ability to attract and satisfy investors, employees, suppliers, customers, the media and local communities (Tuominen 2010). Therefore, the company should be aware of stakeholder perceptions and proactively seek opportunities to learn more about the interests of these groups (Tuominen 2010).

Unlike most of the earlier ISO standards, such as ISO 9000 and ISO 14001, ISO 26000 is not certifiable. It offers guidance without certification and it cannot be considered as a management system. The distinctive decision to create a guidance standard instead of a certification system was made because industry representatives were concerned that costly certification requirements could overburden their businesses.

The most common misconceptions involve the certification possibilities. For instance, it has been reported that several private consulting groups have tried to take advantage of companies' interests in ISO 26000 and started offering false certification (Rajesh 2011). When ISO 26000 was established in November 2010 it was clearly stated that ISO 26000 is a voluntary guidance standard. ISO has banned the certification of the standard jointly with the International Accreditation Forum, and has urged certification bodies not to promote or provide certification for ISO 26000. ISO has also indicated that it will take action against any claims of certification (ISO 2010).

Institutionalism and standardization of CSR can be considered as a positive force that unifies rules and practices (Marques 2012). On the other hand, the guideline-phenomenon can be criticized and perceived in a negative light because "one size doesn't fit all". It is

argued that globalization has created a governance gap, which is now increasingly filled with new instruments of governance, such as international frameworks, guidelines and standards such as ISO 26000 (Hahn & Weidtmann 2012; Panwar et al. 2012). There are concerns that these new forms of transnational governance would not comprehensively and thoroughly identify, assess and address local values, cultures, beliefs and expectations (Panwar et al. 2012). A standard such as ISO 26000 could potentially undermine the democracy and legitimacy of CSR (Hahn & Weidtmann 2012). In order to combat these potential legitimacy threats, ISO 26000 was created through a global multi-stakeholder process.

However, Balzarova & Castka (2012) criticize the development process of ISO 26000. They argue that a multi-stakeholder process does not necessarily ensure legitimacy and guarantee that the standard could be considered as an enforceable instrument. They also point out that the role of a guidance standard is unclear and the actual implications for social and environmental improvement are unknown. Therefore, it is suggested that policy makers should approach the standard with caution and consider carefully whether it should be supported and promoted (Balzarova & Castka 2012). As an important observation, the European Commission (2011; 2012) recently listed CSR guidelines and frameworks that are supported by the EU and included ISO 26000 on the list.

As discussed, ISO 26000 has interesting interactions with transnational governance and legitimacy because the standard aims to reflect global values, norms and beliefs regarding CSR. However, it argued the existence of global norms is questionable (Marques 2012). Moreover, it is unclear whether a multi-stakeholder process driven by an existing standards setting organization is legitimate enough to establish a global standard. Hahn & Weidtmann (2012) have questioned whether it is possible to “establish a code of unified respect” (Marques 2012) without undermining legitimacy and democracy. Panwar & Hansen (2007) suggest that the successful implementation of CSR standards is possible in the forest industry, but only if local, context-specific issues are taken into consideration. This returns us to issues management and issues evaluation as a means to increase

legitimacy and address expectation gaps that result from globalization (Panwar et al. 2012).

In short, the existing literature suggests that ISO 26000 has a tremendous potential to become a widely addressed, globally accepted standard that provides profound guidance on CSR. ISO 26000 seems to have several strengths. First, ISO already has brand recognition and credibility because its standard family is already internationally known and widely implemented across the globe (ISO 2010; ISO 2011). Second, ISO 26000 was developed through a multi-stakeholder process which aims to ensure democracy and contributes to legitimacy of the standard (Hahn & Weidtmann 2012; Webb 2012). Third, ISO 26000 guidelines are flexible and adoptable to organizations of all sizes and sectors (Hahn 2012a; ISO 2010). Fourth, ISO 26000 guidelines can be perceived as significant because the guidelines contribute to more consistent understanding of CSR and provide strategically important support to companies that aim to improve their CSR practices (Hahn 2012b). Finally, ISO 26000 has the potential to capture the context-specific nature of CSR. Even though the standard aims to unify and standardize CSR practices, it also acknowledges that each organization has a responsibility to recognize and address those CSR areas that are relevant to its business (Hahn 2012a).

In the context of this study, ISO 26000 helped to frame the CSR practices of forest products companies. Before moving further to the empirical part of the research, CSR and standardization in the forest sector were reviewed through a literature review. The existing knowledge on the implications of CSR in the context of forest products companies is summarized in the next section.

3.4. CSR in the Forest Industry

3.4.1. The Relevance of CSR in the Forest Sector

Forests are an important natural resource that contributes to a wide range of social, environmental and economic issues. Forests cover 30% of the world's land area and play a significant role on the Earth. Trees are an essential component of complex ecosystems and biodiversity. They are also a critical carbon sink in the global climate dynamics. In addition, forests provide raw material for a variety of goods, such as firewood, pulp and paper, and sawn timber, and forests provide non-timber products such as fruits and berries. A variety of ecosystem services are also linked to forests, and the livelihoods of millions of people depend on forests. All considered, the forest industry is an environmentally sensitive sector that has a pivotal role in sustainable development. This presents a remarkable responsibility challenge for companies (Mikkilä & Toppinen 2008).

Regarding forest-based industries and the global trade of forest products, the environmental and social impacts often go beyond the borders of the home state of the company. In this context, the home state refers to the country in which its headquarters are established. For instance, increasing domestic forest protection and growing demand of forest products often lead to an increase in foreign imports, thus resulting in negative impacts on forest biodiversity elsewhere (Mayer et al. 2005). These impacts of international trade of forest products are typically beyond the reach of national-scale environmental laws and regulations.

There are several treaties and regimes that address global environmental problems, for instance the Vienna Convention for the Protection of Ozone Layer, the Basel Convention on Hazardous Waste and the UN Framework Convention and Kyoto Protocol on Climate Change (Zerk 2006). The attempts to establish international regulation schemes for social and environmental protection have not been successful in the field of forestry, which is notable considering the number of treaties and regimes in other environmentally sensitive sectors such fisheries and mining (Zerk 2006).

3.4.2. Research on CSR in the Forest Industry

CSR has become an important topic in the forest sector and in forest-related research. There are several recent CSR projects at the University of British Columbia (Vidal & Kozak 2012), at the University of Helsinki (Wang & Juslin 2012; Li & Toppinen 2011), at Oregon State University (Panwar et al. 2012) and at the Northland College (Panwar et al. 2012).

In previous CSR studies of forest-based industries in different regions, the research originates mainly in North America and Europe (Näsi et al. 1997; Mikkilä & Toppinen 2008; Li & Toppinen 2011). Näsi et al. (1997) conducted a transatlantic study on the CSR of Canadian and Finnish forestry companies. The study evaluated three alternative perspectives of corporate issues management, and concluded that life cycle theory, legitimacy theory, and stakeholder theory all have relative applicability in the four largest forest companies of Finland and Canada. The study also concluded that the CSR practices are highly affected by stakeholder expectations.

Geographical differences have been observed in CSR activities in the forest industry (Panwar & Hansen 2007; 2008, Vidal and Kozak 2008, Vidal et al. 2010;2012). Country-specific case studies have been conducted with qualitative techniques by Panwar & Hansen (2007; 2008) and by Vidal et al. (2010; 2012). Panwar & Hansen (2007; 2008) assessed the applicability of CSR standards in the forest products industry in the United States and India; their findings indicated increasing discussions regarding the creation of a global, internationally accepted CSR standard. However, CSR standardization in the forest products industries is criticized and it is argued that the emergence of global CSR standards is harmful, especially in countries where the regulatory frameworks are not developed (Panwar & Hansen 2007; 2008) In the comparison between the United States and India the characteristics of the CSR were characterized in terms of economic, social and environmental issues. The study found that all three categories were addressed differently in these two countries, with environmental issues highly emphasized in both countries (Panwar & Hansen 2007).

Vidal et al (2010; 2012) conducted a large research project that assessed the adaptation, diffusion and implementation of CSR practices into the forest sector. The interview-based study was conducted among forest companies, industry associations, NGOs and academics in Brazil, Canada and the US. Three major factors that affect the diffusion of CSR were defined. First, a crucial factor is the external contextual pressure from stakeholders, which serves as a driver of CSR. Second, an important factor is the company personnel, which acts at the intersection of the external and internal environment and facilitates the diffusion of CSR. The third important factor is groups of experts and expert organizations, which promote CSR, assist companies in understanding the broad concept of CSR and might also provide support in applying theories and guidelines into practice (Vidal et al. 2010). A framework based on the same research project indicates that both internal and external factors influence the adaptation and implementation of CSR. (Vidal et al. 2012).

According to a literature review by Li and Toppinen (2011), CSR might enhance a company's sustainable competitive advantage and financial viability over the long-term. Larger companies tend to pay greater attention to CSR and engage more in CSR activities because of either more available resources or more pressures stemming from greater media visibility (Li & Toppinen 2011). There is noticeably less attention to CSR by small- and medium-sized forest companies, and therefore it has been suggested as an area of future research, along with adaptation and implementation of CSR-related standards. It is also suggested that future research on CSR and forest industry should take the dimensions of labor, employment and human rights into account (Li et al. 2011).

The recent evolution of CSR practices in the forest industry indicates that the forest companies are increasingly integrating environmental, social and economic aspects into their CSR practices (Vidal & Kozak 2008b). The contextual characteristics of CSR practices in the forest sector seem to be based on two major themes: sustainable forest management and accountability (Vidal & Kozak 2008a). Some sector specific suggestions have been proposed also by Panwar & Hansen (2007; 2008). Panwar & Hansen (2008) have identified six social issues and six environmental issues that should

be addressed by a socially responsible forest products industry in the United States (Table 3.2).

Table 3.2. Issues addressed by socially responsible forest products industry in the US (Panwar & Hansen 2008).

Social issues	Environmental issues
Encourage public scrutiny of environmental and land management practices	Promote sustainable forestry practices
Invest in surrounding communities	Increase the use of renewable resources
Promote responsible consumption among consumers	Adopt environmentally sound purchasing policies
Stem declining employment in the sector	Mitigate global warming
Engage with surrounding communities	Reduce overall energy consumption
Improve industry's public image	Improve waste management

Growing stakeholder expectations regarding the social and environmental issues have led forest companies to acknowledge their impacts on society and document their CSR engagements. Due to the increasing trends towards greater accountability, forest companies have increasingly started following international CSR guidelines such as the Global Compact and GRI Reporting Framework. It is argued that forest companies face external pressure to standardize their reporting (Mikkila & Toppinen 2008) and report their CSR performance through improved disclosure of social and environmental information (Li & Toppinen 2011).

In order to improve CSR practices and reporting, it is argued that forestry should have its own customized guidelines for CSR (Panwar & Hansen 2007). Having sector-specific supplements for the forest industry would ease addressing those CSR issues that have high relevance in the forest sector (see Table 3.2), and therefore sector-specific disclosures in the GRI Reporting Framework are suggested (Panwar & Hansen 2007; 2008, Li & Toppinen 2010). As a point of reference; some industries, for instance oil- and mining industries, have already been provided with sector specific guidelines of GR due to their large environmental footprint and intensive use of natural resources.

Li et al. (2011) and Toppinen et al. (2012) examined the GRI disclosures of 66 large forest companies. Li et al. (2011) concluded that strong emphasis was placed on environmental and economic aspects, whereas human rights, labor practices and the social and product responsibilities received the least attention. Toppinen et al. (2012) characterized the responsibility approach of the 66 companies as “defensive”, ”stuck-in-the-middle” or “proactive”. The content analysis of the sustainability and social responsibility reports concluded that regarding social responsibility, 58% of the companies had a defensive approach and only 18% of the sample could be classified as proactive. In addition, the study concluded that these classifications seem not to be dependent upon company location (Toppinen et al. 2012).

Han’s thesis (2010) provided a content analysis of the CSR reports, annual reports and sustainability reports of 80 companies from different regions of the world. The study summarized the major CSR activities that are implemented in forest firms and concluded that the environmental activities were the most dominating focus area of CSR throughout the sample. The study indicated that sustainable forestry and mitigating climate change have recently emerged from company reporting; both of them were implemented by more than 60% of companies. The degree of implemented CSR activities differs considerably among regions, and the companies in Europe and North America perform higher levels of CSR implementation than in Asia and Latin America with respect to all of the major themes of CSR. The study suggests that this could be explained by socio-economic factors; companies of Western Democracies are more developed and they have well-established CSR reporting systems in place (Han 2010).

The literature proposes that stakeholders’ views of the CSR performance of forest companies vary among countries and regions. Several comparative studies on student perceptions of the forest industry’s CSR performance have been conducted (Amberla et. al 2011; Panwar et al 2010b; Wang & Juslin 2012). Wang (2011) has composed a number of studies that analyzed forest industries’ CSR performance from a student point of view. Wang’s dissertation (2011) investigated the inter-linkages of personal values and CSR

perception, and indicated that personal factors such as gender, study major, level of education and country of origin affected personal values and perceptions of CSR.

Panwar et al (2010a) and the master's thesis of Han (2010) have approached CSR in the forest sector from the stakeholder and issues management point of view. Panwar et al. (2010a) investigated how gender, age, education and place of residence affect the CSR perceptions and expectations on the US forest sector. The investigation concluded that the societal views of different demographic groups vary, and suggested that in order to gain legitimacy the varying stakeholder expectations and perceptions should be taken into consideration in the CSR strategies and communications (Panwar et al. 2010a).

Different regions, countries, cultures, societies and companies tend to approach sustainability differently. In order to consider the regulatory and socio-economic framework of each country, it is suggested that specific CSR policies should be developed domestically instead of internationally (Panwar & Hansen 2007).

Amberla et al. (2011) conducted a comparative analysis of student perceptions on corporate responsibility performance in the US and Finland. One of the key findings of this study was the clear connection between views on CSR reporting and perceptions on performance. The results emphasize that reliable, accurate reporting has a great importance on the views on CSR performance (Amberla et al. 2011). In addition, the study indicates that according to one stakeholder group, the Finnish companies typically focus on environmental performance and personnel welfare, whereas US companies emphasize volunteerism and philanthropic issues to a greater extent than their European counterparts. Similar EU-US findings are presented by Maignan & Ralston (2002), who investigated the CSR communication of businesses in France, the Netherlands, the UK and the US.

Even though it is evident that CSR views vary, the factors driving the actual perceptions of CSR are still unknown. Given the general globalization of business more research is suggested on the nature of CSR in different countries (Maignan & Ferrel 2000). Culture and values are suggested as main factors in the comparative analysis of student

perceptions in the US and Europe, and the cultural and personal values are suggested as an area of future research (Amberla et al. 2011). This suggestion is supported by Wang (2011) who advised that future studies should address corporate values and corporate behavior, and assess how they contribute to corporate CSR performance.

Reflecting on the findings of earlier literature, CSR in the forest industry tends to be strongly case-specific. However, the profound societal change is increasing pressure to standardize CSR practices and reporting. As discussed in the beginning of chapter 3.4., the forest sector contributes to sustainable development through a variety of channels. Climate change mitigation, sustainable forest management and forest certification are among the sector-specific areas that can potentially have substantial impacts on sustainability. If an international CSR standard is established and routinely practiced by the forest industry, companies should ensure that industry-specific issues (such as the ones in Table 3.2.) are addressed.

4. Methodology

4.1. Theoretical Framework

This transatlantic study viewed the CSR practices of European and North American forest companies through the lens of ISO 26000 guidance standard. The theoretical framework illustrates the process and outcomes of the adaptation of the standard. The framework introduces the elements that an organization should consider in its operations in order to optimize its CSR practices and maximize its contribution to sustainable development.

When adapting the guidelines of ISO 26000, the relevance and applicability of each **core subject of CSR** (bolded in Figure 4.1.) needs to be assessed according to the context. In this study the context refers to the characteristics of the socio-economic environment in which the forest products companies operate. Moreover, it refers to the characteristics of the individual company. In other words, the context functions as a filter; it ensures that

the standardized features of CSR are actually applicable and relevant in the operational environment of each individual company. In addition, depending on the context-specific characteristics, adding new CSR elements to the seven core subjects should be considered.

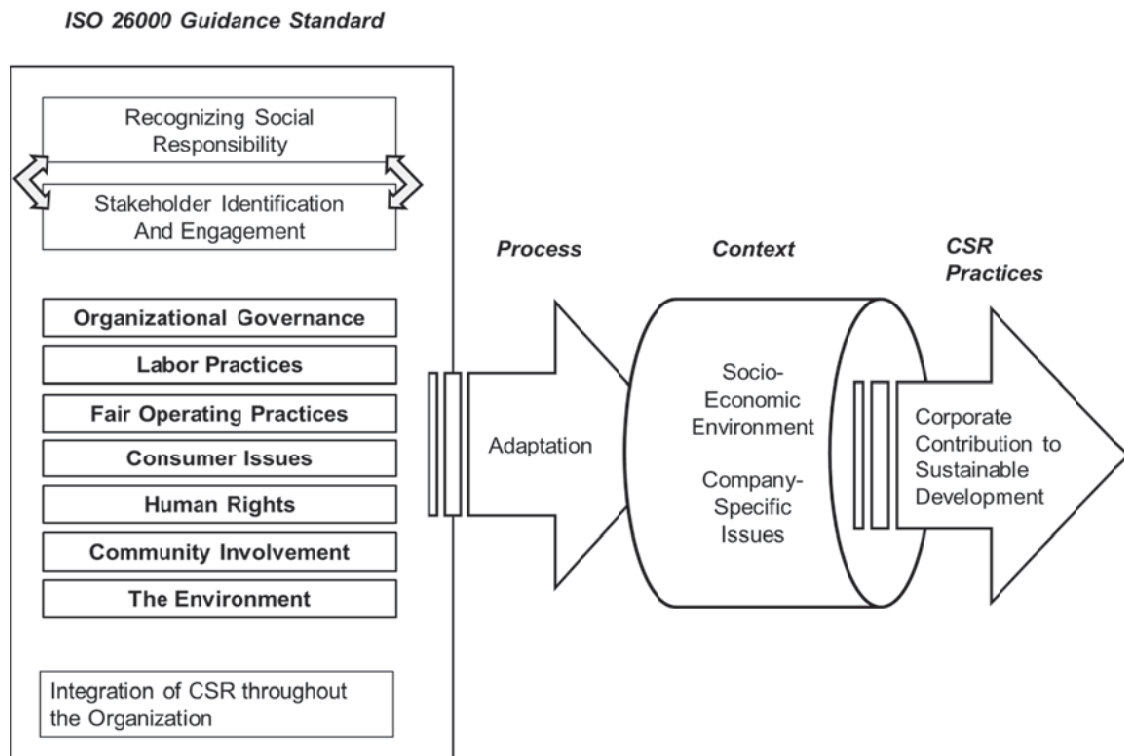


Figure 4.1. Theoretical Framework: Interpreting the concept of CSR from theory to practice through the adaptation of ISO 26000 Guidance Standard (Panwar & Hansen 2007, 2008; Panwar et al. 2012; ISO 2012).

The framework addresses the importance of industry-specific issues (see Table 3.2.) that forest products companies should identify and take into consideration in their CSR practices. When these issues are taken into consideration in the implementation of ISO 26000, the CSR practices that are carried out enable the maximization of the organization’s contribution to sustainable development.

The managerial interviews investigated how the elements of the framework, especially the core subjects of CSR (bolded in Figure 4.1.), were perceived and applied in the sample companies. As discussed in chapter 3.3., ISO 26000 guidelines are developed through a multi-stakeholder process. Therefore, the standard is considered to provide trustful, legitimate and commonly accepted guidance on the implementation of CSR (Hahn 2012).

4.2. Population of the Study

The multivariate data set of this study was collected in two parts. The first part of the data set was drawn from the **CSR-Forest Survey** conducted by Lappeenranta University of Technology in Finland through WebPropol software between October 2010 and March 2011 (see Appendix 1). Of the 169 eligible companies, 60 questionnaires were received, constituting a response rate of 28%, which indicates that it is unlikely that the analysis of the sample will provide any credible statistics about the characteristics of the population as a whole. A low response rate might lead to sample bias because those respondents that have a particular interest in the subject matter of this study are more likely to respond. For instance, those managers who are highly involved in CSR might have been the only ones who answered, and these response patterns can contribute to bias.

The respondents represented geographically all the major continents; 52% of the companies surveyed were headquartered in Europe, 23% in North America, 18% in Latin America and 7% in Asia. Purposive sampling was conducted in order to target a cross-Atlantic population and gain a comparative perspective on North America and European companies: Latin American and Asian questionnaires were left out and only the European and North American responses (61%, or 43 out of 60 questionnaires) were taken into consideration. In a later phase, one respondent was concluded to be ineligible and excluded from the study due to zero-responses on Questionnaire scale 37. Thus the final number of responses from the quantitative CSR-Forest Survey conducted in 2010-2011 was 42, of which 7 managers were from Canada, 6 from the USA and 30 from European countries.

The second part of the data set was collected from **managerial interviews**. These were conducted in order to supplement the limited findings of the CSR-Forest Survey; the aim was to investigate the standardization of CSR and managerial perceptions to ISO 26000, which were outside of the scope of the CSR-Forest Survey. The interviews were conducted with nonprobability sampling based on the availability (e.g. volunteering) of the respondents of the CSR-Forest survey. The selection was purposive; it was driven by the goal to have a transatlantic study sample with a balanced number of North American and European interviews.

Table 4.1. provides more detailed information about the organizational background and characteristics of the 6 European and 4 North American managers who volunteered for an in-depth interview between July 3rd and September 6th, 2012. All interviews were conducted by phone and they ranged from 35 minutes to one hour and ten minutes in duration.

The level of working experience varied greatly between the respondents. Four of the respondents had held their sustainability related positions for 3-13 years. One interviewee had held a position of sustainability manager for a year. Half of the respondents had already had a long career and indicated that they had worked for their company for more than 20 years, in various tasks. Several of those interviewees who had been working for the forest industry for decades stated that their earlier managerial work was more focused on environmental management whereas their current tasks involved broad aspects related to sustainability.

The positions and titles of the interviewees varied; 3 interviewees held the positions of Vice President of Environment or CSR, 1 interviewee was titled as Director of Human Resources, Health & Safety, and Environment and the remaining 6 held a position of Sustainability Manager, Environmental Manager or General Manager. Table 4.1. also illustrates that the respondents work in diverse business environments and in companies that vary greatly in size, main products and market areas.

Table 4.1. Respondents of the managerial interviews

ID	Location	Business Area	Main Products	No. of employees	Primary Market Area	Organizational Position	Experience (years)
EU1	Sweden	Paper Products	Single use table top products such as napkins, table covers, take away and paper mugs	1914	Europe	Environmental Manager	3
EU2	Denmark	Timber Wholesaler	Timber and sheet materials	2083	Global	Vice President, CSR & Environment	7
EU3	Norway	Paper Products	Publication paper	5300	Global	Vice President Environment	>20
NA4	USA	Paper, Pulp & Energy and Engineered Materials	Paper, Pulp, Energy, Labels, Timber, Plywood, RFID	22689	North America	Environmental Manager	> 20
EU5	Finland	Paper, Pulp & Energy and Engineered Materials	Paper, Pulp, Energy, Labels, Timber, Plywood, RFID	22689	Europe	Vice President, Environment	> 20
EU6	Finland	Wood supply, Wood Products Industry, Pulp Industry, Board and Paper Industry	Pulp, board and paper, sawn timber, engineered wood products, tissue and cooking papers	13168	Europe	Sustainability Manager, Sustainability and Corporate Affairs	1
NA7	Canada	Manufacturing of Wood products	Structural wood panels.	2030	Central and Eastern North America,	General Manager, Environment Health & Safety	> 20
EU8	Scotland	Manufacturing of Wood products	Structural wood panels.	2030	United Kingdom, Belgium, Netherlands, Luxemburg, Germany	Director of Human Resources, Health, Safety, & Environment	13
NS9	USA	Coated and supercalendered Papers.	Paper for magazines, catalogs, brochures.	2800	North America	Sustainability Manager	6
NA10	Canada	Manufacturing of forest products	Pulp, paperboard, newsprint, lumber, flooring, ethanol, lignin, resins.	4300	North America	Corporate Manager of Environmental Management Programs	> 20

4.3. Data Collection

4.3.1. CSR Survey format

The data collected in the CSR-Forest Survey aimed to assess the perceptions and cognitions of sustainability managers and build knowledge on the CSR profiles of the North American and European study sample. Most of the survey questions were designed in a Likert-style format. The responses were given on a five point scale from 1=“strongly disagree” to 5=“strongly agree”. Questionnaire scales 37 presented 17 statements regarding corporate social performance and were adopted from the measurement scale by Turker (2009). Typical questions were claims such as “Our company contributes to campaigns and projects that promote the well-being of the society” and “Our company complies with legal regulations completely and promptly” (see Appendix 1).

4.3.2. Managerial Interviews

By using qualitative in-depth interviewing as a research method, the second part of the study captured the nuances of managers’ viewpoints and the unique nature of each CSR case, emphasizing CSR as a highly case-specific concept (Miles & Huberman 1994). In addition, through the interviews the perceptions on ISO 26000 could be investigated. By exploring managers’ personal experiences regarding CSR practices and CSR guidelines and standards, the interviews aimed to supplement the limited findings of the quantitative analysis of the survey.

As described in Chap. 4.3.1., the interview requests were emailed to the 43 European and North American respondents of the CSR-Forest Survey. Out of that subset of 43 managers, 3 declined the interview request and 30 could not be reached or did not reply to the emails. The characteristics of ten managers who volunteered for an interview are described in Table 4.1. Ten qualitative in-depth structured interviews were conducted between July 3rd and September 6th, 2012. All interviews were conducted by phone and recorded with the permission of the interviewee. The interviews ranged from 19 minutes to 72 minutes in duration, and in average they lasted for 42 minutes.

The nine interview questions were designed after conducting the literature review. The questions centered around four themes that were deducted from ISO 26000 guidelines (see Appendix 2). The themes were:

- 1) Recognizing and implementing social responsibility (questions 1-3)
- 2) Decision making and integration of social responsibility throughout the organization (questions 4-6)
- 3) Social responsibility guidelines and core subjects (7-8)
- 4) Future perceptions for social responsibility (question 9)

The objective of the first theme was to investigate how the managers define CSR and whether they prefer certain CSR activities. The second theme aimed to investigate organization governance and practices that integrate corporate social responsibility throughout an organization. This theme also assessed how and where the decisions regarding CSR were made and how the stakeholders were taken into consideration in the decision making process. The objective of the third theme was to investigate which systems or standards were adopted in forest-based industries and why such systems of standards were favored. The aim of this theme was also to evaluate the managerial relevance of the core subjects of ISO 26000. The fourth theme aimed to reflect the future trends regarding implementation of CSR practices and standardization.

Altogether, applying the four themes above helped to reveal the prioritized CSR categories and provided understanding on varying managerial perceptions on ISO 26000. Valuable insights on the future challenges and opportunities of CSR in the forest industry of Europe and North America were also provided.

4.4. Data Analysis

4.4.1. CSR-Forest Survey

This quantitative part of the study provided insights into the CSR characteristics of sample companies. First, the results of the CSR-Forest Survey were analyzed by measuring differences between two categories of respondents: the North American managers and European managers. Additionally, a similar analysis was conducted but the samples were regrouped according to the size of the company in order to assess whether the company size has impacts on CSR perceptions. An analysis of survey question 37 was conducted using SPSS.

Likert scale data is not interval, continuous data. It is constrained because the respondents can only give answers 1, 2, 3, 4, 5, and not for instance 2.5 or 4.9. These responses are treated as ordinal data and due to non-normality this research used non-parametric testing to analyze the data (see Chapter 5.1.2.). A descriptive statistics table is however provided for a quick look at the characteristics of the North American and European sample companies data set (see Table 5.1.). A Kruskal-Wallis test was used to test regional and company size differences in the perceptions on company implementation of CSR (See Li et al. 2012 and Krumwiede et al. 2012). The test was performed on ranked data where the observations are converted to their ranks in the whole data set: the smallest values gets a rank of 1, the next gets a rank of 2, etc. Test took into account the sum of ranks within both groups and allows one to see which group ranked higher (e.g. reveals how two groups perceived their implementation of CSR). The test was calculated with SPSS for 17 items (See Table 5.1.) and it concludes whether there is evidence that the variances of means of two regions would differ significantly.

Regarding the comparison between European and North American companies, it is notable that a small sample size of 42 companies and the unbalanced number of North American and European companies, 13 and 30 respectively, introduced potential limits on the generalization of the results.

4.4.2. Managerial Interviews

The managerial interviews were conducted from July 3rd – September 6th 2012. The aim of this primarily qualitative analysis was to explore the underlying perceptions on CSR practices that are challenging to discover with surveying or other quantitative methods. The analysis of the interviews explored the methods of qualitative content analysis (Miles & Hubermann 1994) and qualitative interviewing (Rubin 1995) following similar steps to O’Dwyer (2012).

All the interviews were taped and transcribed. The transcripts were read several times in separate occasions and a detailed summary was composed regarding each interviewee. The summaries were emailed to the ten interviewees so that they would be able to provide feedback and possible corrections. One respondent (EU1) out of ten provided minor corrections and one respondent emailed additional information after the interview (EU8).

Content analysis focused on the content of communication, in this case, on the content of managerial interviews (from here on referred as unit of analysis, UOA). Through coding, the data were assigned to categories. The findings were marked with different colored codes on the side of each relevant section. Applying codes to chunks of interview transcripts enabled the transcripts to be examined for similarities, differences and emerging themes.

The content analysis of this study focused on latent content. This means that not just words and single terms were investigated, but instead, they were interpreted as to what the UOA aims to say with those words and terms. The latent coding enables the investigator to examine the actual latent meanings and themes that occur beneath the surface. The content of each transcript was investigated for any new themes or subthemes of CSR. By applying open coding to this study, all emerging categories of CSR were considered - not just those that have been defined by the ISO 26000 framework.

After the UOAs were coded in order to organize the information and to extract the actual meanings from the content, the analysis focused on clustering and collapsing the observed sub-categories of CSR into theoretical core categories (see figure 5.1.). The frequency counts of each observed core category were written down, and the proportions and frequency counts of each category were investigated. Based on the investigation it could be assessed whether the frequency of the use of the category “environmental issues” was greater than the frequency of the use of the category “human rights”, for example. The results could therefore indicate which CSR practices were prioritized by the European versus North American sample companies.

4.5. Reliability and Validity

Research should always address concerns regarding validity, reliability, accuracy, reproducibility and confidentiality (Crittenden & Hill 1971; Krippendorff 1981). Regarding **reliability**, it is important to remember that a qualitative, interpretive content analysis was pragmatically based on a limited set of concrete issues and actions presented by the respondents. It is also notable that much of the analysis was based on the interpretation of the investigator. Language issues should also be taken into consideration in the context of this study: two interviews were conducted in Finnish and the transcripts were later translated into English. The translations process might have some implications on the reliability of the results. In order to improve the reliability, the English summary of each interview was sent to the respondents for their review. This gave the respondents an opportunity to provide feedback, add information or make corrections if necessary.

Regarding **validity**, several issues should be taken into consideration. It is notable that the validity of the analysis was strongly dependent on the managers’ willingness and ability to provide relevant, coherent answers. The respondents did hold a position of a sustainability expert in their organization and many of them had several decades of expertise in the field of forest industry. However, some of the provided answers did not fully answer the questions or were not really relevant in the context of the study. Another issue with validity was the overlapping categories. The different categories of CSR could

not be expected to be mutually exclusive and they had a tendency to overlap to some extent. For instance some of the respondents considered stakeholder engagement and community involvement to be closely related. In cases like this, the activity was coded under both relevant categories. Special attention was also drawn to the fact that in a single interview, a certain category could be mentioned multiple times, while other categories were not addressed at all. In a situation like this, each time that a certain core subject of CSR was discussed, it was coded individually under the same category. This reflected that the frequency of certain categories discussed was higher than other categories.

Reproducibility is the degree to which a procedure can be repeated in different situations, by different investigators, but give similar results (Krippendorff 1981). Coding of the interviews should be objective and reproducible. Achieving this is challenging though. For example, different coders might disagree about the interpretations of the UOA, and this might lead to the inconsistency of analysis. The methods of this study do not address reproducibility. However, the transcribed interviews could be re-analyzed to test this.

Accuracy is the degree to which the procedures compare to an existing standard, and it is known as the strongest reliability test (Krippendorff 1981). Regarding accuracy, there are no specific standards that would define what is correct in this particular study setting. Therefore, this expectation cannot be held thoroughly. However, the methods of analysis are based on earlier research and the methodology is described thoroughly. By following the same steps, a similar analysis could theoretically be conducted by another investigator. Therefore, a measure of the accuracy of the analysis could be achieved in this study.

Confidentiality is an essential part of this research since it involves human subjects and may carry potential risks for the respondents. This research was carried out within a defined code of conduct which aimed to minimize the risks to the interviewees. An important method for reducing the risks was the protection of the rights, privacy and

welfare through assurances of respondent anonymity. The confidentiality of the respondents was secured by applying the protocol of the Michigan Tech Institutional Review Board and by following the rules and guidelines of Social Science Research. In this research the identification of the respondents was not linked to the data they provided. Before each interview the researcher provided a verbal specification of the respondent's level of confidentiality. An informed consent form explained that the study involved research and that the participation was voluntary. The form also explained what measures were taken in order to assure the promised level of confidentiality. The informed consent form that was read for the respondents before interviews is shown in Appendix 2.

5. Results

5.1. CSR-Forest Survey

5.1.1. Descriptive Statistics

The descriptive statistics of the European and North American study samples appear in Table 5.1. The questionnaire item 37 presented 20 statements on CSR and requested the respondent to estimate how well the following statements described the situation at his/her company. The Table also presents the p values and the sum of ranks within each group (Kruskall-Wallis test), and shows which group ranked higher. The responses were classified according to the region of the respondent (1 = North American, 2 = Europe).

Table 5.1. Descriptive Statistics and mean ranks of CSR-Forest Survey question 37: “CSR Orientation to Stakeholders” (1=NA, 2=Europe)

Component	N		Min		Max		Mean		Std. Deviation		Mean Ranks		P value
	1	2	1	2	1	2	1	2	1	2	1	2	
1. Natural Environment	13	29	3	1	5	5	4.23	3.72	.832	1.066	25.31	19.79	.157
2. Better Life for Future Generations	13	29	2	2	5	5	4.15	3.62	.987	.942	26.15	19.41	.085
3. Social Programs Minimizing Negative Impacts to Natural Environment	13	29	1	1	5	5	3.69	3.66	1.251	.936	22.31	21.14	.756
4. Sustainable Growth & Future Generations	13	29	2	1	5	5	3.92	3.62	.954	1.208	23.15	20.76	.540
5. Supporting NGOs	13	28	1	1	5	5	3.54	2.54	1.391	1.036	27.62	17.93	.013
6. Campaign and Programs for Wellbeing of Society	13	28	1	1	5	5	3.46	2.96	1.330	1.036	24.62	19.32	.173
7. Encouraging Employees to Voluntary Activities	13	29	2	1	5	5	3.85	2.38	.987	1.115	30.96	17.26	.001
8. Employees' Career and Skill Development	13	29	2	1	5	5	3.92	3.55	1.038	1.055	24.65	20.09	.234
9. Employees' Needs	13	28	1	1	5	4	3.31	2.86	1.251	.891	24.77	19.25	.149
10. Flexible Policies for Work and Life Balance of Employees	13	29	2	1	5	5	3.38	3.34	.961	.974	21.92	21.31	.875
11. Fair Managerial Decisions related to employees	13	29	2	1	5	5	4.31	3.66	.855	.814	28.31	18.45	.009
12. Employees' Additional Education	13	28	3	1	5	5	4.00	3.54	.707	.962	24.81	19.23	.139
13. Consumer Rights Beyond Legal Requirement	13	29	3	1	5	5	4.08	3.62	.862	1.049	24.85	20.00	.216
14. Product Information to Consumers	13	28	4	2	5	5	4.77	4.32	.439	.905	24.73	19.27	.116
15. Customer Satisfaction	13	29	4	3	5	5	4.77	4.48	.439	.738	24.12	20.33	.265
16. Paying Taxes	13	28	2	3	5	5	4.54	4.75	.877	.645	18.88	21.98	.265
17. Complying With Legal Regulations	13	29	4	3	5	5	4.92	4.66	.277	.670	24.00	20.38	.196

Note: 1=North America 2=Europe

Likerts scale: 1=strongly disagree, 5=strongly agree

5.1.2. Europe-North America Comparison

A Kruskal-Wallis Test was conducted to compare the two geographic sub-groups (1=NA, 2=Europe). The sum of the ranks was calculated with SPSS for 17 items showed in Table 5.1. Regarding the majority of the items (15/17), the test revealed no significant difference in CSR perceptions of European managers (n=29) and North American managers (n=13). The test revealed a statistically significant difference in perception levels regarding three items (p values less or equal to 0.05). These were item 5. “Supporting NGOs” (p = 0.013, mean rank 17.0 vs. 27.6), item 7. “Encouraging employees to voluntary activities” (p=0.001 and mean rank = 17.3 vs. 30.9) and item 11. “Fair managerial decision related to employees” (p=0.009 and mean rank = 18.5 vs. 28.3). Interestingly, an inspection of the mean ranks reveals that these three items were ranked higher by North American managers. In fact, the Kruskal-Wallis test showed that regarding 95% of the items, the perceptions of North American managers ranked higher than their European counterparts. This finding suggests that North American managers have higher perceptions of their company’s CSR performance than their European counterparts. Moreover, it might indicate that the American managers tend to have more optimistic perceptions of their CSR practices in general.

A Kruskal-Wallis test was also used to test differences in the perceptions on CSR performance between small and large companies. The two groups were divided based on the number of employees. The largest company had 59500 employees and the smallest 250 employees. Several tests were conducted modifying the company size. Regarding the majority of the items, the Kruskal-Wallis test did not reveal a statistically significant difference in their perceptions. The only statistically significant difference that could be observed was regarding the item 5. “Supporting NGOs”, (p=0.022) in which the large companies (n=15, number of employees > 3000) scored higher (mean rank 17.83 vs. 26.50) than smaller companies (n=27, number of employees < 3000).

5.2. Managerial Interviews

5.2.1. An Overview of CSR Practices

This chapter presents how North American and European sustainability managers perceived their CSR practices. The aim was to illustrate the major categories of CSR and review the sub-categories that have high relevance in the context of forest industries. The findings revealed which components and categories of CSR were prioritized by a study sample of ten managers.

Figure 5.1. illustrates the structure of the analysis. In the first column, the major theoretical categories arising from ISO 26000 are illustrated. In the second column, the illustration presents the lower order sub-categories that have been observed and investigated in the managerial interviews.

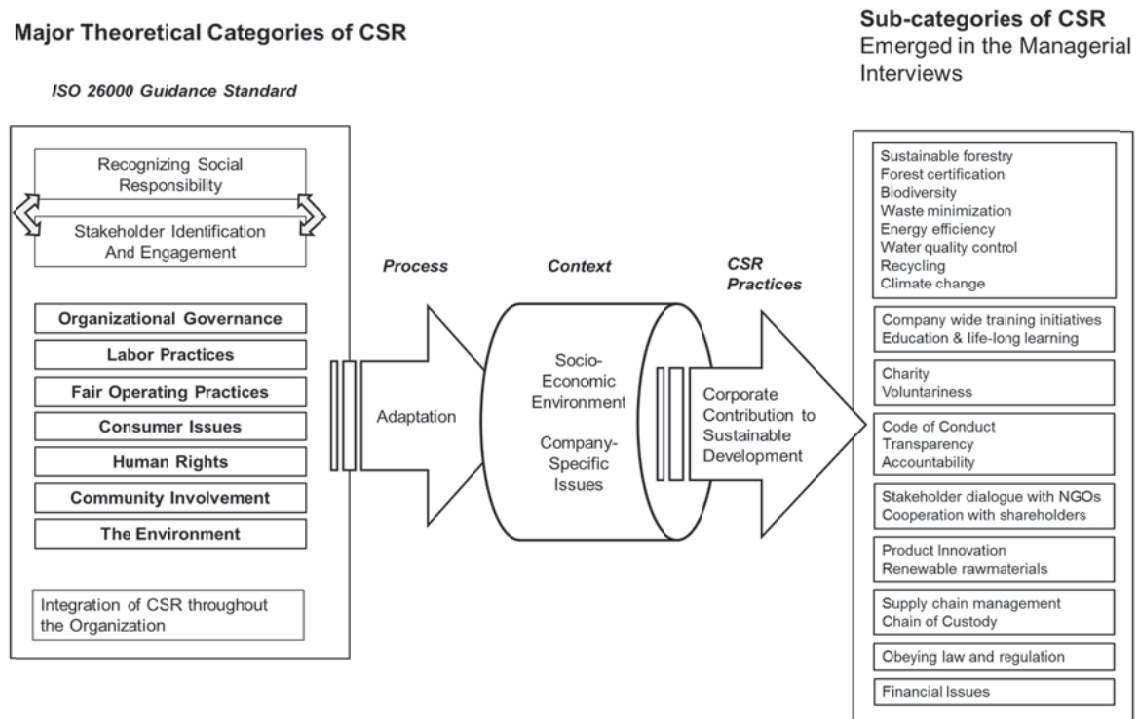


Figure 5.1. Data Structure (See e.g. Figure 4.1., Panwar & Hansen 2007; Panwar et al. 2012; ISO 2012)

The content analysis of the managerial interviews provided 343 individual observations – words, sentences and phrases – that could be related to different categories of CSR. These individual observations were first analyzed and grouped into relevant sub-categories, such as health & safety, forest certification, climate change mitigation, energy efficiency, land-use issues, recycling and waste reduction. Originally there were 37 sub-categories that emerged in the interviews.

The applicable sub-categories were compressed into 7 theoretical core categories adopted from ISO 26000 and the literature. For instance, the observed statements regarding forest certification and emission reductions were placed into the category “Environment”, likewise claims regarding health and safety were placed into the category “Labor Practices”. Four interviewees perceived profitable business and financial viability as a relevant component of CSR. This did not fit into the major theoretical categories drawn from ISO 26000, and therefore an additional theoretical category group “Financial Issues” was created. Accordingly, the sub-categories were eventually compressed into 8 theoretical categories of CSR. The frequency counts of the observed theoretical categories are presented in the Table 5.2.

Table 5.2. Content Analysis. The Frequency Counts of the Observed Theoretical Categories C1-C8.

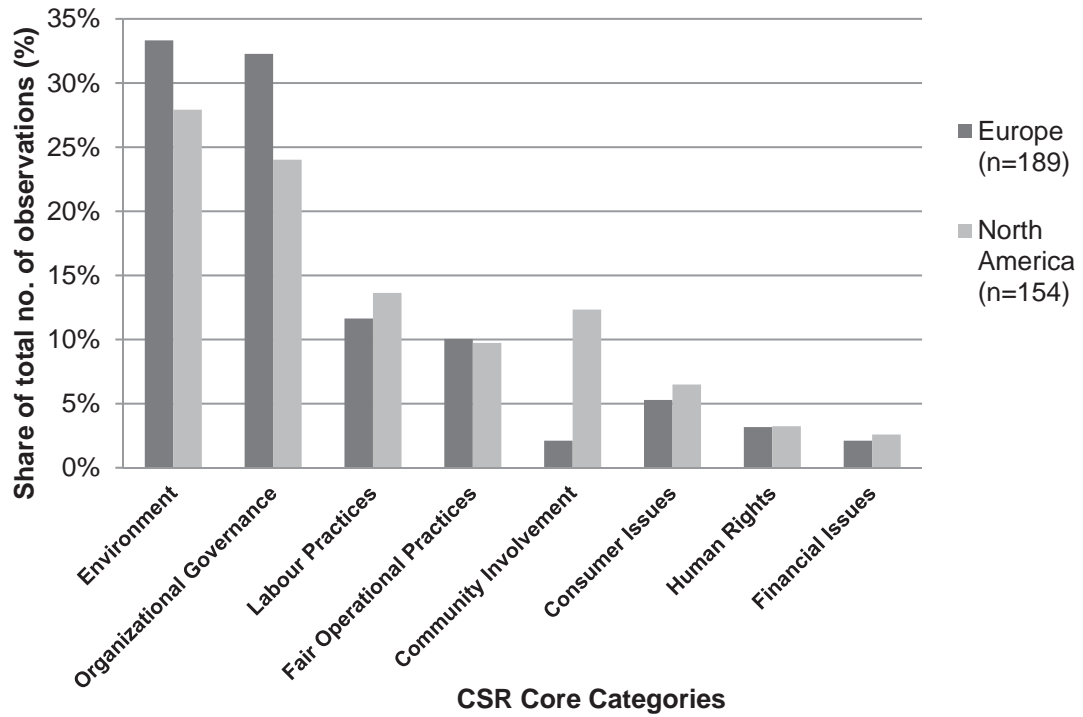
Respondent ID	Interview Duration (min)	Observed Theoretical Categories							
		C1	C2	C3	C4	C5	C6	C7	C8
EU1	18	9	6	2	2		2	2	
EU2	27	5	8	1	1			1	
EU3	45	13	15	9	4	1		1	
EU5	51	13	14	1	5		1		
EU6	39	11	15		3		3	2	4
EU8	62	12	3	9	4	3	4		
NA7	58	9	5	13	7	3	2		1
NA10	42	15	4		3	1		2	
NA4	38	12	18	5	2	7	5	2	2
NA9	45	7	10	3	3	8	3	1	1
EU	242	63	61	22	19	4	10	6	4
NA	183	43	37	21	15	19	10	5	4
EU+ NA	425	106	98	43	34	23	20	11	8
Total	425	343							

Note₁: The observed theoretical categories. C1. Environment;C2.Organizational Governance; C3.Labor Practices;C4.Fair Operational Practices;C5.Community Involvement; C6.Consumer Issues;C7.Human Rights;C8.Financial Issues.

Note₂: For detailed information on Respondents, see Table 4.1.

In order to provide examples of perceptions presented under each theoretical category, applicable quotations are provided in a more thorough analysis which starts in chapter 5.2.2. The prioritized CSR categories of the study sample are shown in Figure 5.2.

CSR Practices in Forest Products Companies of Europe & North America



Note: Number of applicable observations in the managerial interviews EU = 189 and NA = 154

Figure 5.2. Prioritized CSR practices in European and North American study sample based on observations in the managerial interviews.

The findings are in line with the earlier research that suggested that as an extractive industry, the forest-based industry tends to address environmental issues as a priority area of CSR. As shown in Figure 5.2. and Table 5.3., the analysis of the CSR perceptions of ten managers suggest that the prioritized areas of CSR are the Environment, Organization Governance, Labor Practices and Fair Operational Practices. The least addressed categories were Consumer Issues, Human Rights and Financial Issues.

As described in the methodology, the interviews were conducted with forestry managers from North American and European countries (See Table 4.1). In a multicultural study setting, cultural aspects and language issues are likely to have implications on the results.

Therefore, the results of the managerial interviews were reviewed with special attention on these aspects. It is notable that seven out of ten interviewees had the opportunity to give responses in their native language. The interviews that were carried out in the native language of the interviewee had an average duration of 48 minutes, whereas the interviews that were conducted in a foreign language had an average duration of 30 minutes. This indicates that native speakers had a tendency to elaborate more on the interview questions. Consequently, native speakers provided a higher number of frequency counts per interview (37 sub-category hits per respondent) compared to interviewees that answered the questions in a foreign language (27 sub-category hits per respondent). Regardless of the language, the prioritized categories of CSR remained the same: the Environment, Organization Governance, Labor Practices and Fair Operational Practices were perceived as the most important areas of CSR.

5.2.2. The Environment

The environment was the most frequently addressed CSR category in the interviews (106 applicable observations out of 343). The importance of environmental responsibility and the efforts to reduce the environmental footprint of forest industries were emphasized in both regions:

“Environmental responsibility is a big part of social responsibility, obviously!”
(NA10)

“At the mills, the environmental responsibility issues are really among the top priorities.” (EU6)

The applicable sub-categories that referred to the environment were for instance biodiversity, environmentally innovative products, energy efficiency, reducing pollution, eco-labels, forest certification schemes and topics regarding climate change and greenhouse gases. Forest certification and chain of custody systems were also addressed as important elements of social responsibility and sources of pride at the companies.

Several interviewees suggested that promoting sustainable forestry and being actively involved in forest certification schemes is necessary due to customer and NGO demands:

“I am personally proud of the decision that has been done at the company – that we will not acquire tropical hard wood, in other words, tropical timber. And also, we will not procure wood from plantations forests that have been converted to plantation from a rainforest. And I think these two things are contributing greatly to the fact that we are not involved into conflicts if you compare to some competitors.”(EU5)

The responsibility of industries on their impacts on the natural environment was perceived as a bottom-line. Consequently, the protection of the environment, biodiversity and restoration of natural habitats were emphasized as important focus areas of CSR:

”Every year we also like to be able to talk about a biodiversity-type of project -- - So that’s under our social responsibility umbrella because we feel that we need to do positive things to ensure that the areas in which we are harvesting, are protected, but we also need to support biodiversity and to make sure that the species existing in those areas can all survive.” (NA9)

Regarding environmental regulation, all interviewees expressed that they comply with environmental laws set by their national government. Several interviewees referred to the existing, already extensive environmental protection and strict environmental laws adopted by European and North American governments. They argued that strict environmental legislation as such is theoretically sufficient enough to ensure responsible corporate behavior. However, most of interviewees claimed that even with the strict environmental regulation, their company aims to go beyond the legal requirements. Several interviewees stated that proactive, company-led self-regulation and improving environmental performance on a voluntary basis is part of their CSR practices:

“We have had to implement standards that go above and beyond what is on the regulatory practice. We understand that being in compliance is not good enough.” (NA7)

“We want to go above and beyond what the regulators say we can discharge. That’s a great philosophy to have.” (NA4)

“--- it’s [the environment] fairly important in our views of CSR but we also recognize that we’re operating in countries with very evolved pollution and environmental laws. That focuses more on compliance and making sure that future regulations are sensible.” (NA7)

A societal change has contributed to the values, beliefs and expectations regarding the environmental responsibilities of companies. One interviewee addressed that nowadays the local communities have very strict requirements for environmental responsibility and addressed a great change in the expectations towards forest companies. In the past, noise, odor and intensive water usage by forest companies were seen as part of the business and the small community working at the mill tolerated the environmental side-effects. While a town next to a paper mill developed into a city, the attitudes towards factories slowly changed:

“The new people that have moved in no longer accept that noise or the pollution --- you have to put up noise barriers or smoke stacks or something, something so that it doesn’t impact the quality of life of the people. It’s going to be a challenge to see these manufacturing facilities operating in the future because of the impacts on the community. People don’t look at them as a job source anymore.” (NA4)

The forestry sector plays a large role in climate change mitigation and adaptation, and the interviewees perceived that the forest companies have a responsibility to contribute to

reductions in CO₂ emission. Wood products harvested from sustainably managed forests provide a long-term storage for carbon and can substitute for concrete or steel materials:

“I believe that the forest products industry has very good story to tell there. Our products compared to concrete products and building products are very competitive on energy use.” (NA7)

According to the interviewees, forest biomass for energy-, chemical- and other bio-refinery products has a bright, promising future. However, balance is needed:

“We can only exist if we have a sustainable future. And our business, as well as many others, leans on natural forest to exist. And we have to work in a way that ensures our supply of raw materials.” (EU8)

5.2.3. Organizational Governance

Organizational governance was the second most frequently addressed category (98 observations out of 343) The applicable sub-categories linked to this category were stakeholder identification, stakeholder engagement, codes of conduct, processes that aimed to identify what CSR is, and the decision-making practices related to CSR. Most of the interviewees stated that it is necessary to engage stakeholders in corporate decision making. The management of stakeholder relationships and interaction with key stakeholders, such as NGOs and consumers, was perceived as important:

“We can’t operate in a vacuum anymore that just ignores the concerns that they [NGOs] have.” (NA4)

“We have been working on a project with WWF Finland for two years regarding forests and insects and so on. We are aiming to increase dialogue with them in order to understand what are the important things to them. But of course, as we are operating primarily in Europe we probably have lower pressure to cooperate. In that sense we are less interesting! Let’s say, compared

to the other companies that operate for instance in Asia or South-America.”
(EU6)

It is often perceived that one of the primary challenges of stakeholder engagement is the differing goals of businesses and NGOs. Due to these differing goals, many forest companies choose to overlook and avoid interaction with NGOs. It was argued that forest companies should be more progressive with their NGO interactions and look for common ground in terms of sustainability objectives. There is for instance a common alignment on sustainable forestry and on the prevention of illegal loggings and deforestation. Differing opinions should be perceived as an opportunity rather than a threat:

“And sometimes you just have to agree to disagree, but in the long run I think we both gain because we can at least understand the position and respect the position of the other person.” (NA4)

Understanding the needs and preferences of stakeholders was perceived as essential and several interviewees stated that they wish to improve their practices on that front. The current identification of stakeholder expectation regarding CSR was carried out for instance through dialogue, annual questionnaires and surveying:

“But in the future we are aiming to focus on the stakeholder engagement. The idea is to focus on it more systematically. To systematically collect information and have dialogue with our stakeholders.” (EU6)

“When we recently created the sustainability agenda, we conducted a wider survey regarding sustainability. It was also taken out to our employees and customers and through that we tried to collect information regarding the things that are important to them.” (EU6)

Successful organizational governance has tools, mechanisms, processes and codes of conduct that enable the integration of CSR considerations into the day-to-day business. All interviewees argued that corporate commitment to CSR is consistent and

acknowledged by everyone who works for the company. When asked to explain how the CSR is carried out throughout the whole organization, several examples on integration mechanisms were provided:

“In a formal sense we do have a code of conduct, code of ethics that all employees must sign. On the informal side, as I’ve mentioned before, our culture is very hands-on and operationally involved.” (NA7)

“We have the corporate commitment all the way through the organization from every manager right down to the lower level, as well as having programs and practices in place to support them.” (NA7)

“We do have a web-based training where the different aspects of the code of conduct have been covered and all employees have taken part in those.” (EU6)

“So we have trained people all the way down to the janitors sweeping the floor that you just can’t do these certain types of functions. And you can’t bring in a chemical that is toxic to clean your floor. We don’t want those chemicals in here. So, we start from the top and work it all down through the entire system. We train every single person.” (NA4)

Regarding stakeholder engagement, interesting transatlantic differences were observed in interviews with respondents NA7 and EU8. These two interviewees worked for the same company but on the different sides of the Atlantic. Before the interview the principal investigator had already noted that the company website was clearly divided into two separate sections. The North American website was to large extent focused on the corporate world. It targeted customers and investors and provided little information on the social and environmental involvement of the company. The European website, however, had taken a completely different viewpoint and it focused on a broader audience.

It was concluded that on the European level, the company engages more with stakeholders, discloses more environmental information and addresses broad issues

regarding environmental protection, legislative compliance, energy efficiency and climate change. NA7 argued that the company had stopped disclosing environmental information for two reasons: First, limited resources and time; second, because the audience of the report was so small. Moreover, he stated that due to the relatively small size of the company the NGOs do not have major interests in the company.

Respondent EU8 had a completely opposite approach. He explained that on the European level the company is publishing environmental reports on their website because being open is important. He addressed the differences regarding stakeholder expectations in Europe versus North America and stated that the customer base in Europe is particularly different. He argued that the European key customers are more interested in environmental and social issues than the American ones. He emphasized that in Europe the big strategic customers, such as the multinational home improvement chain B&Q, are strongly engaged with the environment and ethical behavior, and this has implications for the CSR of the company.

5.2.4. Labor Practices

Labor practices were the third most frequently addressed category (43 observations out of 343). The applicable sub-categories that referred to labor practices were for instance health and safety, social dialogue, and the prevention of potential hazards and risks involved in work with silviculture, logging, transportation and solid wood processing.

Noise exposure, night shifts, and working alone with heavy industrial machinery are among the common risk factors in paper plants, pulp mills, and sawmills. Therefore, it is not surprising that in this study health and safety were highly emphasized:

“Fair labor practices is probably one the higher priority areas for us, from a safety as well as compensation perspective. In terms of this we fairly make sure that we compensate people and keep them healthy and safe in operations--- We want to be a top performer in safety and I believe it’s very clear for our top

management, that they don't believe that it's socially responsible to run a company that poses risks to its employees first and foremost" (NA7)

Several were implementing company-wide, self-developed health and safety initiatives and trainings that especially aimed to reduce work-related injuries. Labor unions and employee associations were brought up as a means to ensure social dialogue regarding employment stability, wages and working conditions:

"The big thing, that we have put especially lot of effort on, is the health and safety. We have achieved great numbers regarding the number of accidents at the workplace." (EU6)

"We have a pretty healthy union relationship in all cases. We have not had labor disputes for quite a long time" (NA7)

Regarding the perceptions on the importance of labor practices, some contradictions and inconsistent statements were observed. One interviewee argued that the role of labor practices is not acknowledged enough, while the other claimed that the law and regulation already address labor practices sufficiently:

"I would like to see kind of the fair labor practices, safety, employee wellness and health, take a larger role in how people define corporate social responsibility in the future. I think it has played kind of secondary role, at least in North America and Western Europe. Maybe because there is a belief that they are more evolved than other countries." (NA7)

"Labor practices are not so big. It's not really an issue for us. You know, lots of these other subjects are covered by law and regulations already. Human rights, labor practices, fair operating practices... those are not really big considerations as far as I know." (NA10)

One interviewee (NA7) critiqued that forest companies address labor issues insufficiently. He stated that the responsibility of companies is first and foremost to

people but instead of placing emphasis on the important social dimensions of CSR, the companies tend focus on environmental issues and climate change:

“And I don’t think that there is focus on employee welfare... and I think that is disappointing because I think, you know, that if your employees are not wearing safety shoes and you are worried about carbon credit... It is bit of, you know, disconnected.”

5.2.5. Fair Operational Practices

Fair operational practices contributed to 34 applicable observations out of 343. The applicable sub-categories that referred to fair operational practices were concerns regarding business ethics, business integrity, trust and good practices. All interviewees claimed that they care about the community in which they operate. Regarding this category, the fact that the interviewees were working for forest companies in developed countries is likely to have strong implications. For instance, the means to prevent corruption, which according to ISO 26000 is an essential component of fair operational practices, was not brought up in any of the interviews.

“You know, when I say operating practices I mean just consideration on how we conduct ourselves in the business community with respect to antitrust and consideration and dealing with our customers and suppliers. I would say that is just good business practice from that perspective, why that’s important.”(NA7)

“All businesses are relaying to the business making money. That’s what they are there for. You can make a choice on how you do that. We try to do it in particular way, how it appears to be fair.” (EU8)

5.2.6. Community Involvement and Development

Community involvement and development contributed to 23 applicable observations out of 343. The applicable sub-categories that referred to interactions with communities were for instance involvement in community projects and community forum, and voluntary

support for the activities of local communities. The community involvement and development was the only category that the North American respondents clearly addressed more prominently than the Europeans. This might be due to the traditional philanthropic approach of CSR in North America. In the US, voluntary community engagement and charity have traditionally been seen as key components of CSR. The interviewees affirmed that CSR practices related to community involvement and development are essential in terms of legitimacy. It was stated that being involved at the grassroots level does not necessarily require big investments or great efforts – being present and open for interaction on regular basis is important as such:

“We are operating in some cases quite closely with our communities and we tend to operate in smaller places where we are maybe a major employer in the area and largest industry in the area. So, making sure that we keep those communications and those community relationships, you know, that is important to our license to operate, so to speak” (NA7)

“We’ve tried to maintain those relationships by being involved in community things, important community activities on the grassroots level – not in a really flashy way but just making sure that we are involved.” (NA7)

“All our sites have community forums. We meet regularly” (EU8)

5.2.7. Consumer Issues

Consumer issues contributed to a low number of observations: 20 observations out of 343 addressed the importance of consumer issues. The applicable sub-categories that referred to consumer issues were consumer services and support. In many cases, forest products companies aim to sell their products through long term contracts with key customers. The importance of having a close relationship with these customers and managing customer relationship was addressed:

“You know there are very large organizations like BQ in Europe and Home Depot in North America. These are very large organizations and they expect their vendors to be good business practice companies and to respond to them with products, right. So it’s our job to interact with them and produce a product that they want and need. So that’s what keeps us in business, those good consumer relationships.” (NA7)

It was argued that this category does not have high relevance because most of the forest products companies are not directly connected with the end-users. However, consumer perceptions do matter when it comes to credibility and reputation of the company. One interviewee addressed these issues as an area of pride at the company:

“Maybe one of the first things that we are proud of is the fact that during the recent years or in long time, our company has not been involved in environmental conflicts, or a target of boycotts.” (EU5)

5.2.8. Human Rights

Human rights contributed to an alarmingly low number of observations: only 11 observations out of 343 addressed human rights as an important component of CSR. The applicable sub-categories linked to this category were due diligence, vulnerable groups and human risk situations. Some conclusions can be drawn based on the high number of statements that excluded human rights from the CSR agenda of the company. Several interviewees argued that human rights are not a real concern in developed North American and European countries. In most cases, human rights were not considered as an important focus areas of CSR because the managers perceive that the issue is already sufficiently addressed by existing laws and regulations at the national level:

“We’re just a North American company. We’re not out in the developing countries where there are problems with child labor and all those kinds of stuff. We just don’t have those issues in our country.” (NA9)

“Human rights and others are not that relevant for us because we do not have production in China or South America or elsewhere” (EU6)

“And on the human rights side, I would say, you know, we operate in the First World, kind of in developed places. And you know, it’s not a concern generally.” (NA7)

“We kind of take it for granted because we are based in Europe and we are based in North America. Not so much in Asia or in the Third World. --- They haven’t become as important because of the European Standards and the North American standards. We can’t violate those anyway. (NA4)

“And they do ask about human rights and labor practices. So it is a topic of concern with our customers, but again because, like we said that we are in North America or that we are in Europe where the standards are high already, they realize that. Now that if we’d be about to source fiber from South America or from the Asian areas, then we have to prove more towards those questions.”(NA4)

Regarding human rights, company-specific codes of conduct and due diligence systems were in place at several companies and aimed to involve stakeholders at all levels, including workers, employers, contractors and NGOs. Discrimination and vulnerable groups were discussed in terms of indigenous groups. A Canadian interviewee defined aboriginal people as their key stakeholder

“It [CSR] covers the aboriginal people who live on reserves who have their special rights as well as the native people who are, perhaps, more among the general population, that have specific religion, specific concerns and rights. So that obviously is a very very important stakeholder that is actually in North America, Europe and around the world.” (NA10)

“We do see that human rights and labor rights become bigger and bigger issues.” (EU2)

Even though these companies operate in developed countries with sufficient laws and regulations, the evidence of the lack of interests in human rights can be considered alarming. Concerns on this issue should be raised for several reasons. First of all, it is likely that the lack of interests in the human rights contributes to ignorance towards important areas of CSR, such as civil and political rights, economic, social and cultural rights and resolving grievances. Secondly, the importance of human rights will remain important, no matter what the country-context. Therefore, it can be argued that even though respect of human rights is considered self-evident, it should be addressed one way or another. This could happen for instance through the promotion and support of human rights initiatives and frameworks such a Global Compact, as suggested by one interviewee:

“Human rights, they are of course on our agenda. It is important to our customers and to the people that we work with, but for us, it is greeted as self-evident. There have not been any violations of human rights, but as a member of the Global Compact we want to bring it up.” (EU6)

5.2.9. Financial Issues

Financial issues contributed to 8 applicable observations out of 343. The applicable sub-categories linked to this category were concerns regarding profitability, money and the role of investors. The traditional view on corporate responsibilities suggests that CSR includes a strong economic component (Carroll 1999). Therefore, it was somewhat surprising that this category was not addressed more prominently. When asked to explain what a socially responsible company means, only a handful of statements argued for profitability as an essential part of CSR:

“First of all, profitability and value of service. So the company has a process to provide service and it has to be successful and contribute to the overall society.”(NA7)

“We don’t have a public policy on what we call CSR. For us, it’s about how we choose to do business. We are a business. We are a manufacturing business. We have a lot of stakeholders and the ultimate aim of most businesses is.... they are capitalists. The aim is to make money for our shareholders. That’s why the business generally exists, unless they are completely altruistic. And we are not.” (EU8)

“We believe that it’s a fundamental right for people to be able to come to work in the morning ---- The people work in our business, their future comes a lot around social responsibility. So without any money, people cannot be paid for their job. We have to help people to develop their full potential. We have to exist and we have to be successful and we have to be profitable. That’s the key of people’s future. So that’s how we would choose to interpret our responsibilities with CSR concerns. (EU8)

Even though financial issues were not frequently addressed in the interviews, it was brought up that money does have direct and indirect implications into CSR practices. The importance of financial components in CSR was for instance addressed by one interviewee whose company was currently facing economic challenges. It was argued that the lack of capital and monetary support is likely to change the nature of CSR practices. For instance, the profound integration of CSR throughout the organization might be downscaled into volunteering and charity. It can be argued that the financial component of CSR has a high relevance on the background of CSR, because lack of capital might contribute to major changes in CSR practices and eventually moderate the actual objectives of CSR.

“I think the biggest challenge in the near future is just to have monetary support. You know, just having the money to, and the people that are available

to really focus on and fund social responsibility types of projects and initiatives.”(NA9)

“You can still focus on social responsibility issues and projects but it’s more volunteering without financial support.”(NA9)

5.2.10. Perceptions of ISO 26000

Based on the managerial interviews, there are varying perceptions on the ISO 26000 guidance standard. The majority of the interviewees were not following ISO 26000 at their company. Some of them were completely unfamiliar with it and the rest indicated at least a fair level of awareness of the standard. Only one case company (EU1) was utilizing ISO 26000 in order to define what a socially responsible company is. Those sustainability managers who were familiar with ISO 26000, considered it more as a guideline than a standard:

“It is more of a cookbook.”(EU3)

The general perceptions on ISO standards varied between companies and individuals. Some of the interviewees perceived them as a self-evident component of business whereas one interviewee clearly had a negative approach to ISO standards:

“They [ISO standards] have been self-evident for years! (laughter) We have them all. I didn’t even think about it. They are taken so much as granted that all units have quality and environmental management standards. All the units have 14001 and almost all of them have OHSAS in place too. We have been using those for years and they are in place at all the units.” (EU6)

“I’m not a fan of ISO, so therefore I’ve decided not to waste more time. --- I think in most cases, they become too heavy and so on.” (EU2)

Even though the interviewed managers lacked knowledge and practical experiences with ISO 26000, most of them had positive perceptions of ISO 26000. The managers who had

a positive approach to ISO 26000 stated that the standard is comprehensive and has potential in the forest industry.

The positive assessments indicate that ISO 26000 helps to define CSR and complements other CSR frameworks. Regarding the potential incentives to start using ISO 26000, a majority of the interviewees indicated that their company is interested in the standard. Several interviewees estimated that ISO 26000 might become relevant in the near future, depending on how the other companies in the industry adopt it.

“ISO 26000 is very comprehensive, and some of the... we have in our analysis of the relevance found out that there are of course things that are more relevant to us, but we don't see anything that falls outside ISO 26000 today” (EU1)

”Yes, we are following it up .--- it is good that there are some kind of guidelines regarding social responsibility. But no decision are made for now.” (EU6)

“We don't have that in place right now but we are all looking at 26000. I think that will become a part of our culture in the future. Probably a couple of years off as we continue to study it more. Most definitely that will be next in line for all of us.” (NA4)

It was pointed out, that making decisions on the implementation of a new standard like ISO 26000 takes time, especially because it requires implementation throughout the organization (NA4). If the standard would be established at the company, it would need to be totally corporate driven and it would be brought through all facilities. Based on the interviews, it seems that those companies that already have ISO systems and structures in place are more likely to start using ISO 26000:

“And the ISO system further drives the corporate culture and philosophy into our operating groups, because of the way ISO is set up. I mean, everything is so structured that you need to have your meetings, you need to have your training and you communications, and your systems, and your procedures. So, it flows

very well throughout our entire corporate structure because that's how we conduct business". (NA4)

"ISO systems have been in place for such a long time while that it has been adjusted and applied smoothly to the changing needs of our company" (EU5)

"Yeah, we have been thinking about it, but so far, no decision on that has been done. We will first look how it rolls out. I mean, how the industry takes it. Maybe in the future years it becomes relevant and as usual and self-evident as ISO 9000 or 14001. But at least so far, no decision has been made. It would require a lot of work and effort to spread it out to all our mills." (EU6)

Some interviewees criticized the practical benefits of ISO 26000. It was pointed out that ISO 26000 does not necessarily benefit forest companies that already have high environmental standards, efficient health and safety policies and sufficient stakeholder dialogue and engagement. It was argued that if a progressive company starts following ISO 26000, the guidelines do not necessarily bring anything new to a company (EU2). Similarly it was argued that the benefits of ISO 26000 are likely to be bigger in those companies that do not have a long and broad experience with CSR matters (EU3).

"The actual work that we have done in this area for certain areas like environment of course, have been going on for a long long time, and also work health and safety. I mean, the ISO 26000 have been there for about a year now and it was good to define what was part of CSR, but it hasn't actually changed the way we work with CSR." (EU1)

"We have looked through this standard and I think we are following all these things already. For us it's nothing new at all, I think." (EU3)

"I am not that familiar with that. And we haven't looked at it. I think it would be a type of thing that I would be interested to look at. But I think we feel that we are doing a pretty good job in terms of social responsibility. Frankly, we see ourselves as good guys in the industry. So, I am not saying that we would never

consider a program such as this one, but at this time we have not looked at that.” (NA10)

“So far, we have not observed such great benefits that we would have wanted to start using the standards. We do however read these guidebooks and check whether the guidelines would be put in place through other channels.” (EU5)

Drawing on the interviews, even though the different guidelines and frameworks of CSR sometimes overlap, they seem not to exclude each other. It was discussed that the different frameworks of CSR can fit together and be applied jointly. For instance, one interviewee argued the GRI Framework is very supportive of the ISO systems (NA4).

As a general guideline, ISO 26000 indicates less bureaucracy compared to certified standards, because it is voluntary and flexible, which could be perceived as a benefit. On the other hand that can be considered as a disadvantage, because the lack of third-party verification and lack of monitoring requirement might make ISO 26000 weaker. A Swedish interviewee suggested that she would not call the non-certifiable nature of ISO 26000 either a strength or weakness - she pointed out that it is simply a different kind of product than a certifiable standard (EU1).

The prominence of ISO 26000 as a legitimate global rule maker was not criticized as such, but it was argued that ISO 26000 should be greeted with caution because a global CSR standard is likely to become either very imposing or superficial. (EU2) It was argued that a global and uniform CSR standard might not be highly useful because every company is different and every problem needs to be handled differently (EU2). Also, it was suggested that considering the business interests and production orientation of forest companies, the CSR standard is less valuable than the standards regarding productions and products (EU5):

“I would say it is important that you deliver good systems, products and things like that and I’m sure it can be used for that. But I don’t really see a CSR standard as very useful because every company is different. “(EU2)

“The most important thing from our point of view is the development of standards regarding production and products. For instance, how do the eco-labels develop and what happens with green electricity. In a way, these are the things that we are selling. I mean, the other standards are tools for internal use of the company.” (EU5)

Lack of sector-specific guidelines was addressed by one interviewee (EU5). She argued that several environmental and social issues that have crucial interactions with the activities of the forest-based industry are not sufficiently addressed in the current guidelines of CSR. She suggested that the protection of rainforest should be the priority number one in the CSR of forest industries and that the CSR guidelines should address more prominently issues regarding climate change and biodiversity. Improved protection of water resources was also suggested.

“At the moment a standard that would address the concerns of forest industries does not exist. It is somehow quite unfortunate that the point of emphasis is not on the areas that are relevant to forest industries.” (EU5)

For the time being, ISO 26000 is not widely applied by European and North American forest products companies. Regarding the potential incentives to start using ISO 26000, the majority of the interviewees indicated that their company is interested in the standard. Several interviewees estimated that ISO 26000 might become relevant in the near future, depending on how the other companies in the industry adopt it.

The findings emphasized that the majority of companies had already adopted CSR practices that were similar to the core subjects of ISO 26000. Furthermore, no evidence could be found that would indicate that ISO 26000 is not applicable to the forest industry.

6. Discussion and Conclusions

6.1. Reflections on Research Questions and Theoretical Framework

The First Research Question: *a) How do the sustainability managers of European and North American forest products companies perceive CSR, and b) do the characteristics and practices of CSR differ between the two regions?*

The primary objective of this study was to investigate whether managerial perceptions on CSR differ between North American and European forest products companies. The analysis of ten in-depth interviews with sustainability managers provided interesting findings regarding the current state of CSR in Europe and North America. Current CSR practices included for instance a number of health and safety initiatives, community programs, product innovation, code of conduct, stakeholder dialogue, compliance with legislation and a variety environmental activities related to resource efficiency, forest certification, climate change, biodiversity and sustainable forestry.

The findings of the **CSR-Forest Survey** indicated that the characteristics of CSR did not differ significantly between the two regions. Drawing on the results of survey question Q37 regarding corporate CSR performance, a statistically significant difference was shown only regarding three items out of seventeen: the North American managers ranked themselves higher regarding performance in “Supporting NGOs”, “Encouraging employees to voluntary activities”, and “Fair managerial decision related to employees”. In all, North American managers had more positive perceptions on their CSR performance than their European counterparts. This could be due to the cultural context: In the managerial interviews it was suggested that American companies are better in communicating their success and tend to assess their performance more positively than European ones.

Drawing on the finding of the **Managerial Interviews**, a similar conclusion could be drawn. The results suggested that the patterns and characteristics in the managerial perceptions regarding the different categories of CSR seem to have great similarities on

both sides of Atlantic. Environment and Organizational Governance was addressed frequently by both European and North American managers. Consumer Issues, Human Rights and Financial Issues received much less attention in both regions. It seems that for instance Human Rights were not considered as important focus areas of CSR, because the managers perceived that the issues were already sufficiently addressed by existing laws and regulations at the national level. The Community Involvement was the only category that the North American respondents clearly addressed more prominently than the Europeans. This might be due to the traditional philanthropic approach of CSR in North America where community involvement, voluntariness and charity have traditionally been seen as key components of CSR (See e.g. Maignan & Ralston 2002; Amberla et al. 2011).

The importance of Financial Issues was brought up in the interviews and it was suggested that lack of capital might change the nature of CSR. The financial component of CSR might explain why larger companies tend to be more progressive when it comes to CSR. Regarding the size of the company, the interview results indicated that the small companies might perceive the interaction with NGOs as unnecessary because NGOs are mainly interested in the environmental and social impacts of large companies.

These eight different themes of CSR practices brought into the interviews were to a large extent similar to the ones presented by Panwar & Hansen (2008). The only theme that was not discussed in the managerial interviews was "stem declining employment in the sector" (see Table 3.2). When the study of Panwar & Hansen (2008) was conducted, the unemployment in the forest sector played a great in the North American context due to the downturn of the US woodworking industry and housing sector from 2006 on (Woodall et al. 2012). The eight CSR practices identified in this study also match to some extent with the findings by Vidal & Kozak (2008a, 2008b) who suggested that sustainable forestry and accountability are among the key practices of CSR.

Compressing the applicable sub-categories into theoretical core categories (See Figure 5.1.) was a challenging task. Some of the provided interview responses overlapped with

each other, whereas some of the responses did not fully answer the questions or were not fully relevant in the context of the study. It is acknowledged that these inconsistent response patterns can contribute to bias. However, CSR is a broad concept that integrates numerous social, environmental and economic aspects and can be understood and interpreted in various different ways (Dahlsrud 2008). Consequently, the outcomes of the interviews are in line with the earlier literature that suggests that the definition and practices of CSR tend to vary among companies. A diversity of CSR definitions and interpretations is therefore evident and depends on the context (Krumwiede et al. 2012). Drawing on the literature, it is understandable that this study was unable to address ultimate transatlantic differences in CSR practices.

CSR is context-specific and depends on the social, political and cultural environment. It was concluded that some companies have several different types of businesses and stakeholders, and therefore the approaches differ within different production units and among individual business cases. The interview results indicated that the emphasized and prioritized CSR categories can even vary within an organization (see Chapter 5.2.3.).

The Second Research Question: *a) How do the forest industry managers perceive the standardization of CSR, and b) how do they perceive the recently released ISO 26000 standard on social responsibility?*

The secondary objective of this study was to provide insights to the standardization of CSR and investigate the practical implications of the ISO 26000 guidance standard in the forest sector. The study revealed that there are varying perceptions on the international, recently released ISO 26000, both positive and negative. The applicability of ISO 26000 seemed to be relatively unfamiliar to sustainability managers of European and North American forest industries. The interviews were conducted in summer 2012 and at that point, the general non-certifiable ISO 26000 guidance standard had been available for less than two years. As the full implications for the forest industry are still in question, it is currently too early to assess the success of the standard. However, referring to the

findings of the managerial interviews, some reflections regarding the applicability and diffusion of the standard could be made.

Based on the managerial interviews, there were varying perceptions on the ISO 26000 guidance standard. First, ISO 26000 was perceived as comprehensive. It was stated to have potential in the forest industry because it helps to define CSR and complements GRI guidelines and ISO management systems. However, some interviewees argued that ISO 26000 should be greeted with caution because a global CSR standard is likely to become either very imposing or superficial. It was also criticized that ISO 26000 does not necessarily benefit forest companies that already have high environmental standards, efficient health- and safety policies and sufficient stakeholder dialogue and engagement.

Previous studies on CSR in the forest sector (See e. g. Panwar & Hansen 2007) argue that one of the main concerns regarding a global CSR standard is its potential inability to address context-specific issues, such as those that are relevant for forestry and forest companies (see Table 3.2.). However, an investigation on the functions of ISO 26000 concluded that the standard is designed to be flexible and adaptable. It allows managers to develop and implement a system that fits specifically to the organizational structure, business environment and stakeholder profile of their company. It seems that addressing the issues that are high in relevance is therefore upon the implementer of the standard and upon the company itself.

In the light of the findings of this study, there were no clear signals that would directly indicate diffusion of the ISO 26000 guidance standard in the forest industry. Currently the majority of the interviewees were not following ISO 26000 at their company, at least not systemically. Some of them were completely unfamiliar with it and the rest indicated at least a fair level of awareness of the standard. Only one case company (EU1) out of ten was utilizing ISO 26000 in order to define what a socially responsible company is. However, positive perceptions, general acceptance and interests in the standard indicate that integrating ISO 26000 into strategic CSR might increase in the future. To conclude, most of the managers had little practical experience with ISO 26000. This result indicates

that a lot of ground needs to be covered before the potential industry-wide take-off of ISO 26000.

Reflections on Theoretical Framework

In this study, the transatlantic CSR practices were viewed through the lens of the ISO 26000 guidance standard. The theoretical framework (Figure 4.1.) introduced the ISO 26000 core subjects that an organization should consider in its operations in order to optimize its CSR practices and maximize its contribution to sustainable development. The framework suggests that the applicability and relevance of each core subject needs to be assessed according to the context. The findings of the managerial interviews complement the framework to a large extent. For instance, Consumer Issues and Human Rights were not emphasized because their relevance is perceived as low in the context of Europe and North America. Correspondingly, Environment and Organizational Governance were prioritized primarily due to high societal expectations and stakeholder demands.

Regarding the applicability of the theoretical framework, the findings also suggested that adding an eighth core category, financial issues, to the framework should be considered because capital, and especially lack of capital, can have implications to the characteristics of CSR. In addition, integrating a strategic approach to the framework could improve its applicability. Previous studies indicate that strategic CSR is likely to contribute to a competitive advantage. The outcomes of the adaptation process of the ISO 26000 should therefore include strategic components. It is suggested that adapting the core subjects of ISO 26000 into forest products companies might not just maximize the corporate contribution to sustainable development – it might also contribute to strategic CSR and to competitive advantage.

6.2. Implications, Limitations and Suggestions for Future Research

This transatlantic study provides empirical evidence of the importance of CSR in the forest products companies. It also provides valuable insights on the practical implications

of the recently released ISO 26000 guidance standard on social responsibility. Previous literature suggests that examining CSR in the context of strategy is increasingly necessary (See e.g. Porter & Kramer 2006; Galbreath 2009; Li 2012) and therefore the implications of this study are particularly assessed from a strategic point of view. It can be speculated that Environment and Organizational Governance were emphasized as prioritized CSR practices because they possess particular contributions to competitive advantage of forest-based industries. For instance, complying with high environmental standards and engaging with key stakeholders has implications to corporate credibility, reputation, and stakeholder satisfaction. Thus, these CSR practices serve as strategically valuable assets that can potentially generate and sustain competitive advantage.

In order to understand why some components of CSR were perceived as less important, the results must be approached in the specific context of this transatlantic study. It can be speculated that in European and North American forest products companies, Consumer Issues and Human Rights have relatively low relevance because they are already perceived as meeting a baseline as established by national laws – not as a source of competitive advantage. All in all, the findings suggest that the context has a great role in the implementation of CSR practices, which connects this study to the previous research on context-specific CSR (See e.g. Dahlsrud 2008; Vidal & Kozak 2008a).

The literature review concluded that the recently released ISO 26000 guidance standard on social responsibility has potential to increase the legitimacy of CSR. Hence, it has strong implications to strategic CSR and it might help forest products companies to sustain their competitive advantage. Regarding strategic CSR and standardization, the findings addressed interesting contradictions. Theoretically, differentiated CSR strategies can provide a source of competitive advantage (Li 2012). This implies that adopting CSR frameworks and guidelines, such as ISO 26000, might serve to differentiate CSR strategies and practices among companies. However, it can be speculated that if all companies eventually adopt ISO 26000, the strategic gains and contributions to comparative advantage will decrease. In this regard, it is likely that proactive forest

products companies who are among the first to adopt ISO 26000 will gain the first-mover advantages and benefit the most from ISO 26000.

Critical assessment of the results of this study emphasises certain weaknesses regarding reliability and validity. First, the small sample size introduces potential limits on the generalization of the results, particularly regarding the comparison between European and North American companies. The sample size of 43 surveyed and 10 interviewed managers is not enough for a regional comparison that would provide conclusive evidence on the CSR involvement of the diverse forest-based industries. The second issue is the number of uncertainties that occur due to qualitative analysis methods and human subjects of research. In general, measuring perceptions on CSR practices is a challenging task and it is acknowledged that there is a lack of explicit and generally accepted qualitative analysis methods. It is also accepted that the results to some extent reflect the interpretation of the principal investigator. Third, the analysis was strongly dependent on the managers' willingness and ability to provide relevant, coherent answers. However, based on their working experience and position as sustainability experts the interviewees were expected to have sufficient knowledge and awareness on these matters, which increased the quality of the data. The methods of this study did not address reproducibility but the transcribed interviews could be re-analyzed to test this.

Despite the limitations, this research provides novel contributions to the knowledge on strategic CSR and ISO 26000 in forest products companies. The main contributions of this research are in strategic management, particularly in the adaptation of strategic CSR. The findings provide valuable practical insights into the current CSR practices of forest products companies. Furthermore, the study has managerial implications to forest industry and sustainability managers who are interested in the applicability and adaptation of ISO 26000. It is emphasized that this study addressed perceptions – not actual CSR practices. It is also notable that the data of this study investigated CSR practices solely from a managerial point of view. Future studies could assess how the key stakeholders such as customers and NGOs perceive the CSR practices of forest products

companies. Moreover, future research should aim to assess the subject matter through more comprehensive data sets and broader analysis methods.

The societal demands are pushing forest-based industries to institutionalize and standardize their CSR practices. This study suggests that this emerging standardization of CSR and the recently released ISO 26000 standard should be seen as an opportunity rather than a threat. It is therefore proposed that the forest products companies should thoroughly investigate the applicability of ISO 26000. Fostering knowledge on the characteristics of ISO 26000 guidelines is suggested because currently the sustainability managers seem to be relatively unfamiliar with the standard. The voluntary use of ISO 26000 should be emphasized, as well as the fact that the standard is not intended for certification. It is addressed that the misuse of ISO 26000, for instance false claims of certification, might undermine the credibility and the legitimacy of CSR instead of embracing it. This could have severe implications for ISO 26000 as a potential source of competitive advantage. Therefore, ISO 26000 should not be adopted by companies that have insufficient understanding of the actual purposes of the standard.

As a profound social change is evident and the societal expectations of the forest industry are likely to continue increasing, the social and environmental involvement of forest products companies should not be overlooked. The interviewees of this transatlantic study did not show signs of rejecting the strategic role of CSR or neglecting the vital role of business in society. On the contrary, the majority of the managers expressed distinctive dedication to sustainability and showed substantial knowledge and understanding on the subject matter. The unique experiences and perceptions that the sustainability managers described in the interviews provided a strong and valuable reminder of the long learning path that the companies have already taken regarding CSR. Despite the tremendous progress to date, there is still a long journey ahead. In order to navigate successfully in the interface of business and society, forest products companies must seek to improve their CSR practices on a continuous basis. Building the path of continuous improvements on a solid, yet flexible foundation of ISO 26000 is a thought-provoking, potential solution.

7. References

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Appendix 1. CSR-Forest Survey

CSR-Forest Survey for Company level

A: Environmental and social responsibility management and practices

The purpose of this section is to ascertain the practices related to corporate social responsibility and environmental performance of the company.

1) Is there an Environmental Manager in this company? If no, please continue from the question 4.

Yes No

2) What year did the first Environmental Manager start in this company?

3) Is the Environmental Manager part of the Executive Group?

Yes No

4) Which of the quality standards or reporting practices below are employed in this company?

- PEFC (Programme for the Endorsement of Forest Certification schemes)
- FSC (Forest Stewardship Council)
- EMAS (Eco-Management Audit Scheme)
- ISO 14001 (Standard concerning environmental management)
- ISO 26000 (Standard providing guidelines for social responsibility)
- SA8000 (Social Accountability standard)
- OHSAS 18001 (Occupational health and Safety standard)
- GRI (Global Reporting Initiative)
- Some other standard related to sustainability, environmental management or well-being at work?

5) Please indicate also the year in which the particular quality standard was introduced. If you have no record of the precise year, please indicate a three-year estimate.

PEFC (year of introduction) PEFC (an estimate of the year of introduction)

FSC (year) FSC (estimate)

EMAS (year) EMAS (estimate)

ISO 14001 (year) ISO 14001 (estimate)

ISO 26000 (year) ISO 26000 (estimate)

SA8000 (year) SA8000 (estimate)

OHSAS 18001 (year) OHSAS 18001 (estimate)

GRI (year) GRI (estimate)

Some other (year) Some other (estimate)

6) Has your company been noted in the following indices? If yes, please indicate the first year when your company was noted.

If you have no record of the year, please write "yes" on those indices your company has been noted.

Dow Jones sustainability index, since (year)

FTSE4Good index, since (year)

KLD Social index, since (year)

Climate Disclosure Leadership index, since (year)

7) Please answer the following questions about environmental performance of you company either Yes or No.

	Yes	No
Are the salaries of your company's top management tied to environmental performance?	<input type="checkbox"/>	<input type="checkbox"/>
Are the salaries of your company's employees tied to environmental performance?	<input type="checkbox"/>	<input type="checkbox"/>
Are the management or employee bonuses dependent on environmental performance?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a permanent work group in your company that prepares environmental policy?	<input type="checkbox"/>	<input type="checkbox"/>
Has you company's management received training in environmental issues in the past two years?	<input type="checkbox"/>	<input type="checkbox"/>
Has the company commissioned analyses about end-users' willingness-to-pay for environmentally friendly products?	<input type="checkbox"/>	<input type="checkbox"/>

8) Does your company prepare environmental or social responsibility reports?

If no, please continue from question 10.

Yes No

9) If your company prepares environmental or social responsibility reports...

The report(s) has/have been part of Financial statements since (year)

The report(s) has/have been prepared separately since (year)

10) Does your company have a corporate code of conduct?

If no, please move on to question 12.

Yes No

11) If your company have a corporate code of conduct...

this practice has existed since (year)

12)

Has some independent party awarded a prize to your company for environmental performance in the past three years?

If no, please go to question 14.

Yes No

13) If your company has been awarded by a prize for its environmental performance, which party awarded the prize?

The party was:

14)

Has your company been reprimanded by some environmental organisation in the past three years?

If no, please move on to question 16.

Yes No

15) If your company has been reprimanded by some environmental organisation, what was the forum?

The forum was:

16) How often is some independent party called to evaluate the environmental performance of the company?

- Never
 More than once a year
 Once a year
 Once every 2-4 years
 Once every 5 years
 Less than once every 5 years

17)

Please estimate how well the following statements describe the way of action in your company?

1=not at all; 5=very well; NA=not applicable

	1	2	3	4	5	na
We have managed to make our processes more effective, so that we consume energy and other resources as little as possible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We aim to that all our products can either be reused or recycled.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We reuse or sell most of the waste that is generated from production processes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We reuse or recycle most or all of the waste in all categories (office, material, and manufacturing wastes).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We aim to act in such way, that the comprehensive burden on environment of our products is as small as possible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We have minimized the transportation distances of raw material and products as well as the emission of transportation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Packing material is not used in our products, or its amount is minimized.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Packing materials are reusable or recyclable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The sustainability of a product, production process, and logistics is taken into account already at the planning/designing stage of a new product.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We invest heavily on alternative raw materials.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18)

Please estimate the following statements about environmental performance concerning your company.

1=completely disagree; 5=completely agree

	1	2	3	4	5
We closely monitor our competitors' environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental performance plays a central role in corporate strategy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The significance of environmental performance has become emphasized in corporate strategy in recent years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We quickly adopt our competitors' best environmental management practices.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are a pioneer in environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In our operations we try to do more than the level of environmental protection set by legislation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19)

Please estimate the following statements about the initiatives to improve environmental performance of your company.

1=completely disagree; 5=completely agree

	1	2	3	4	5
The management often takes initiatives to improve environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees often take initiatives to improve environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clients and suppliers often take initiatives to improve environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Citizen organizations or authorities often take initiatives to improve environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other stakeholders often take initiatives to improve environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B: Motives, incentives and barriers to promoting sustainability

The purpose of this section is to ascertain the factors that either promote or hinder the development of your company's social responsibility.

20) Is the timber in your company required to have forest certification (for example PEFC, FSC)?

If the answer is no, please go to the question 23.

Yes No

21) If the timber used in your company is required to have forest certification (for example PEFC, FSC), to what extent have the following factors influenced on the decision that the particular certification is demanded?

1=not at all; 5=greatly

	1	2	3	4	5
Control/legislation/orders of the authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholders, General Meeting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clients' wishes or calls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other stakeholders' wishes or calls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improving one's image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distinguishing oneself from competitors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strive for new markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing internal control	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some other factor, please specify below	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22) Please, use this space to specify or comment if needed.

23) If your company has implemented ISO 14001, please estimate, how important were each of the following reasons for your company's decision to implement ISO 14001?

1=not at all important; 5=very important

If your company has not implemented ISO 14001 please move on to next question

	1	2	3	4	5
Competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loss of market shares	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To improve the quality of processes and products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To improve productivity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To be perceived as market leader	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To improve the efficiency of operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To improve the customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholders' wishes or calls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wishes or demands of society	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24) What is your opinion about the following statements?

1=completely disagree; 5=completely agree

	1	2	3	4	5
We can achieve competitive advantage by improving our environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We have reached savings by paying attention to our environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Minimizing the damage for environment does not strain the economy of our company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The emphasis on environmental factors has deteriorated our company's possibilities to make profits.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We would lose our market share if our environmental performance were worse than our competitors'.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We cannot improve the profitability of our company by improving our environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25) To what extent do you believe that the following factors hinder sustainability in your industry?

1=not at all; 5=greatly

	1	2	3	4	5
Changing laws and practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequately defined property rights in some host countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legislators' indifference	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Protectionist (government) policy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainty about environment and climate obligations in future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reluctance of shareholders to invest in environmental protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unprofitability of environmental investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumers' reluctance to pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

26)

What is your opinion about the following statements about your industry?

1=completely disagree; 5=completely agree

	1	2	3	4	5
Environmental protection standards are central in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability standards are central in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Practices in our industry promote sustainability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental legislation is of central significance in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our industry aims at sustainability regardless of the country of operation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Anticipating the development of environmental legislation is difficult in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In environmental issues our industry is ahead other industries that rely heavily on natural resources.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27) What is your opinion about the following statements?

1=completely disagree; 5=completely agree

	1	2	3	4	5
Our environmental performance is first-class.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental investments are costly when considering their benefits.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no significantly better ecological technology available than currently employed by us.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The long life cycles of technologies slow down ecological development.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

28) The following statements concern end-users' willingness-to-pay for environmentally friendly products and their attitude toward your company's environmental performance. What is your opinion about the statements?

1=completely disagree; 5=completely agree

	1	2	3	4	5
In our main market areas end-users are willing to pay for eco-friendliness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
End-user's willingness-to-pay determines how much we produce certified products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
End-users' willingness-to-pay influences our decisions about investing in environmental protection.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Products that save the environment are on average more profitable than ordinary products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
End-users give us feedback about our environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We get ideas from end-users to improve our environmental performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C: Social responsibility in supply chain

The purpose of this section is to ascertain your company's stand to suppliers' social responsibility.

29) Which of the following practices or quality standards are required for your suppliers?

1=for no supplier; 2=for a minority; 3=for a majority; 4=for all the suppliers

	1	2	3	4
Strategy for corporate social responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate social responsibility reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PEFC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
FSC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EMAS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ISO 14001	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SA 8000	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
OHSAS 18001	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some other (please specify in the space below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

30) Please use this space to specify or comment:

31) How does your company monitor social responsibility in supply chain?

1=not at all; 5=always; NA=not applicable

	1	2	3	4	5	NA
We commission an assessment from an independent party.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We only use certified suppliers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A representative from our company has assessed the supplier's operating methods at the beginning of our relationship.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A representative from our company regularly assesses the supplier's operating methods.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We also try to be informed of our suppliers' sub-suppliers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D: Environmental investments

The purpose of this section is to ascertain the current state of environmental investment and the related R&D and their development prospects.

32) What percentage of investments in your environmental performance in the past three years has been due to legislation?

33) How do you perceive the following statements about environmental investments considering your company?

1=completely disagree; 5=completely agree

	1	2	3	4	5
We invest more in improving our environmental performance than the average in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental legislation obligates us to make greater investments in the environment than we would otherwise make.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our stakeholders' wishes are of greater significance in environmental investments than legislation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shareholders value environmental investments.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We try to anticipate the development of environmental legislation when making our investment decision.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The number of investment decisions to improve environmental performance has increased in our company in recent years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investing in better environmental performance will increase in the near future.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

34) To what extent are the technology or practices to improve environmental performance...

1=not at all; 5=greatly; NA=not applicable

	1	2	3	4	5	NA
...developed within the company?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...bought as consultancy services?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...copied from competitors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...copied from practices in other industries?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...developed in collaboration with competitors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...developed with the client or end-user?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...patented and sold on?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

35) Compared to your competitors on average how does your company perform according to...

1=not at all; 2=only a little; 3=some amount; 4=a lot; 5=greatly

	1	2	3	4	5
...the energy efficiency of manufacturing processes?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...environmental performance of raw material acquisition?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...carbon footprint in the production?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...environmental performance of logistics?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...environmental performance of other support functions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...emissions of hazardous substances to water?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...emissions of air pollutants?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...solid waste?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E: Social responsibility and influencing

The purpose of this section is to ascertain how social responsibility shows at you company's practices and ask you to name CSR trendsetter firms.

36) Please indicate, at what level the decisions related to the environmental performance and social responsibility of your company's mill's are mainly made.

	1	2	3	4	5	
Decisions related to the environmental performance of our company's mills are mainly made by the company's top management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Decisions about environmental performance are mainly made at individual mills.
Decisions about social responsibility are mainly made by the company's top management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Decisions about social responsibility are mainly made at individual mills.

37) Please estimate how well the following statements describe the situation in your company.

1=not at all; 5=very well

	1	2	3	4	5
Our company participates in activities which aim to protect and improve the quality of the natural environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company makes investments to create a better life for future generations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company implements special programs to minimize its negative impact on the natural environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company targets sustainable growth which considers future generations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company supports nongovernmental organizations working in problematic areas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company contributes to campaigns and projects that promote the well-being of the society.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company encourages its employees to participate in voluntarily activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company policies encourage the employees to develop their skills and careers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The management of our company is primarily concerned with employees' needs and wants.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company implements flexible policies to provide a good work & life balance for its employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The managerial decisions related with the employees are usually fair.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company supports employees who want to acquire additional education.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company respects consumer rights beyond the legal requirements.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company provides full and accurate information about its products to its customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer satisfaction is highly important for our company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company always pays its taxes on a regular and continuing basis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company complies with legal regulations completely and promptly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The strategy of the company incorporates environmental factors such as carbon emissions and global climate change.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are a pioneer in social responsibility issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We place more emphasis on social responsibility than in general in our industry.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

38) Name one to four companies from your industry and other industries which you see as trendsetters in corporate social responsibility.

In this industry

Other industries

F: Innovativeness and pro-activeness

The purpose of this next-to-last section is to describe the practices in your company in general.

39) Please estimate how well the following statements describes your company.

1=not at all; 5=very well

	1	2	3	4	5
We frequently try out new ideas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We seek out new ways to do things.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company is creative in its methods of operation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are often first to market with new products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation in our company is perceived as too risky and is resisted.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our new product introduction has increased over the last 5 years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In making strategic decisions, we respond to signals of opportunities quickly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whenever there is ambiguity in government regulation, we will move proactively to try to take a lead.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In making strategic decisions, we constantly seek to introduce new brands or new products in the market.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are always aggressive in promoting our products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We are willing to sacrifice short-term cash inflow for long term strategic goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

40) The following questions concern the years 2007-2009. Please answer either Yes or No concerning your company. (N.B. product=physical product or service)

If yes, please indicate which party was mainly responsible for developing the product or initiating the change:

- 1=our company
- 2=our company in collaboration with other companies or organisations
- 3=another company or organisation operating in our industry
- 4=company or organisation operating in some other industry

	1	2	3	4	No
Did you launch one or more new products?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you launch a product that was a considerable improvement over the previous one?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you implement a new or significantly changed corporate strategy?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you implement a new management method?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Was your organisational structure changed significantly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you implement a new or significantly different marketing method or strategy?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you implement a new or significantly different distribution channel?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you implement new or significantly different technological equipment or manufacturing method?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you renew your business processes significantly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Did you renew your production process significantly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

G: Respondent and office profile

41) What is your organizational position / occupational title?

42) When was the company established?

At year

43) How many employees the company have in 2010?

44) What is the company's main business area or areas?

45) What is the company's main product or products?

46) What is the company's primary market area or areas?

47) How satisfied are you with your company's current...

1=very poor; 10=excellent

	1	2	3	4	5	6	7	8	9	10
...market share?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...profitability?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...sales volume?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...turnover?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...imago?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

THANK YOU FOR YOUR CONTRIBUTION!

Please use the space below to write any comment concerning CSR at your company or this questionnaire!

Appendix 2. Questionnaire for Managerial Interviews

CSR-Forest Managerial Interviews - Managerial perceptions on corporate social responsibility

This study aims to investigate corporate social responsibility in the global forest industries, as an extension to a CSR-Forest Survey responded by your company. The objective of the study is to assess the practical managerial implications of corporate social responsibility guidelines in European and North American forest industries. The findings of this study will be used for compiling a Master's Thesis in Double Degree ATLANTIS-program. Your decision to be in this research is voluntary. You can stop at any time and you do not have to answer any questions you do not want to answer. Your participation in this research is confidential. The data will be stored and secured at the Department of Forest Sciences, University of Helsinki in a password protected file. In the event of any publication or presentation resulting from this research, no personally identifiable information will be disclosed. A summary of the findings will be provided for the respondent.

Please contact Aino Virtanen with questions, complaints or concerns about this research study.

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Questions for your interview:

Introduction:

1. Firstly, I would like to get an idea of your role in the company. How long have you been working in the company and how do you fit in the organizational structure?

Recognizing and implementing social responsibility:

2. What does it mean to be a socially responsible company?
3. Regarding social responsibility in your company, what steps or programs are you proud of? Please describe the best practices of operation and implementation by using 2-3 practical examples.
4. Based on your experience, is there something unique your company does with regard to social responsibility that other companies do not do?

Decision making and integration of social responsibility throughout the organization:

5. Please describe at what level of the company the decisions related to social responsibility are made, and explain how the decision making process works.
6. How does your company ensure that the decisions and actions related to social responsibility are integrated throughout the whole company?

Social responsibility guidelines and core subjects:

7. What kind of specific social responsibility standards or guidelines is your company currently using? Based on your experience, please describe the strengths and weaknesses of each of the used social responsibility standards.
8. Stakeholder engagement, human rights, labor practices, environmental issues, fair operating practices, consumer issues and community involvement are among the core elements of social responsibility. Which ones are currently the most important elements from the perspective of your company, and why?

9. Regarding the future of social responsibility in forest-based industry, what are the upcoming challenges and opportunities? Please describe the social responsibility elements you estimate will increase in importance.

Thank you for your time!

June 1st 2012

Background information:

Principal investigator Aino Virtanen is studying in a double-degree Master's program at the Michigan Technological University and at the University of Helsinki. Her Master's thesis project is coordinated by these two universities and by the CSR-Forest Collaboration, which is a four-year project financed by Academy of Finland.

Aino is fascinated by forests and by the variety of ecosystems, landscapes, livelihoods, people and products the forest-based industries contribute to. She is interested in sustainability challenges and opportunities, and wishes to learn more about interactions between business and society. Led by these interests, Aino's Master's thesis work focuses on the socially and environmentally responsible business practices of European and North American forest companies. She will interview managers across Atlantic in July and August 2012 and aims to graduate in Spring 2013.

I'm looking forward to hearing and learning from you!

Please contact me to schedule your phone interview.

Thank you for your valuable input to my study.

Sincerely,

Aino A. Virtanen

Forestry Student (Forest Products Marketing & Management)

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