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Abstract

Environmental responsibility has become a major part of companies' corporate social responsibility (CSR) functions and its' role has been growing especially during the past decade. Reasons for the development include public concern for the environment caused by global warming and other environmental threats. Due to the nature of its' operations, forest industry has been facing intense pressure for environmental responsibility and has been developing the business into a more sustainable direction. Thus, the purpose of the research is to study the environmental responsibility approaches of forest industry multinational enterprises (MNEs). The purpose is further divided into three sub-objectives:

- What is the role of environmental responsibility in the forest industry?
- What motives do forest industry MNEs have for environmental responsibility?
- What environmental strategies forest industry MNEs apply?

The research was conducted as a qualitative interview study by interviewing three environmental responsibility specialists from two forest industry MNEs, three environmental responsibility consultants and two local stakeholders on environmental issues related to forest industry in order to get a broad perspective on the current state of the topic. In addition to the interview data, secondary data sources were used to complement the data. The findings of the research suggest that environmental responsibility has a special role in the forest industry and a lot of attention is paid to certain issues, such as environmental reporting and material and energy efficiency. Forest industry companies have various motives for implementing environmental responsibility, including environmental values, stakeholder pressures, and hopes for increased performance, which can be simultaneous and lead to proactive or reactive environmental strategies.

The study indicates that even though environmental values have been gaining more foothold in corporate decision-making, stakeholder pressure is the most influential driver for environmental responsibility in the forest industry, followed by performance-driven motives emphasizing the importance of cost savings. In addition, the environmental responsibility strategies of forest industry MNEs seem to be combinations of reactive and proactive approaches, implying that some environmental issues are more proactively handled than others. Furthermore, sustainability communication is an important tool for proactive companies, whereas a reactive strategy does not put much effort into communication. Both stakeholder- and value-driven motives are driving forest industry MNEs towards proactive environmental actions, whereas the lack of stakeholder pressures and mere performance-driven motives can be associated with a more reactive approach.

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| Key words | Environmental responsibility, environmental responsibility motives, environmental strategies, sustainability communication, forest industry |
| Further information | |



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Tiivistelmä

Ympäristövastuusta on tullut tärkeä osa yritysvastuun kenttää ja sen rooli on kasvanut erityisesti viime vuosikymmenen aikana. Yleinen huolenaihe ilmastonmuutoksen ja muiden ympäristöuhkien seurauksista on vaikuttanut ympäristövastuun korostumiseen. Toimintansa luonteesta johtuen metsäteollisuus on kohdannut voimakasta painetta ympäristövastuun kehittämiseen, ja metsäyhtiöt ovatkin yleisesti pyrkineet kehittämään toimintaansa ympäristöystävällisempään suuntaan. Tämän tutkimuksen tavoite on tutkia monikansallisten metsäyhtiöiden tapoja toteuttaa ympäristövastuuta osana toimintaansa. Tutkimuksen tavoite on jaoteltu seuraaviin osatavoitteisiin:

- Mikä on ympäristövastuun rooli metsäteollisuudessa?
- Mitä motiiveja metsäyhtiöillä on ympäristövastuun toteuttamiselle?
- Millaisia ympäristövastuustrategioita metsäyhtiöt noudattavat?

Tutkimusta varten haastateltiin kolmea ympäristövastuun asiantuntijaa kahdesta suuresta metsäyhtiöstä, kolmea ympäristövastuukonsulttia ja kahta paikallista sidosryhmän edustajaa, jotta ympäristövastuun nykytilasta metsäteollisuudessa saataisiin mahdollisimman laaja ymmärrys. Haastatteluaineiston lisäksi tutkimuksessa käytettiin toissijaisia lähteitä aineiston täydentämiseksi. Tutkimuksen tulokset viittaavat siihen, että ympäristövastuulla on erityinen rooli metsäteollisuudessa ja tiettyihin teemoihin, kuten ympäristöraportointiin ja materiaali- sekä energiatehokkuuteen, kiinnitetään paljon huomiota. Ympäristövastuun toteuttamiselle metsäyhtiöillä on useita motiiveja, kuten ympäristöarvot, sidosryhmäpaine ja paremman suorituskyvyn tavoittelu. Motiivit voivat olla päällekkäisiä ja ne voivat johtaa proaktiivisiin tai reaktiivisiin ympäristöstrategioihin.

Tutkimus osoittaa, että vaikka ympäristöarvot ovat viime aikoina saaneet lisää jalansijaa yhtiöiden päätöksentekoprosessissa, sidosryhmäpaine on kuitenkin vaikuttavin ympäristövastuuseen kannustava tekijä. Toiseksi vaikuttavin tekijä liittyy taloudelliseen suorituskykyyn, kuten kustannussäästöihin. Lisäksi metsäyhtiöiden ympäristövastuustrategiat ovat usein yhdistelmiä reaktiivisista ja proaktiivisista lähestymistavoista, mikä viittaa siihen, että tiettyihin ympäristöasioihin suhtaudutaan proaktiivisemmin kuin toisiin. Proaktiivisille metsäyhtiöille myös vastuullisuusviestintä on merkittävä työkalu, kun taas reaktiivisemmin ympäristövastuuseen suhtautuvat yritykset eivät panosta vastuullisuusviestintään samalla mitalla. Proaktiiviseen ympäristövastuuseen ajavia tekijöitä ovat tutkimuksen mukaan sidosryhmäpaine ja ympäristöarvot, kun taas sidosryhmäpaineen puute ja yksin suorituskykyyn liittyvät motiivit viittaavat reaktiivisempaan ympäristövastuustrategiaan.

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| Asiasanat | Ympäristövastuu, ympäristövastuumotiivit, ympäristövastuustrategiat, ympäristöviestintä, metsäteollisuus |
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ENVIRONMENTALLY FRIENDLY FOREST INDUSTRY?

Motives and strategies for environmental responsibility

Master's Thesis
in International Business

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1 INTRODUCTION

Businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. (UN Global Compact, Principles 7–9)

1.1 Background of the study

Companies all around the world engage in business activities in a highly globalizing economy but are still widely lacking comprehensive international laws and standards causing situations, where some countries' laws may be founded on values held unethical by another nation. In addition to the legal challenges, human rights issues, poverty, inequity, labor standards especially in the developing countries, ethical market rules and environmental protection are just some examples of situations that form ethical dilemmas requiring thorough assessment of moral reasoning. (Kline 2005, 12–13.) Implementing corporate social responsibility (CSR) as a part of the company's corporate level strategies helps evaluating such issues and making morally right decisions.

Today, companies are evaluated based on not only the conventional financial objectives, but also several non-financial indicators that are closely related to corporate social responsibility (Sledge 2015, 171). Contemporary consumers demand for companies to carry out a higher degree of transparency and ethical consideration of all stakeholder groups, who have a significant impact on the company's success. For example, consumers' desire to buy from the company, employees' desire to work for the company, and the community's willingness to permit the company a license to operate. All of these stakeholder groups are increasingly aware of sustainability issues and demand companies to act responsibly toward the society and the environment. (Epstein 2008, 21–22.) In other words, stakeholders increasingly expect companies to address CSR-related issues proactively rather than reactively, which implies active engagement in improving the society's well-being through different initiatives, such as corporate volunteering, sponsorship or environmental projects supporting sustainable development.

The fundamental goal and basis of all CSR activities is global sustainability. The famous definition of sustainable development is offered by the Brundtland Commission (1987): "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*". Sustainability in this context should be seen as a social and environmental issue but also as sustainable capitalism. (Peng 2013, 203.) There are many ways to define CSR but one of the well-known definitions is offered

by International Organization for Standardization (ISO) in ISO 26000, its global comprehensive guidance standard for CSR: “[...]responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships” (ISO 2010). There are other more extensive definitions for CSR in the business literature, too. For instance, Visser (2011) has introduced the concept of CSR 2.0 as an upgraded version of traditional CSR to meet the increased sustainability demands and it really succeeds in describing the essence of CSR in the business world today. CSR 2.0 strives for making transformative positive changes in the society within its sphere of influence, and ideally includes the following responsibilities: value creation, good governance, societal contribution and environmental integrity. In addition to the financial profitability, value creation indicates economic development in a broader scale: investments in the infrastructure of the society, creation of jobs and beneficial products. Porter and Kramer (2011) bring out the same thought by introducing the concept of shared value creation which suggests that by creating social value companies will create economic value. Good governance refers to the importance of institutional effectiveness and transparency enabling CSR to be integrated successfully. Transparency can be achieved by using different reporting tools, social media, and public databases. Societal contribution covers the stakeholder orientation in areas such as fair labor practices and supply chain integrity. The fourth responsibility of CSR 2.0 is the demand for environmental integrity that aims at enhancing the building of a more sustainable ecosystem. (Visser 2011.)

Following in Elkington’s (1997) footsteps, all of the recent definitions for CSR share the fundamental principles of the so-called triple bottom line (or 3P): consideration of profit, planet and people. Traditionally, managers have been focusing on making economic profits as their main task, but the new challenge has been introduced, namely adapting the social and environmental aspects as a part of the company strategy. In this thesis, the 3P view on CSR is being used and special focus is on planet, i.e. environmental responsibility. Before turning the focus exclusively to the issues of environmental responsibility, the economic and social dimensions of CSR will be introduced briefly.

The economic dimension of CSR aims at increasing the standard of living globally by focusing on long-term profitability instead of short-term profit maximization. (Torugsa et al. 2012, 484–485.) This goal requires efficient economic capital management. The economic capital of a company is threefold and contains the following elements: financial capital (i.e. funds), tangible capital (i.e. properties and machines) and intangible capital (i.e. reputation and tacit knowledge). Economically sustainable companies should be able to manage all of these in order to meet the target of constantly having sufficient liquidity

and being able to provide their shareholders with profitable returns. (Dyllick & Hockerts 2002, 133.)

The social dimension of CSR concerns issues like employees' general well-being related to health, safety, and motivation. Companies adopting CSR activities strive to keep the employees motivated by providing training and development opportunities. (European Commission 2003, 5.) This refers to the human capital of a firm. Another dimension of the social capital is the societal capital, which refers to a society's infrastructure, education system and quality of public services. Socially sustainable companies should, therefore, make an effort to increase both the human and the societal capital of those societies within it operates. (Dyllick & Hockerts 2002, 134.) Nowadays, in addition to the traditional definition of social responsibility, human rights are seen as an important factor and gaining increased attention. According to the United Nations' principles, the main task for companies is to respect human rights in whatever they do. (Stohl & Stohl 2017.)

Environmental responsibility as a pillar of CSR has gained a lot of attention in this millennium especially due to the growing public concern for the environment and the urgency of combating climate change. Climate change is probably the main driving force behind the whole contemporary environmentalism and has affected why green values have become the new mainstream. Indeed, addressing climate change is one of the most significant ethical challenges businesses of today have to deal with. (Dahmann et al. 2017.) Because of the disastrous consequences the climate change is feared to bring, companies are more willing to be responsible and less harmful towards the environment (Chang 2015, 464). Other major global environmental threats closely linked to climate change, such as deforestation, water scarcity, species extinction and air pollution, are issues that have been raising a lot of public concern lately, making environmental sustainability a central issue for businesses alike (Malik & Singhal 2017). Kim, Park and Ryu (2017) agree with this view by stating that business leaders have faced growing public concern regarding their companies' overall sustainability issues and consequently, growing public demand for more proactive strategies for environmental responsibility. Indeed, in the 21st century, the emergence of green consumerism has been a significant driver towards responsible environmental strategies. Consumers are well informed and aware of the environmental effects of products and some are even willing to spend more on eco-friendly products to support environmental protection. (Buysse & Verbeke 2003, 459.) Thus, environmental responsibility as a company's long-term success factor has been increasingly receiving recognition, and environmental management is getting extremely important for companies (Chang 2015, 452).

Given this recent trend of environmentalism discussed above, there is a growing need for in-depth understanding of the environmental behavior of companies. While the past research indicates that environmental strategies have increasingly evolved from reactive

to more proactive ones, research on environmental responsibility motives, i.e. what pushes companies to go 'green', has remained less studied (Williamson et al. 2006; Uecker-Mercado & Walker 2012, 270). Some companies are driven by financial value creation and enhanced image, while others are facing extremely high external pressures including environmental regulations and pressures from non-governmental organizations (NGOs). Finally, a minority of companies are driven by corporate core values. (Maignan & Ralston 2002; Epstein 2008; Groza et al. 2011.) Due to the increased demand for sustainability, stakeholders have begun to press companies for information about their actions taken to respond to this challenge (Eleftheriadis & Anagnostopoulou 2017). This notion refers to the important role of sustainability communications as a part of an environmental responsibility strategy implementation. These features combined with the forest industry context form the purpose of this thesis, which will be described next in more detail.

1.2 Purpose of the study

Even though environmental responsibility is an important part of business operations in all industries, this study will focus on environmental responsibility in the forest industry. Due to the highly natural resource-intensive nature of forest industry, environmental responsibility issues play an exceptionally big role among forest industry operators and it could be said that forest MNEs generally put a lot of effort to managing their environmental issues. The intensified pressures for environmental issues caused by the growing public interest in sustainability have been noticed in the forest industry already a while ago (Toppinen & Korhonen-Kurki 2013). In fact, pressures for environmental responsibility are among the highest of all in the forest industry due to the nature of its operations. (Bowyer 2008, 7.)

Recently, the topic of sustainable forestry has gained a lot of public attention. For instance, the World Wildlife Fund (WWF) (2016) has pleaded that the topic of forest protection in Finland is urgent. According to WWF, two thirds of our forest biotopes are endangered and in addition to that, more than a third of our endangered species live primarily in forests. The concept of forest industry's environmental responsibility has gained a lot of attention globally, too. One current example are the recent debates on forest loggings and the effects on forests as carbon sinks, referred to as the LULUCF policy. The LULUCF policy as a part of bigger global and national debates on climate policy has placed sustainable forest management to the center of public attention and environmentalists' criticism. (Yle.fi 2017.) According to the United Nations' Glossary of climate change acronyms and terms, LULUCF is defined as "*a greenhouse gas inventory sector that covers emissions and removals of greenhouse gases resulting from direct human-*

induced land use, land-use change and forestry activities” (United Nations Framework Convention on Climate Change). The idea behind the LULUCF policy is gradually to serve as a tool for the EU’s target to cut greenhouse gas emissions by 40 percent by 2030 as a part of the Paris climate agreement in 2015. With the LULUCF policy the European Commission intends to establish a new process for monitoring the calculation of emissions and removals originating from agriculture and forestry of its Member States. (European Commission...b) In December 2017, the agreement on the LULUCF regulation was reached, granting Finland with privileges to increased forest loggings in recognition of the country's special circumstances in the sector (European Council 2017).

Furthermore, there has also been public discussions about the lack of innovations in the forest industry. Big multinational forest industry operators seem to invest relatively small amounts of money in transformative new innovations and rely greatly on the traditional ways of utilizing forests as raw material (Kauppalehti 10.11.2017). Even though there is a lot of hype surrounding the concept of bioeconomy and some forest companies are turning their traditional pulp mills into producing dissolving pulp used for textile fibres (Kauppalehti 9.7.2018), still the majority of the Finnish forest industry mills are far from true bioproduct mills, meaning that new innovations are needed in order to convert wood into something completely new (Kauppalehti 16.4.2018).

These observations, among others, make the forest industry a particularly interesting research context for environmental responsibility actions. In the light of this information, there seems to be a research gap in studying the current state of forest industry’s environmental responsibility approaches and whether their strategies are really as proactive as they give to understand, and whether they are driven by the trending environmental values or rather by external pressures or increased profits. Thus, the main objective of the research is to *study the environmental responsibility approaches of forest industry multinational enterprises (MNEs)*. To meet this objective, three sub-objectives are to be studied:

- What is the role of environmental responsibility in the forest industry?
- What motives do forest industry MNEs have for environmental responsibility?
- What environmental strategies forest industry MNEs apply?

The study is conducted in the context of forest industry multinational enterprises operating in Finland and the conceptual framework of the study is based on the broader theoretical concepts of CSR as a phenomenon, CSR motives and CSR strategies. These theories are used in this study as a baseline, but the focus is on environmental perspectives including environmental responsibility in the 3P context, environmental responsibility motives and environmental strategies, as displayed in Figure 1 on the next page.

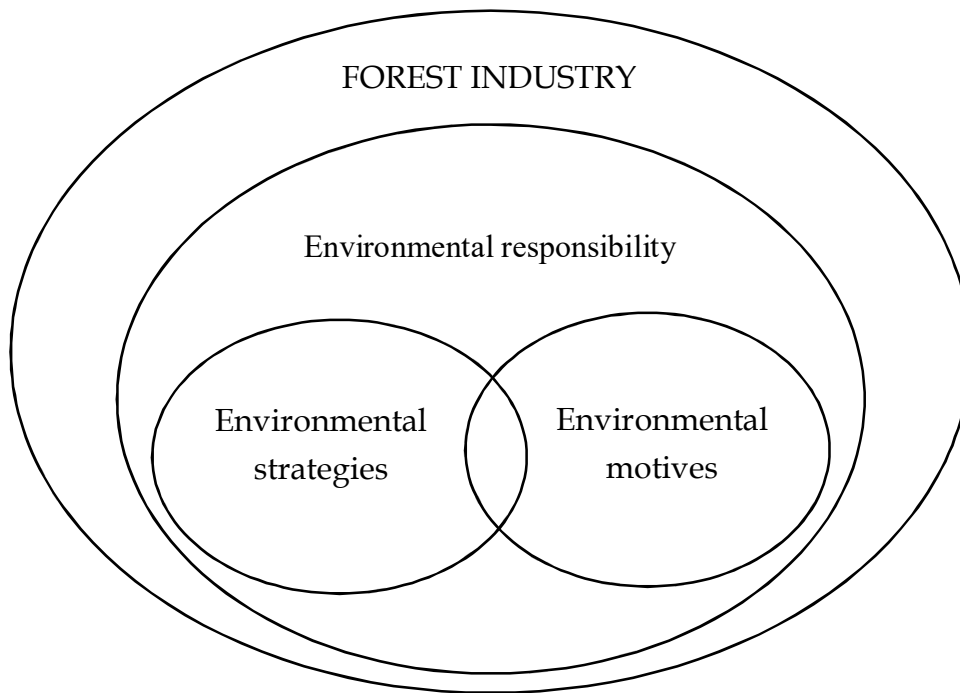


Figure 1 Conceptual framework of the thesis

Based on the information provided by this research, forest industry managers are hopefully able to review their own environmental responsibility motives and strategies from a new perspective and also understand the effects their choices have on stakeholder perceptions.

After the introduction to the study covered in this chapter, the study proceeds by presenting the theoretical framework of the research in the next chapter. The theory chapter 2 will discuss corporate motives and environmental responsibility strategies from different perspectives. After that, chapter 3 will explain and validate the methodological choices made for conducting this research. In chapter 4 the results of this study will be analyzed before moving on to the final actual chapter 5, which will provide conclusions based on the theoretical background and empirical data collected for this study.

2 THEORETICAL FRAMEWORK

CSR in general is a field that has been largely studied due to the emergence of global concerns about social and environmental responsibility-related issues discussed in the previous chapter. For instance, the academic literature on CSR activities' effects on companies and its different stakeholders is extensive. The various effects of CSR initiatives have been identified on a company-level, but also affecting consumers, employees, society and the environment. In the past research on CSR effects on companies there are two outcomes that come up repeatedly, namely increased financial performance and company image promotion. There is a lot of research suggesting that companies investing in CSR also do better financially, especially in the long run (see e.g. Lee 2008; Fang et al. 2010; Torugsa et al. 2012; Sledge 2015). The positive effect of CSR initiatives on company image has been pointed out by many academic researchers as well (see e.g. Yoon et al. 2006; Marín et al. 2016). Enhanced image is gained through increasingly positive stakeholder attitudes towards the company. These attitudes result from the CSR efforts that aim at signaling a responsible, stakeholder satisfying image of the company (Marín et al. 2016, 248). Such observations on major stakeholder and company effects highlight the strategic importance of CSR and support the need for studying CSR-related issues, including motives and strategies, further.

Given the recent trend of environmentalism, environmental responsibility has started to gain more foothold in the management literature as an independent discipline, standing out from the general studies of CSR (Uecker-Mercado & Walker 2012, 281). For instance, the effect of environmental responsibility as a distinctive factor on financial performance has been largely studied, and a positive relation has been identified (e.g. Friede et al. 2015). However, the availability of academic literature on CSR as a larger-scale phenomenon is still far more extensive compared to the availability of literature on environmental responsibility exclusively. For this reason, the theories used in this thesis originally cover all aspects of CSR, not only the environmental dimension. However, the examples and the empirical part of this thesis focus specifically on environmental issues.

The structure of this chapter is the following: first, past research on corporate responsibility motives and the effects of these motives will be reviewed. Second, the typical classification of CSR strategies will be shortly discussed with an in-depth focus on reactive and proactive environmental strategies, and the role of CSR communication as a tool for implementing environmental strategies will be presented. Finally, a synthesis of the theoretical framework will be provided to put all concepts together in a clear and comprehensible way.

2.1 Corporate motives for environmental responsibility

Attribution theory (Jones & Davis 1965) and persuasion knowledge model (Friestad & Wright 1994) are often used as groundwork for the argument stating that stakeholders try to understand the corporate motives underlying a company's actions and communication (see Becker-Olsen et al. 2006, 47; Groza et al. 2011, 641). In CSR context the attribution theory suggests that favorable attitudes towards a corporate activity are dependent on certain associations stakeholders make regarding the underlying responsibility motives (Ellen et al. 2006). Developing the attribution theory further, the persuasion knowledge model (PKM) indicates that communicating CSR activities is a persuasion attempt targeted by firms to stakeholders. If the stakeholders question the firms' motives behind the persuasion attempt, they will elicit more persuasion knowledge, that is, they are likely to become more skeptical about the firms' persuasive attempts. (Friestad & Wright 1994.) These theories will be serving as a background for evaluating the corporate motives underlying the activities related to CSR and more specifically, environmental responsibility.

Consideration of the underlying motives helps to understand the various effects of environmental responsibility activities on companies and many of its stakeholders, including consumers, employees, NGOs, the media etc. The motives act as a deciding factor in stakeholders' evaluation process as, like suggested by the moral philosophy theories, sometimes they may care even more about *why* companies engage in certain activities and less about the actual effects (see Ellen et al. 2006, 148). Research has shown that often the reason to 'go green' is to have compliance with environmental regulations (Dangelico & Pujari 2010), but other drivers ought to be considered as well. The quest for sustainability can result from the top management's core values or from the recognition that sustainability can increase corporate performance. Sometimes environmentally friendly policies can be implemented because of marketplace demands, competitors' actions, or pressures from NGOs. (Epstein 2008, 20.)

Hence, there can be many different, yet concurrent, motives for organizations to engage in environmental responsibility. Several models have been presented for categorizing these corporate responsibility motives. For example, Swanson (1995) suggests three primary options for a company's CSR motives: economic, positive duty and negative duty. Economic motives feature performance-related goals of a firm, such as revenue and return on investment (ROI), whereas duty-related motives emphasize the moral duties towards the society. Positive duty holds that companies engage in CSR to help others while negative duty takes CSR for a compelling function dictated by stakeholder demands. Drawing from Swanson's work, Maignan and Ralston (2002) present another identification of the corporate motives for CSR by dividing them into performance-driven, value-driven and stakeholder-driven. Ellen, Mohr and Webb (2006) use nearly the same framework as Maignan and Ralston above by identifying four different motives

behind CSR activities: value-driven, strategy-driven, stakeholder-driven and egoistic motives. They also present the distinction between self- and other-centered motives. Value-driven and stakeholder-driven motives can be seen as other-centered while strategic and egoistic motives count among the self-centered motives.

Following this dichotomy, Karaosmanoglu et al. (2016) find that corporate motives for CSR have ultimately two distinctive features and make a more general distinction by dividing them into economic (firm-serving) and social (public-serving) ones. Similar classifications with slight differences in terminology have been presented by other researchers who have divided the motives into extrinsic vs. intrinsic motives (Graafland & Van der Duijn Schouten 2012), instrumental vs. authentic motives (Fryzel & Seppala 2016), other- vs. profit-centered (Becker-Olsen et al. 2006), benevolent vs. self-interested motives (Chernev & Blair 2015), and sincere vs. insincere motives (Yoon et al. 2006).

In this thesis, corporate motives for CSR engagement will be divided into performance-driven, stakeholder-driven and value-driven motives, a model that has been presented by Maignan and Ralston (2002) and applied later by Groza, Pronschinske and Walker (2011).

2.1.1 Stakeholder-driven motives

The stakeholder-driven CSR motives originate from the stakeholder theory, or stakeholder approach, as it is often cited in the academic literature. The stakeholder approach became familiar in the business literature first in the 1960s but remained a scattered concept until Freeman published his seminal work on stakeholder management in 1984. Freeman (1984, 48) introduced an alternative concept to challenge the traditional, dominating shareholder-oriented approach of a firm by stating that “the stakeholder approach is about groups and individuals who can affect the organization, and is about managerial behavior taken in response to those groups and individuals”. According to this approach companies are involved in social relations with a wide range of different groups and individuals, not just their shareholders. Thus, the stakeholder approach places the management of the relationships between the company and all of its stakeholders in the middle of attention. These groups and individuals can be divided into primary and secondary stakeholder groups. One of the classifications suggests that the primary stakeholders of a firm consists of shareholders, employees, customers, and suppliers, who have a formal relationship with the company, whereas secondary stakeholders include groups such as industry rivals, international agreements, NGOs, and the media, who do not have formal transactions with the company (Buisse & Verbeke 2003, 461).

The above-listed stakeholder groups of a firm can be considered a part of the public. Thus, environmental responsibility motivated by stakeholder-driven motives could be essentially seen as serving the greater good of the society. However, the problem resides in the often-conflicting interests of different stakeholder groups, such as shareholders, customers, employees, and environmental organizations. All of the different stakeholder groups create pressures for businesses to serve their own interest and so firms can end up serving only a part of the public and not the common well-being of the society. In his work Clarkson (1995) supports this view by indicating that companies are liable for their actions especially towards primary stakeholders rather than the society in general, because companies are highly dependent on the actions of primary stakeholders.

Thus, firms' interest in stakeholder demands derives initially from the resource dependence theory. It suggests that companies are highly dependent on several stakeholders who can provide the firm with vital resources enabling its continuous operations. Therefore, for companies to survive, they must identify the primary stakeholders and form strategies to meet their demands. (Jawahar & McLaughlin 2001.) That is to say, initiating CSR out of stakeholder-driven motives, such as shareholder demands for increased performance through sustainability, or environmental organizations' demands for greener business operations, place companies to a position where they must choose which stakeholder groups to please, for these demands do not always go hand in hand. Consistently, it has been argued that the extent to which a company is expected to engage in CSR varies greatly depending on different stakeholder groups.

Different scenarios of stakeholder-driven responsibility motives include government regulation, marketplace demands, competitors' actions, or pressures from NGOs (Epstein 2008, 20). Additionally, companies usually react to these external pressures because they feel like their customers expect it, the society in general expects it, or that their other stakeholders expect it (Groza et al. 2011, 650). Swanson's (1995) above-mentioned theory of negative duty supports the significance of stakeholder-driven motives by implying that companies are forced to engage in CSR in order to meet the stakeholder demands. Accordingly, Epstein (2008, 20) has stated that often the motive for corporate environmental and social responsibility are stakeholder pressures. The same conclusion has been reached by Lee (2011) who claims that companies formulate their CSR strategies based on how they perceive and interpret the influence of external pressures, i.e. the pressures caused by stakeholders and institutions.

2.1.2 Performance-driven motives

Performance-driven motives are closely linked to the concept of agency theory, often referred to by Milton Friedman's (1970) famous statement that a company's only social

responsibility is to increase its profits, that is to make money for its owners, which represents an opposite view of the stakeholder theory discussed in the previous chapter. Thus, performance-driven motives for corporate responsibility point to the economic interests of a company and are closely related to a company's strategic goals. Ellen et al. (2006, 152) describe the performance-driven motives as typical business motives including getting more sales and increasing profits, as well as getting and keeping more customers (Groza et al. 2011,650). Strategic interest lies behind CSR activities when firms aim at increasing sales and profitability by using their power to influence the stakeholder values and beliefs and even create new ones that favor the company's interests. In other words, through CSR activities firms seek to create values and needs and improve performance by satisfying those needs. (Fang et al.2010, 122–127.) In addition to the direct financial goals, performance-driven motives focus on harm mitigation and promoting the company image by careful planning to prevent any negative information related to the company's responsibility actions and ethicalness from going public. (Groza et al. 2011, 640–641.) This notion gets support from the study by Yoon, Gürhan-Canli and Schwarz (2006), who present that companies' motives to engage in CSR always include strategic performance-driven image promotion, so performance-driven motives can be seen as central to all CSR-related activities including environmental responsibility.

Typically, it is presumed that companies are mainly motivated to engage in CSR by these economic motives because of the positive correlation found between corporate responsibility and increased financial performance (Lee 2008; Sledge 2015). In regard to the specific context of environmental responsibility of this thesis, a positive and direct relationship has also been found between the adoption of environmental responsibility initiatives and the company's competitiveness (Gimenez Leal et al. 2003). Also, Arevalo et al.'s (2013) study on companies' motives to adopt the UN's Global Compact principles as a part of their responsibility activities supports this view by showing that increased profits and image promoting are still among the most important ones.

However, even though it has been acknowledged that there is always some degree of firm-favoring performance-driven motives behind corporate responsibility activities, performance-driven motives can also include egoistic features indicating that some companies might engage in corporate responsibility for highly egoistic reasons in mind. Egoistic motives can be characterized as more like exploiting the cause rather than helping it. Such motives are in question when firms blatantly take advantage of a non-profit campaign by pocketing donations or otherwise engage in questionable activities such as greenwashing. (Ellen et al. 2006, 150.)

2.1.3 *Value-driven motives*

Furthermore, there are value-driven motives driving companies to engage in environmentally and socially responsible behavior. These motives are mainly concerned with the environmental and social issues of increasing environmental and public welfare. Value-driven motives are commonly related to sincere benevolence and concern for the well-being of the society and the surrounding environment. (Karaosmanoglu et al. 2016, 4163.) In their study on CSR motives Graafland and Mazereeuw-van der Duijn Schouten (2012) make a distinction between moral duty and altruism, which both refer to value-based motives. Companies engage in CSR out of moral duty when they feel like they are obliged to do so because it is the right thing to do, whereas altruism is the driving force behind CSR when companies enjoy helping others and the environment and feel that it is important. Companies that engage in corporate responsibility for value-driven motives have a long-term interest in society and are trying to give something back to the community (Groza et al. 2011, 650). This view is also supported by Swanson's (1995) above-mentioned theory of positive duty, which holds that CSR initiatives are fundamentally designed to help others. Hence, benevolent values that aim at creating common good are in the core of value-driven CSR motives.

Corporate – and fundamentally individual – values lie behind every business decision. Therefore, the ethical dimension of CSR focuses on the choice of values, as every decision ultimately is a choice between sometimes contradictory values. These corporate core values can be expressed in the company's code of conduct (or code of ethics or value statement or similar) that serves as an ethical guideline in making those decisions. (Laczniak & Murphy 2006, 164–165.) Executing a CSR strategy driven by a company's ethical values can be considered the most public-serving and morally justifiable way of engaging in corporate responsibility. Value-driven motives refer to the company's sincere goodwill and belief that CSR is the right thing to do. When motivated by a company's core values, such as the responsibility to enhance global sustainability and to combat global warming, CSR activities will be viewed as authentic and sincere (Fryzel & Seppala 2016, 312).

Especially in small and medium-sized enterprises, but also in larger companies, the personal values and beliefs of managers and employees play a significant role in how the company approaches its social and environmental responsibilities. Usually, CEOs tend to establish the ethical norms and values for companies, but middle managers have an important role in acting as change agents for corporate responsibility. In this position they have the possibility to express their own ethical values in day-to-day managerial tasks. These personal and sincere values can reflect moral philosophy principles, religious principles or plain altruism. (Graafland & Mazereeuw-van der Duijn Schouten 2012, 380–381.) These values, like the perception of justice, the Golden Rule, environmentalism or the willingness to help others are seen as altruistic motives for engaging in CSR activities,

since they do not fundamentally seek the firms' self-interests, but try to contribute to the creation of greater common good, that is, global sustainability.

2.2 Effects of perceived environmental responsibility motives

CSR activities, which refer to primarily environmental initiatives in this study, have been proved to create firm-favoring responses among consumers and other stakeholders (Becker-Olsen et al. 2006; Wagner et al. 2009; Groza et al. 2011). The positive relation between environmental responsibility practices and financial performance has also been identified in previous studies (Friede et al. 2015). Moreover, there is also a link between sincere CSR activities and employee satisfaction, leading to affective attachment to the company (Fryzel & Seppala 2016). Yet the effectiveness of these activities depends on how stakeholders perceive a company's motives to engage in responsibility activities. The perceived motives will, in turn, have a considerable impact on how the stakeholders eventually respond to those activities. That is to say, the firm-favoring responses to CSR will eventually depend to a great extent on the underlying motives. (Ellen et al. 2006.)

A commonly used way to analyze the influence of perceived corporate motives for CSR in general and in the context of the thesis, environmental responsibility, is to focus on the ethical aspects of these motives and the perceived sincerity (Yoon et al. 2006), pointing to the difference between a company's economic self-interest and its public-serving sense of responsibility. This contradiction is the reason why stakeholders (e.g. consumers and employees) have begun to challenge the firms' motives for CSR in the first place. Differences between the effects of performance-driven, stakeholder-driven and value-driven motives on stakeholder perceptions can be found.

Value-driven motives that are based on altruism and sincerity are considered the most ethical ones and are thus more easily accepted than egoistic and insincere motives which in turn can be perceived as unethical. For that reason, stakeholders usually respond more positively to CSR initiated by value-driven motives than by performance-driven motives (Chernev & Blair 2015; Karaosmanoglu et al. 2016) or mere stakeholder pressure (Groza et al. 2011). Performance-driven motives are instead driven by corporate self-interest and labelled by their egoistic nature, whereas stakeholder-driven motives are affected by external pressure (Ellen et al. 2006), both raising stakeholder doubts about the sincerity of the CSR cause and thus likely resulting in less favorable stakeholder perceptions (Karaosmanoglu et al. 2016, 4163). This proposition is supported by Vlachos et al. (2009) as they found in their study on CSR motives that stakeholder- and performance-driven motives have a negative effect on several consumer behaviors, such as customer loyalty.

In many situations the influence of different motives on stakeholder perceptions is not as simple as the above-stated after all. Interestingly, even though strategic motives are

basically performance-driven with economic goals, Ellen et al. (2006) found that strategic motives for CSR are generally more accepted than CSR motivated by stakeholder pressure or highly egoistic intentions, thus resulting in more favorable stakeholder attitudes towards the company. They justify this with the notion that stakeholders seem to largely accept that the core strategic goal of a company is to get new customers and maintain the existing ones. Consistently, Yoon et al. (2006, 379) state in their research that CSR activity always includes firm-serving image promotion and that this is a fact accepted by most stakeholders, which could explain stakeholder reactions to strategic motives, too. This view, however, is somewhat inconsistent with the research that divides the motives only between performance- and value-driven ones, suggesting that performance-driven motives cause a higher degree of consumer doubt and thus inflict negative consumer perceptions compared to value-driven motives (see e.g. Karaosmanoglu et al. 2016, 4163). The inconsistency between the results is probably the result of different degree of motive classification. When motives are divided only into performance- and value-driven, the possibilities to evaluate different stakeholder responses is limited, whereas if motives are divided into smaller subcategories (e.g. strategic and stakeholder-driven) the possibilities will grow.

It is also noteworthy to point out that a company can act on a combination of all above discussed motives. Consumers mainly accept that in executing their CSR strategy companies act on a combination of value-, performance- and stakeholder-driven motives (Maignan & Ralston 2002, 511; Ellen et al. 2006, 154; Karaosmanoglu et al. 2016, 4163). It has been even suggested, that stakeholders respond most positively to CSR initiatives when they were driven by both performance- and value-related motives, excluding stakeholder-driven motives. (Ellen et al. 2006.) This in turn backs the conclusion reached by Kim and Lee (2012), who assert that socially engaged consumers will respond positively even to performance-driven motives as long as they perceive that the company is at the same time sincerely involved in value-driven public-serving causes.

The negative stakeholder perceptions resulting from stakeholder- and performance-driven motives and positive perceptions caused by value-driven motives will indirectly influence the effects of CSR activities. For example, Yoon et al. 2006 have studied consumer responses to perceived responsibility motives. They found that if consumers attribute stakeholder-driven or egoistic, performance-driven motives to a company's CSR activity such as an environmental project, it is likely to generate negative consumer attitudes, which will not lead to desired consumer behaviors and through that to financial returns or increased corporate image. Quite the contrary, if consumers observe stakeholder- or performance-driven motives that they view as insincere, even the best environmental campaigns can cause a backfire effect and harm the company image. Value-driven motives underlying environmental strategies establish positive consumer perceptions which will in turn lead to beneficial consumer behaviors that can influence the company's

bottom line and image positively. The above presented causality of motives and effects applies also to the relationship between employees and the company's performance, implying that positively evaluated motives lead to positive employee attitudes and behaviors which may lead to increased company performance, and vice versa (Fryzel & Seppala 2016).

2.3 CSR and the environmental strategy

Companies are increasingly engaged in environmental and social responsibility as a part of their daily business operations. As discussed in the previous chapter, the reasons for companies to engage in CSR are diverse and include first of all legal compliance, but also many stakeholder-driven, performance-driven and value-driven motives. Because of the growing popularity of CSR-related behavior, companies must think about how to manage their sustainability work. The first step to manage sustainability is to develop a CSR strategy. (Epstein 2008, 20, 64.) In the management literature on CSR there are many suggested ways to divide CSR strategies. One of the widely known categorizations with slight differences in terminology depending on the source, identifies four types of strategies: reactive, defensive, accommodative and proactive strategies of CSR (Carroll 1979; Fang et al. 2010; Peng 2013).

In short, a reactive CSR strategy refers to a passive approach to CSR, initiating CSR activities only after an ethical problem considering the company's operations has been revealed. (Groza et al. 2011, 641). A defensive CSR strategy focuses on anticipating the alleged changes in the demands of its stakeholders and strives to gain first-mover advantages as a result (Fang et al. 2010, 126). Companies choosing a defensive strategy will act in compliance of the regulations in order to protect their own interests and thus mostly rejecting the ethical aspects, whereas firms adopting an accommodative CSR strategy admit social and ethical responsibility and do all that is required to meet both social and regulatory demands of the stakeholders but still show little initiative for voluntarily engaging in CSR activities for the greater good (Ganescu 2012, 93; Peng 2013, 207). Lastly, companies executing a proactive CSR strategy are willing to do more than is required by their stakeholders and use CSR as a means of differentiation by building the whole corporate image around it. (Peng 2013, 208.)

Reactive and proactive strategies form the opposite end-points of the continuum and are often cited as contradictory views on the subject (see e.g. Groza et al. 2011; Chang 2015). The literature on comparing proactive and reactive strategies is also richer than the comparison of multiple responsibility strategies. Because of this and in order to make the division of these strategies more simplified and to find clearer characteristics from the

empirical part of this study, only reactive and proactive strategies will be compared. However, it should be mentioned that environmental strategies might also include features of both reactive and proactive approaches, as companies may have an excellent performance as regards one environmental issue and a poor performance as regards another (Lankoski 2006, 33).

Furthermore, closely related to the implementation of reactive and proactive strategies, CSR communication will be also shortly discussed as a part of this chapter. Communication is a practical tool signaling the chosen strategy to the outside, and thus it cannot be overlooked when discussing the different aspects of environmental strategies.

2.3.1 A reactive strategy

In business literature, a reactive CSR strategy has slightly differing definitions. Some sources (e.g. Carroll 1979; Lee 2011) describe a reactive strategy as practically obstructionist by completely ignoring or fighting any level of corporate responsibility, whereas other sources (e.g. Ganescu 2012; Chang 2015) find that while based on compliance and efficiency, reactive strategies pay some attention to environmental issues, too, and do not completely ignore them. The latter approach will be followed in this study.

A reactive CSR strategy refers to passively complying with the country's laws and regulations, which are viewed as mere institutional constraints rather than as a way to improve business operations into a more sustainable direction (Buysse & Verbeke 2003, 460). A reactive attitude towards environmental responsibility manifests itself as merely complying with environmental regulations and permit limits, adapting to stakeholder demands, or responding to the changing environment and challenges created by competitors. (Chang 2015, 455.) In today's business, the adaption to stakeholder demands and responding to competitors' challenges refer to the increased demand for sustainability and the fact that companies are competing with each other for who is the greenest. Typical characteristics of a reactive environmental strategy also include no or only a little support from the top management, no or minimalistic environmental reporting, no or only a little employee involvement and training on environmental matters (Henriques & Sadorsky 1999, 88). Additionally, a reactive CSR strategy is usually adopted by companies who engage in environmental responsibility only after their company image is at risk due to negative sustainability-related information being reported. (Groza et al. 2011, 641; Peng 2013, 206). Hence, such companies will not develop environmental strategies to proactively manage their sustainability but adopt environmental strategies only out of necessity to protect their company image or to comply with the stakeholder pressures and environmental regulations.

Several existing studies have also addressed the connection between CSR strategies and innovation. For instance, the study of Bocquet, Le Bas, Mothe and Poussing (2013) reveals that a reactive CSR strategy can affect the company's innovativeness negatively. Their study suggests that reactive companies face barriers, especially to process innovation, as CSR is not embedded in the corporate strategies and throughout the organization. They find that in reactive companies, innovation is mainly driven by cost savings because CSR as a cause is lacking intrinsic motivation. Similarly, Buysse and Verbeke (2003, 454, 460) present in their study on environmental strategies that companies with a reactive environmental strategy usually commit only limited resources to solving environmental problems in their product and manufacturing processes. Such companies usually opt for investing in the so-called end-of-pipe technologies (i.e. methods used to remove already formed pollutants from a stream of air, water, waste, or product) to adhere to environmental regulations, instead of investing in technologies that aim at solving environmental problems of the process to decrease the forming of pollutants in the first place. One obvious problem with this approach for the company itself is that with the constantly changing environmental regulations, end-of-pipe technologies must be continuously adjusted to meet the current regulation, which in the long run can become very expensive.

The approach towards stakeholder management is also a topic that has gained attention in the research on different CSR strategies. It has been discovered that reactively responding companies are also likely to devote less resources to managing stakeholder relationships (Buysse & Verbeke 2003). Lee (2011, 288–289) supports this view by proposing that in the absence of stakeholder support or institutional pressures, companies are likely to choose a reactive CSR strategy. He states that without stakeholder or institutional support, voluntary environmental initiatives could even entail a competitive disadvantage for companies, because environmental responsibility investments are usually costly. It is logical that without sufficient stakeholder support such investments do not necessarily bring additional value for the company. Companies with a reactive CSR strategy are also more likely to perceive the role of secondary stakeholder groups (such as industry rivals, international agreements, environmental organizations, and the media) less relevant for their business, and might feel like their primary stakeholders' (employees, shareholders, customers and, suppliers) responses to poor environmental management does not pose a threat. (Buysse & Verbeke 2003, 461.) Henriques and Sadorsky (1999) partly agree with the above in their study on the relationship between environmental commitment and perceived stakeholder importance. Their results also support the finding that for reactive companies, the relative importance of different stakeholder groups is lower than for more proactive companies. However, they identify a larger number of stakeholder groups and suggest that for reactive companies, the media is actually the most influential stakeholder group affecting the environmental commitment. This finding is in line with the above-mentioned observation from Groza et al. (2011) and Peng (2013) that reactive companies

engage in environmental responsibility only after negative information has been reported in public, implying that the media is a strong driving force for reactive companies.

In short, for reactive companies, environmental management is not seen as a priority (Buysse & Verbeke 2003, 460). However, Werther Jr. and Chandler (2005) wondered already in 2005 if big international companies really have the option to choose between reactive and proactive strategies anymore because of the explosive nature of today's media. Epstein (2008, 12) follows the same idea by stating that it is not a question of "whether" but "how" to integrate sustainable practices as a part of the company operations. Thus, the reaction might be too late if the company image is already damaged. To strategically manage a responsible corporate image, companies can adopt a proactive CSR strategy. The characteristics of a proactive CSR strategy with the special focus on environmental responsibility aspects will be discussed next.

2.3.2 *A proactive strategy*

Handling CSR-related issues proactively rather than reactively and really investing in the function is the trend of today, the so-called age of responsibility. As already mentioned in the introduction of this thesis, stakeholders increasingly call for a proactive approach to CSR issues as a result of the growing demand for transparency and fairness in today's business (Epstein 2008). Because of this trend, the management literature on proactive CSR strategies is rich compared to reactive strategies, which are often merely shortly described as the opposite of proactive strategies.

In short, proactive CSR can be defined as a corporate strategy to proactively exceed a country's laws and regulations to support economic, social and environmental development and sustainability (Chang 2015, 455). Proactive CSR strategies focus on long-term interest in society and the environment (Groza et al. 2011, 650). Proactive CSR with regard to environmental aspects aims at economical sustainability, which indicates that the use of natural resources should not exceed the nature's ability for reproduction. It also indicates that the causing of emissions should not exceed the nature's ability to absorb them. Ecologically sustainable companies also do not take part in any activity that could harm the ecosystem services such as water purification or plant and animal reproduction. (Dyllick & Hockerts 2002, 133.) Proactive CSR seeks to minimize the harmful ecological impact of the product and the manufacturing process throughout the whole product life cycle from raw material acquisition to product disposal. Such actions require strong moral leadership and commitment to develop the firm's green competencies. (Buysse & Verbeke 2003, 455.) Consistently, proactive CSR generally strives for making ethical business decisions based on corporate core values. Proactive CSR strategy is usually the

result of morally aware managers or company founders who have developed highly ethical values to guide them in decision making and try to apply those values to all operations of the company. Morally aware managers show their example of ethical thinking and lead the whole organization towards a highly ethical level of proactive corporate responsibility. (Laczniak & Murphy 2006, 164.)

Additionally, proactive companies with a strong corporate conscience usually are engaged in several practical activities. Firstly, they actively participate in the process of policy and standards development. Standards may evolve into laws and by early participation companies can make sure to influence in the process and guide it into a direction that is beneficial for the company's interests. (Peng 2013, 208–209.) Global companies also value flexibility in order to more easily integrate their operations into new environments and therefore they generally try to prevent more hindering laws and regulations from arising (Kline 2005, 12).

Second, companies that engage in proactive CSR strategy often build alliances with different stakeholders such as NGOs, local communities or even with major competitors in order to address complex environmental problems (Buysse & Verbeke 2003, 459). The relationships with NGOs can range from donations to sustainability-related marketing campaigns, employee voluntarism and extensive joint projects (Epstein 2008, 97). This is also called corporate volunteering, i.e. building voluntary alliances with different stakeholders, and it is closely linked to the social dimension of CSR and is a very visible part of a proactive CSR strategy in some companies. Corporate volunteering may include participating in a short- or long-term societal project like fund-raising for a non-profit organization or renovation of a school building. (Wenzel 2010, 78.) Such an attitude towards stakeholder management is typical for companies with proactive responsibility strategies. As already discussed, companies with reactive CSR strategies tend to pay less attention to managing stakeholder relationships, but with proactive companies the approach is totally the opposite. Thus, actions aiming at moving from a reactive strategy toward more proactive and even an environmental leadership strategy are associated with both a deeper and broader stakeholder orientation. (Buysse & Verbeke 2003, 467.) As already discussed in the context of reactive strategies, Lee (2011) suggested in his research on different CSR strategies that in the absence of external pressures companies are likely to adopt a reactive strategy. He then further proposes that when the stakeholder pressure and institutional support is strong, companies are likely to adopt a proactive strategy. Thus, companies facing a lot of pressures from stakeholders towards environmental responsibility usually engage in active stakeholder management through proactive environmental strategies. What comes to the importance of different stakeholder groups, Buysse and Verbeke (2003, 461) found that several different primary and secondary stakeholder groups are highly valued by environmentally proactive companies, whereas Henriques and Sadosky

(1999) suggest that for proactive companies, environmental organizations, employees, suppliers and top management are among the most important ones.

Third, proactive companies are commonly involved in activities that go way beyond the requirements of laws and regulations. This means that they participate in voluntary activities like pursuing certain voluntariness-based standards and actively practice external environmental reporting. (Buysse & Verbeke 2003, 455.) For example, probably the best-known standards for environmental management among environmentally conscious companies are the ISO 14001 certification, the European Management and Auditing Scheme known as EMAS, and the Global Reporting Initiative known as the GRI framework. Following these standards is not required by law, but yet many proactive companies concerned about the environmental issues still require the certification throughout their whole supply chain. (Peng 2013, 209.)

In addition to the above mentioned practical activities, eco-innovations play a significant role in executing a proactive environmental strategy (Sharma & Vredenburg 1998, Chang 2015). Whereas reactive companies commit only limited resources to environmental innovations, companies engaging in proactive CSR strive for minimizing the environmental burden caused by its operations by investing in the innovation of sustainable environmental solutions and clean technologies (Buysse & Verbeke 2003, 455). Environmentally leading companies are examining the impacts of their products, services, processes, and other activities more broadly (Epstein 2008, 20) and seek opportunities to develop the link between business and the environment. Past research also indicates that firms developing environmentally friendly processes and products are generally more innovative than firms who do not engage in eco-innovations. (Sharma & Vredenburg 1998). Thus, it can be concluded that companies who engage in environmental responsibility proactively, also tend to invest more in eco-innovations and as a result, are more innovative than reactively responding companies. As suggested by Bocquet et al. (2013, 651) societal (including environmental) concerns increasingly drive innovation.

It should also be noted that CSR, especially proactive, is a strategy per se. Proactive CSR can be seen as a successful business strategy that enables stakeholders to monitor corporate activities. It is a strategy through which managing and promoting the corporate image and reputation is possible. (Sledge 2015, 171.) It has also been proved that marketing the CSR initiatives can enhance the corporate image (Becker-Olsen 2006, 51). However, for some companies even a proactive CSR strategy can be left on a superficial level and end up being a mere marketing trick called greenwashing. Commonly related especially to the environmental side of CSR, companies indulging in greenwash use misleading marketing to create a false image of a company and its products being eco-friendlier than they really are. The intention of this is to gain positive attitudes within the consumers who lead a green lifestyle. (Aji & Sutikno 2015, 434.)

2.3.3 *The role of CSR communication*

CSR communication, or sustainability communication as it is often called, serves as a means of implementing the chosen CSR strategy into practice. It is a strategic tool that facilitates signaling the company's responsible image to its stakeholders. For example, communicating an environmental strategy to stakeholders is an important sign telling that the company is serious about it (Henriques & Sadorsky 1999, 89). As CSR is all about managing stakeholder relationships, communicating CSR to stakeholders is a central part of studying CSR strategies. For this reason, CSR communication will also be discussed as a part of CSR strategies in this study.

Thus, communicating CSR is an important factor in studying the final effects of CSR activities and has been a central issue in many academic publications. Although communicating and implementing CSR efforts are equally important, most companies find it difficult to communicate CSR successfully (Kim 2014, 838). CSR communication is a challenging area because corporate sustainability-related information has also proven to attract critical attention among stakeholders. In fact, some studies have even revealed that the more companies communicate their corporate responsibility, the more they will attract critical attention, too. This is because the media and different activist groups are constantly on the alert for revealing companies' conflicting or suspicious actions, which may lead to stakeholder perceptions of corporate hypocrisy, such as greenwashing, when companies claim to be more environmentally friendly than they really are. (Marín et al. 2016, 251–252.) However, when CSR communication is carefully executed, it can generate positive, firm-favoring emotions among stakeholders. (Morsing and Schultz 2006, 323.) Hence, the strategic role of CSR communication has been acknowledged and research in this area has also started to examine different communication strategies to express the companies' commitment to sustainability (e.g. Yoon et al. 2006; Wagner et al. 2009; Karaosmanoglu et al. 2016).

Today, consumers and other stakeholder groups have access to unlimited information through the internet, where information regarding a company's sustainability-related behavior can be found on company websites, blogs, social media sites and different online news sites, just to name a few. Together with increased stakeholder demands for transparency and sustainability, the availability of information highlights the importance of managing CSR communication, including the source and the content of the information (Yoon et al. 2006; Groza et al. 2011). Managing CSR communication is crucial in order to avoid negative publicity caused by empty promises that might lead to perceptions of corporate hypocrisy (Wagner et al. 2009) and greenwashing (Taubken & Leibold 2010, 131).

The effort given to these matters depends on the chosen CSR communication strategy of the company. As found by Epstein (2008, 223), corporate responses to increased stakeholder demands for information on corporate sustainability performance vary greatly. Wagner, Lutz and Weitz (2009) have divided the CSR communication strategies to proactive and reactive, an approach following the division of environmental responsibility strategies used in this thesis. Other, more detailed, classifications have been presented as well. For instance, Morsing and Schultz (2006) have introduced a more specified classification of CSR strategies by dividing them into stakeholder information, stakeholder response and stakeholder involvement strategies. These strategies are fundamentally based on proactive and reactive approaches, thus the division into proactive and reactive sustainability communication strategies is seen sufficient in this thesis.

The description of CSR communication strategies follows closely the description of CSR strategies in general. According to Wagner et al. (2009, 79) companies that apply a proactive CSR communication strategy are actively engaged in sustainability activities and want to position themselves as responsible actors. Such companies usually invest in major communication campaigns to promote a sustainable image. For proactive companies, CSR communication is an important strategic tool for trying to manage the company image prior to any negative information will become public. In contrast, companies applying a reactive communication strategy do not put much effort in communicating about sustainability as long as they are not forced to, for instance as a response to negative media attention related to irresponsible behavior. (Groza et al. 2011, 641.) Thus, environmentally proactive companies also tend to communicate about their sustainability actions proactively, whereas companies who have a reactive approach to environmental responsibility as such, also communicate about it more reactively. How much strategic importance companies assign to the source and content of their sustainability communications, is heavily dependent on their general approach to environmental responsibility as a part of the company operations.

The information of a company's CSR activities can reach the public through different internal and external sources. Internal sources refer to forms of communication delivered by the company itself, such as sustainability reports, marketing campaigns and social media feeds, which are produced by the company's sustainability communications department, or similar. When talking about CSR communication of big corporations, sustainability reporting (using e.g. the GRI or EMAS framework briefly introduced in the previous chapter) as an internal, yet externally verified, communication tool is often emphasized. The increased importance of sustainability (both environmental and social) reporting can be explained by the growing stakeholder pressures (Epstein 2008, 223), especially in the natural-resource-based forest industry (Toppinen & Korhonen-Kurki 2013). External sources in turn refer to neutral and unbiased sources, such as newspaper articles or information (e.g. certificates) provided by NGOs, universities or other third party, the

content of which a company cannot directly influence. It has been proved that consumers and other stakeholders mostly expect to hear from a company's CSR activities from both internal and external sources. (Yoon et al. 2006; Taubken & Leibold 2010.)

Additionally, companies should pay careful attention to the content of their CSR message, referring particularly to the concepts of consistency and transparency. Inconsistency regarding these features will in the worst-case result in negative stakeholder perceptions (Wagner et al. 2009). In order to successfully communicate the company's CSR strategy and sustainability initiatives, the company should choose the right CSR issues to address make the message clear and plausible for ordinary consumers. (Taubken & Leibold 2010, 135–136.) In this regard, consistency of the communication indicates that stakeholders expect actions and results to be consistent with the communication, indicating that companies should walk the talk to avoid the pitfall of greenwashing (Epstein 2008, 21). Transparency in turn refers to building trust with stakeholders such as consumers when the company communicates openly about its CSR activities, leaving no room for public skepticism (Kim & Lee 2018).

It has been presented that in order to avoid inconsistent sustainability information and the negative effects it may cause, and to improve the positive effect of overall CSR activities, firms should increasingly embrace stakeholder dialogue as a communication source for sustainability. (Palazzo 2010; Taubken & Leibold 2010, 137). Palazzo (2010, 21) discusses the challenges of stakeholder management due to the differing demands of several stakeholder groups and states that the way to win the trust of the most important stakeholders is to inform them about the corporate decisions. For this purpose, direct and reciprocal communication is usually more effective than written sustainability reports or other one-way communication coming from the company internal sources. At its best, stakeholder dialogue can lead to positive messages provided by external sources as well.

Stakeholder dialogue can be defined as a structured discussion between the company and its stakeholder groups, such as customers and ENGOs, with the aim to explore the interests, expectations and possible issues of both sides, and to enhance mutual understanding. At its best, stakeholder dialogue can lead to finding new and better solutions for both participants. The deeper stakeholders are involved in the dialogue, the more fruitful the stakeholder dialogue can be. At its weakest stakeholder dialogue is mere *informative* communication, which in fact cannot be even seen as true dialogue. The communication is flowing only one way, and stakeholders do not get the chance to participate in reciprocal discussions with the company. The next level of stakeholder dialogue is defined as *consultative*, where stakeholders' opinions are asked for and they can to some extent have an influence on corporate decisions. Companies can ask for stakeholder opinions by using surveys, interviews, workshops or online dialogues, for instance. The final, and most effective, level of stakeholder dialogue is called *decisional*. This approach demands a high

level of transparency and openness from the company. At this level, stakeholders are involved in corporate decision-making through committing continuous dialogues, partnerships, joint projects, and stakeholder panels. However, truly engaging in decisional stakeholder dialogue requires companies to make a shift in thinking from short-term profits to long-term success and sustainability, because stakeholder dialogues aim for results in the long run. (Palazzo 2010, 21–22, 42.) In other words, companies that are willing to confront the challenge and engage in true stakeholder dialogues, such as partnerships with ENGOs, have usually adopted a proactive environmental responsibility strategy (Buisse & Verbeke 2003, 459).

2.4 The linkage between environmental motives and strategies

A central aspect in this study is the linkage between CSR motives and strategies. It should be noted that the literature on this linkage is diffuse. For instance, Groza et al.'s (2011, 641, 644) study on the linkage between CSR motives and strategies found firstly, that stakeholders usually assign more value-driven motives to a proactive CSR strategy than they would to a reactive strategy but also, that performance- and value-driven motives were both associated with proactive CSR, whereas stakeholder-driven motives were associated with a reactive CSR strategy. This result indicates that companies who engage in environmental responsibility in the hopes of increased performance would adopt a proactive approach to maximize the benefits and that if driven by mere stakeholder pressures, companies are not prepared to really invest in CSR because it is neither embedded in their values nor are they likely to directly profit from it.

Similarly, Chang (2015, 451–452) has also discussed the linkage between CSR strategies and motives and suggests that the choice of a proactive CSR approach is often driven by corporate values such as the choice to adopt a green organizational culture. A green organizational culture refers to the values and beliefs emphasizing the importance of environmental management driven by the recent trend of global environmentalism. According to Chang, a reactive strategy in turn is driven by legislation, which refers to external pressures. Thus, the view is similar to Groza et al.'s (2011).

However, Lee (2011) disagrees with Groza et al.'s results related to stakeholder-driven motives in particular and proposes a different scenario. In his study on the effects of external influences, i.e. stakeholder pressures and institutions, on CSR strategies, Lee finds that the stronger the stakeholder pressures, the more proactive the CSR strategy, and consistently, the weaker the stakeholder pressure, the more reactive the CSR strategy of the company is like. Also, he finds that in the absence of external pressures, if driven by mere economic interest, the CSR strategy is likely to be highly reactive. In their study on envi-

ronmental strategies and stakeholder pressures, Buysse and Verbeke (2003) have concluded similarly. They propose that high stakeholder engagement results in proactive environmental strategies, whereas low stakeholder engagement results in reactive environmental strategies. Next, the synthesis of the theoretical framework combining all above-discussed theories will be presented.

2.5 Synthesis of the theoretical framework

The connection between environmental responsibility, corporate responsibility motives, and proactive and reactive environmental strategies can now be combined to achieve a clear and comprehensive picture of the theoretical framework of the study (Figure 2). Essentially, all of the different aspects of the study are interrelated and connecting companies and stakeholders positioned at the opposite ends of the dash line.

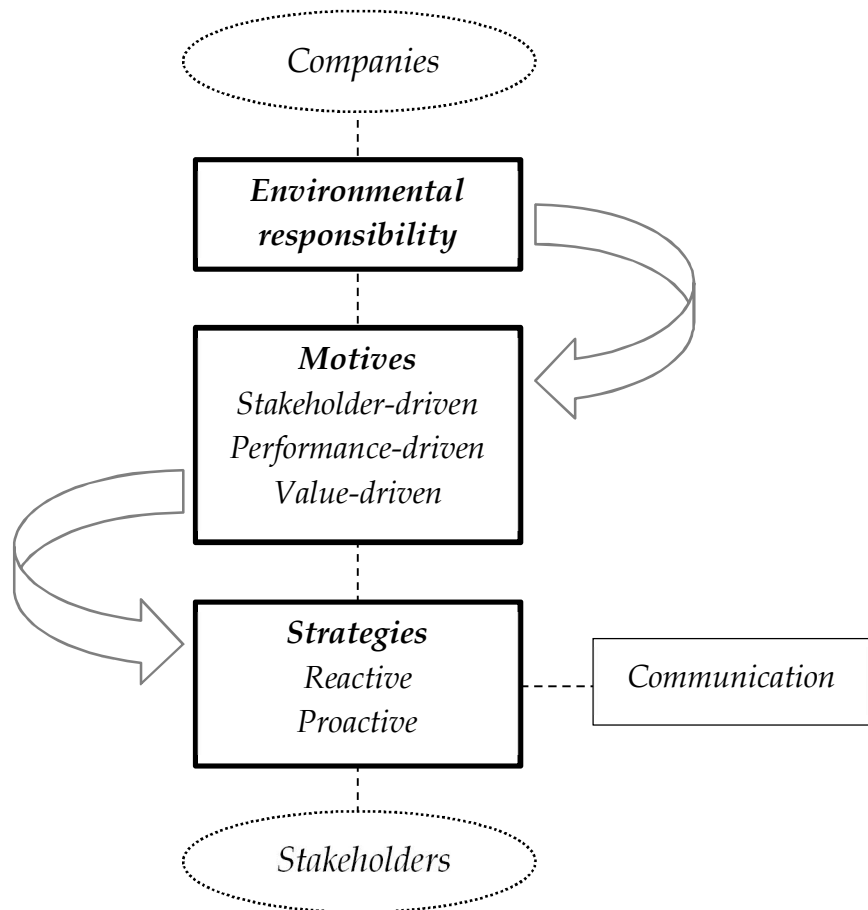


Figure 2 The environmental responsibility approach

Companies and stakeholders form the actual frames for this study, as all corporate responsibility is essentially about companies paying attention to the well-being of several

stakeholders, including the society and the environment at large. Thus, the concept of environmental responsibility is the starting point for the study.

There are several different reasons why companies choose to engage in environmental responsibility. These reasons include stakeholder-driven, performance-driven and value-driven motives depending on what the company finds important. Whatever the main motive driving environmentally responsible behavior for the company is, it will have a direct or indirect effect on the environmental responsibility strategy the company chooses to adopt. The motives have also different effects on stakeholder perceptions of the company in that some motives are seen more positively than others. Understanding the underlying motives makes it possible to evaluate why companies only implement a reactive environmental strategy, or why they put a lot of effort in environmental responsibility by implementing a proactive strategy. A proactive strategy is increasingly the choice of responsible actors wanting to be the modern forerunners in sustainability, whereas a reactive strategy with a passive approach on sustainability can be considered more old-fashioned because it does not meet the increased demand for sustainability of today.

As a part of environmental strategies, CSR communication is a tool signaling the chosen environmental strategy to stakeholders. Indeed, CSR communication strategy highly reflects the general environmental or social responsibility strategies of the company. By analyzing the CSR communication of a company, it is possible for stakeholders to evaluate the responsibility motives and how the chosen strategy is executed in practice, using different internal and external communication sources and paying attention to the content on the message.

Thus, all of the theoretical concepts of this study are closely linked. This theoretical framework is studied in practice in the context of forest industry. Before moving on to the results of the study, the research design of the study will be explained in detail in the next chapter.

3 RESEARCH DESIGN

This chapter will focus on presenting the chosen context of the study, as well as the research approach and methods for conducting the empirical part of this study. It will depict the whole research design process from planning to reporting, concluding with evaluation of the trustworthiness of the study. The main purpose of this chapter is to provide justifications for each methodological choice made for this report, including the research approach, data collection and analysis.

As already mentioned in the introduction chapter, the main objective of this thesis is to study the environmental responsibility approaches of forest industry MNEs. To be precise, the thesis seeks to understand this by studying *what* is the role of environmental responsibility in the forest industry in general, *why* do they engage in environmental responsibility in the first place, i.e. what are the motives, and *what* environmental strategies do forest industry companies apply. To clarify the big picture, the research design with the research objective and sub-objectives, including the linkage to theory, is illustrated in the operationalization chart in Table 1 below.

Table 1 Operationalization chart

| Research objective | Sub-objectives | Theory | Research themes |
|--|---|--|---|
| <i>Environmental responsibility approaches of forest industry MNEs</i> | What is the role of environmental responsibility in the forest industry? | Environmental responsibility in the 3P framework | Development and present state of environmental responsibility as a pillar of CSR |
| | What motives do forest industry MNEs have for environmental responsibility? | Value-, strategic- and stakeholder-driven motives for environmental responsibility | Drivers for environmentally responsible corporate behavior |
| | What environmental strategies forest industry MNEs apply? | Reactive and proactive environmental strategies | Environmental strategy guidelines, environmental initiatives, environmental communication |

3.1 Forest industry context

As previously presented, the context of this study is forest industry, more specifically forest industry MNEs operating in Finland. The forest industry context was chosen as the focus of this study mainly due to its special role in relation to environmental responsibility issues. Environmental sustainability can be seen as the lifeline for the whole forest industry globally, because forests as the main source of raw material are greatly dependent on sustainable development and sustainable forestry in particular. Forest industry, including production of pulp, paper and timber, is one of the largest industrial sectors in the world, hence its impact on global forests is massive. (World Wildlife Fund, Responsible Forestry.)

In Finland, forest industry is a central provider of societal welfare by being a substantial employer and bringing over 20 per cent of the Finnish export revenue (Metsäteollisuus ry, Tilastot). Compared to its size, Finland is in fact the most forestry-dependent nation in the world. Due to this, Finland has developed unique expertise in the field. (Maa- ja metsätalousministeriö, Metsäteollisuus Suomessa.) In 2017, nearly 18 million tons of paper, board and pulp and 13 million cubic meters of timber were produced in Finland (Suorsa 2018). For this amount of production, forest industry in Finland used 69.7 million cubic meters of raw wood in 2017, which was three per cent more than the year before. Indeed, a trend of growing usage of raw wood can be identified, as the use of raw wood has been increasing for the fifth year in a row. (Luonnonvarakeskus 2018.)

With the increased demand on forest products and the increased usage of raw wood come the concerns about sustainable forestry, which highlights the importance of managing environmental responsibility in the forest industry MNEs. Due to this and the current role of forests in the discussions about environmental protection, forest industry operators generally pay a lot of attention to their environmental responsibility work. Thus, as an active operator in environmental responsibility the forest industry serves as a fruitful context for this study.

3.2 Research approach

The research on CSR has been alleged to have two main functions. One part of the literature focuses on expressing the CSR accomplishments of companies, thus serving as a promotional tool for them. The other part of the literature aims at urging companies to behave more responsibly. However, some academic researchers have chosen a multidisciplinary approach to study CSR as a part of the company's operations in its wider environment. (Crouch 2006, 1). The research approach of this thesis follows the latter.

Research on CSR has been conducted in both quantitative and qualitative forms, depending on the objective of the study. Traditionally, qualitative and quantitative research approaches have been presented as contradicting views in the academic literature of research methodology (Creswell 1994; Mariampolski 2001, 22; Koskinen et al. 2005, 30). The reason for this dichotomy of qualitative and quantitative methods is simply that comparing them is much easier than defining them separately. There are certain clear differences between the two approaches often presented in the discussion. Firstly, quantitative research aims at explaining, testing hypothesis, and providing statistical analysis. (Eriksson & Kovalainen 2016, 4.) The quantitative approach is used when answering the research questions of ‘how much’ and ‘how many’. The core of this approach is in bringing the research data in numeric form by measuring different business-related phenomena using surveys or other quantitative research strategies. (Mariampolski 2001, 22.) Perhaps because of the explicit, numeric nature of knowledge that quantitative research provides, it has been a dominating view in business research for decades (Walle 2015, 3; Eriksson & Kovalainen 2016, 4), studying issues like market size and sales volume estimation, optimal pricing, and other factors supporting practical managerial decision making, rather than educating strategic thinkers.

For this study, the qualitative approach was seen more suitable, because it provides the best tools for observing and understanding the phenomenon studied in this thesis, allowing for critical and reflexive evaluation of the topic (Eriksson & Kovalainen 2016, 3). Qualitative research aims at understanding and interpreting social and cultural meanings and motivations behind people’s behavior, answering questions of ‘what’, ‘how’ and ‘why’ (Mariampolski 2001, 7; Eriksson & Kovalainen 2016, 4, 42). Qualitative research also allows for concentrating on how different, sometimes taken-for-granted concepts are understood in the minds of the people participating in the study, i.e. how these terms are socially constructed in the given situation. (Koskinen et al. 2005, 23–25.) Other major advantages of qualitative research include the focus on real-life business phenomena and their complexity, the observation of context, reflexivity and circularity (i.e. revisiting and reformulating the research along the way) of the research process, and the possibility of critical evaluation (Eriksson & Kovalainen 2016, 3, 33). The research questions in this thesis, ‘what’ and ‘why’, are both typical for qualitative research and to find answers to these questions, the study must go deeper beneath the surface with qualitative methods, validating the choice for a qualitative approach. Also, the notion of forest industry context is an important aspect of this study. As the forest industry in Finland is highly concentrated, implying that the number of big operators is small, collecting enough data for a quantitative study might be challenging (Koskinen et al. 2005, 14).

Qualitative research is a wide umbrella that covers many different theoretical and methodological concepts (Mariampolski 2001, 7) and research objectives. Research objectives are generally divided into exploratory, descriptive and explanatory, referring to

the process of exploring, describing and explaining human behavior, respectively. This is mainly a descriptive study, including some features of an explanatory study. A descriptive study provides new and more detailed information about a topic that has already been explored, answering 'how' and 'what', whereas an explanatory study takes a step forward and attempts to explain 'why' and to understand the interactions between different variables. (Study.com) This study aims to describe what is the role of environmental responsibility and what are the environmental strategies in the forest industry like, pointing to descriptive objectives. In business research, explanatory objectives are in question when conducting motivational analysis, i.e. seeking to understand the reasons, meanings and motivations behind a certain behavior (Mariampolski 2001, 23). Thus, as one of the sub-objectives of this study is to observe the motives underlying environmental responsibility, it also contains explanatory study objectives.

The empirical part for the study is conducted mainly as an interview study, one of the most typical methodological concepts for qualitative research, and one of the basic tools for information gathering. Interviews are flexible and fit many purposes. Actually, interviews can be used in almost any case to gather in-depth information. (Hirsjärvi & Hurme 2008, 11.)

3.3 Data collection

The study consists mainly of primary data that was collected using semi-structured theme interviews. Secondary data (e.g. sustainability reports and policies, value statements, and company web pages and social media) were also used for data collection, but also for introductory purposes in order to familiarize with the companies' environmental responsibility work and communications. Secondary data refers to data collected earlier by other researchers or data for other than research purposes. Secondary data sources typically contain quantitative data such as different corporate statistics and is characterized by easy access and low costs for the researcher. (Hox & Boeije 2005, 596.) Sustainability reports are a good example of secondary data, providing statistical as well as strategic information about the company's environmental performance originally made for other than research purposes. Sustainability reports were indeed the most used secondary data sources in this study.

Interviews, observation, analysis of texts, documents, audio and video recordings are the most used methods for qualitative data collection (Silverman 2014, 43). Interviews were considered the most appropriate way for data collection for several, including very practical, reasons. Firstly, interviews are a useful tool to collect qualitative data that cannot be found in previously published form and seeks to explore people's subjective experiences and perspectives (Eriksson & Kovalainen 2016, 94). Thus, interviews provide the

in-depth information that the research questions of this study require, compared to, for example, questionnaires or pre-existing corporate documents. No secondary data (e.g. sustainability reports) can provide sufficient information about *why* companies engage in environmental responsibility and implement it the way they do. This has to do with company motives and values, and interviews can provide the tool to address these topics, as they are a suitable technique for studying meanings and motivations (Mariampolski 2001, 7), as well as shared meanings, i.e. values (McCracken 1988). Secondly, interviews are often chosen when the topic is rather new and unstudied (Hirsjärvi et al. 2004, 194), which is the case in the context of this study, because the researcher could not find previous studies directly dealing with these issues in the forest industry context, so the topic as such is rather new. Thirdly, interviews as data gathering methods are considered quite efficient, as they tend to be quite cheap and quick to carry out, explaining their popularity in business research (Walle 2015, 50). This was a deciding factor in this study as well, especially as it comes to a master's thesis. In other words, resource limitations (i.e. time and money) also affected the choice of data collecting method for this study, excluding more resource-intensive methods like observation already from the planning phase of the study.

Interviews are traditionally divided into structured, semi-structured and open, referring to the level of formality of the interview design (Hirsjärvi et al. 2004, Koskinen et al. 2005, Eriksson & Kovalainen 2016). Any of these interviews can be conducted as an individual, pair or a focus group interview (Hirsjärvi et al. 2004, 199). Structured interviews refer to survey-like interviews, where the interviewer has a lot of control over the situation. Questions and their order is strictly pre-determined and usually they come with ready-made alternatives presented by the interviewer. Open, or unstructured, interviews are the most informal of the interview types and their aim is to resemble an everyday-like conversation. This makes them also the most challenging type of interview, putting a lot of weight on the expertise of the interviewer to distinguish relevant research data from the unorganized material. (Hirsjärvi et al. 2004, 197–199.) Semi-structured interviews, also called theme interviews, are the most commonly used method for collecting qualitative data in business research. Some argue that theme interviews have become almost like a synonym for qualitative research. (Koskinen et al. 2005, 105.) The main advantage of semi-structured theme interviews is that they enable some level of control for the researcher as the questions, themes or topics are pre-defined, but still leave room for some improvisation and informal conversation. For instance, the researcher can change the order and wording of questions during the interview to fit each interview situation. (Eriksson & Kovalainen 2016, 94.) Semi-structured interview design was applied for this study to control the course of the interview but still allow for more open discussions, too. Also, as the study includes interviews on the topic from different perspectives, theme interview was seen fit as it allows for shaping the questions for different interview settings.

When talking about qualitative data collection, saturation is another concept worth explaining. Saturation in qualitative research refers to sample size, i.e. the amount of data collected. The researcher has reached the point of saturation when he/she feels that new data will not bring relevant new information to the existing data anymore. (Hirsjärvi et al. 2004, 171.) However, some qualitative researchers claim that the term is inappropriate, because new data will always add something new to the existing data, making it sometimes extremely difficult to define the saturation point (Eriksson & Kovalainen 2016, 89). Some of the themes came up repeatedly in the interviews conducted for this study, implying that the saturation point regarding these themes was close. However, all of the interviews brought new valuable information to the data as well, especially the company interviews. If more forest companies would have been willing to take part in the study, more interviews would have been conducted.

3.3.1 Interviewee selection

The primary data for this study was collected by interviewing forest company professionals, environmental responsibility experts and local stakeholders in order to get a broad perspective on the topic. These interviews serve as the so-called sample for this study. When choosing the sample, the researcher must decide what, where, when and whom to interview. These decisions can be made using different types of sampling techniques.

Perhaps the most common way to approach the matter is to distinguish between probability and non-probability sampling. Random sampling is typical in quantitative research and it is the most commonly used form of probability sampling, allowing statistical generalizations from the data. This, however, is not the purpose of qualitative research. As qualitative research is not interested in statistically determined probabilities but understanding and interpreting the case, probabilistic sampling is not justified. Thus, sampling techniques used in qualitative research can be defined as non-probabilistic, emphasizing the purposefulness of samples above all. Purposeful sampling includes a variety of more specific sampling techniques, but the main idea is to select a sample that is the most appropriate in helping the researcher to discover, understand and learn from the phenomenon. (Merriam 2014, 76–77.)

Eriksson and Kovalainen (2016, 53) also highlight that key issues in qualitative sampling are the appropriateness of the samples and access to them. Hence, interviewing people as an ‘insider’ in the organization the researcher is working at is a convenient way to start. Convenience sampling refers to a sampling technique that addresses the most accessible subjects in terms of time, money and any other effort. To be used alone, conven-

ience sampling does not produce credible and informative enough data, but it is noteworthy to point out, that some level of convenience sampling is usually used in every qualitative study. (Marshall 1996, 523.)

The interviewee selection of this study followed the convenience and purposeful sampling techniques. It is noteworthy to point out that the research was conducted partly as an insider, as the researcher is working at company A. Starting the research within the researcher's own organization was convenient, but purposeful sampling was used to pay attention to the expected quality of data. Hence, the purposefulness of data was the actual starting point for selecting potential interviewees.

This study aims at gaining a broad perspective on the environmental responsibility approaches of forest industry MNEs and for this to succeed, several viewpoints should be taken into consideration. In order to get a rich data with several viewpoints the researcher contacted potential interviewees from different companies and stakeholder groups. The potential interviewees were approached via email. At the beginning, four big forest companies operating in Finland were approached. Two out of four forest MNEs agreed to participate in the study (companies A and B), one could not find the time to participate and one did not reply to the email at all. Based on the number of participating companies one environmental consulting company was contacted. They did not participate in the study themselves because they felt that they lacked the insight into forest industry specifically, but gave reference for experts A, B and C who all agreed on the interview at once. To broaden the scope of the study even more and to get some stakeholder perspective, three residents' associations close to the mill of company A were contacted. Two of them, comprising the stakeholders A and B, replied and agreed to participate, one did not reply. All of the interviews conducted for this study can be found in Table 2 on the next page, complemented with the secondary data used for the study.

The respondents in this study wished to stay anonymous, so their titles were generalized as well. Anonymity also affects the amount of information that can be revealed from the respondents to preface the results of the research. Companies A and B are both listed companies and represent big forest industry operators. To clarify the roles of respondents related to company A, it is worthwhile to explain that the environmental manager interviewed for this study is the environmental manager of company A's mill located in Finland, whereas the environmental specialist represents the central organization with the headquarters located outside of Finland. Also, stakeholders A and B are connected to the mill of company A, as they are members of the residents' associations located nearby. Experts A, B and C are all consultants specialized in environmental responsibility, and experts B and C have special knowledge on forest industry, while expert A has a more general perspective on environmental issues. A distinctive feature of expert C worth mentioning is that the interviewee has a background as a forest activist, which might affect the level of objectivity.

Table 2 Interviews and secondary data

| | | |
|---------------|--|--|
| Company A | Environmental specialist Environmental manager | 45 min (via Skype) 40 min (in person) |
| | Secondary data: EMAS report 2015 Sustainability reports 2016 & 2017 Company web pages | |
| Company B | Sustainability communications manager | 40 min (via Skype) |
| | Secondary data: Sustainability report 2017 Company web pages | |
| Expert A | Environmental responsibility expert | 55 min (in person) |
| Expert B | CSR consultant | 33 min (via Skype) |
| Expert C | CSR and communications consultant | 43 min (via Skype) |
| Stakeholder A | Local resident, company A | 30 min (in person) |
| Stakeholder B | Local resident, company A | 24 min (in person) |

To make processing of the results easier and to make a clear division between the respondents, environmental responsibility expert, CSR consultant and CSR and communications consultants will be referred to as experts A, B and C, and the local residents as stakeholders A and B. The interviewees from companies A and B will be referred to using their generalized titles.

3.3.2 Interview description

The interviews for the study were conducted between October and December of 2017. The whole research process started with a pilot interview with the environmental manager of company A and it followed the structure outlined in the operationalization chart on page 31. Pilot interviews are crucial for testing the validity and understandability of questions (Merriam 2014, 95). In addition, pilot interviews provide valuable interviewing practice and give the researcher a possibility to test the structure of the interview. Pilot interviews also help to determine the approximate time required for further interviews. (Hirsjärvi & Hurme 1993, 57.) This pilot interview was a very important step for the researcher, as it started the whole master's thesis process and gave the chance to gain

interviewing experience. It also pointed out the weaknesses in the interview design, referring to the understandability of a particular interview theme. As a result, the question about corporate values and motives behind environmental responsibility and their role in corporate communications was reformulated to a simpler form to handle the drivers for environmentally responsible behavior in general.

All of the interviewees who agreed to participate in the study were easy to get in touch with. Making appointments for the interview was easy too, and the majority were held according to the initial plan. Only with expert C the interview was rescheduled once. Sometimes, when making appointments with people in decision-making positions (the so-called 'elites'), it is hard to agree on a time and postponing the interview due to a busy schedule is very common as well (Koskinen et al. 2005, 112–115). The themes for the interview were sent to the interviewees one week in advance, so they had time to prepare for the themes to be discussed. When interviewing companies A and B, the researcher already had some previous information about the environmental strategies of these companies, but she also prepared well for the interview by familiarizing herself in advance with the environmental reports, web pages and social media feed. This preparation served as a background research for the interviews. A thorough preparation is key to a successful interview and includes stages of establishing goals, doing background research, and finally preparing the content and strategic order of questions (Walle 2015, 50). Also, especially with elites, there might not be a second chance for an interview, so the researcher must make sure to get the needed information the first time (Koskinen et al. 2005, 117).

In order to analyze the interviews later, the researcher must decide how to record an interview. The three most common ways to record interview data are writing notes during the interview, writing notes after the interview, or tape recording the interview, the latter being the most popular way in business research. In some cases, interviews can be videotaped, but usually that is not necessary in business research. (Merriam 2014, 109; Eriksson & Kovalainen 2016, 97–98.) The interviews for this study were tape recorded with the approval of the respondents and transcribed afterwards. Using the tape recorder was by far the best option to record the interview data, as the length of the interviews varied from 24 to 55 minutes. In this way the researcher can ensure that all that will be said will be recorded as well, making it possible to analyze the whole interview later. Recording the interviews will also enable that no time is wasted in taking notes during the interview. However, one of the potential disadvantages of tape recording is the uneasiness of the respondent (Merriam 2014, 109). This was noted during the interviews with the environmental manager of company A, as well as in the stakeholder interviews. It could be noticed that these interviewees were not very experienced in giving interviews and the tape recorder made them a little nervous at first. Also, as soon as the tape recorder was turned off at the end of the interview, they started to talk more freely as the formal part of the

interview was over. This, obviously, can affect the credibility of data if valuable information comes up only after the tape recorder has been turned off. In these cases, nothing new was discussed at that point anymore, so all valuable information was caught on tape available for transcribing and analyzing. The process of data analysis will be discussed next.

3.4 Data analysis

Ideally, data analysis is an ongoing process and should be simultaneous with data collection to ensure information-rich data (Merriam 2014, 169). If the data must be complemented in any way, it is easier once the topics are still fresh on the researcher's mind. Also, if the interviewees must be asked to comment on a topic in more detail afterwards, it is easier right after the interview. (Hirsjärvi & Hurme 2008, 135.) However, working on data collection and analysis simultaneously is not always an option, but it is important to start the analysis as soon as possible for the above-mentioned reasons.

The analysis phase for this study was started as soon as possible after the data collection, and began by listening and transcribing the interviews, followed by describing and categorizing the data using the theme analysis method. In this chapter, the entire process of the qualitative data analysis will be introduced, including describing, categorizing, connecting, and interpreting the data (Hirsjärvi & Hurme 2008, 145–151). Finally, at the last phase of an in-depth analysis, the interpreted data will be theorized in order to find explanations and to draw conclusions about future activity (Merriam 2014, 188).

The collected data can be analyzed using many different techniques. A simple way here is to distinguish again between quantitative and qualitative approaches. Some data analysis methods aim to explain, referring to a more quantitative approach, whereas other methods aim to understand the data, which is the purpose of qualitative research (Hirsjärvi et al. 2004, 212). The main goal of data analysis is to make sense out of the data by unifying, reducing and interpreting it. In other words, the goal is to produce new information about the research topic. However, analyzing the data has also been identified as the most challenging part of the research process. (Eskola & Suoranta 1998, 137; Merriam 2014, 175.) In the analysis phase, the researcher finally gets to find out the answers to the research questions formulated in the beginning of the research process. Sometimes the final research question can become clear only during the analysis phase, pointing to the circular nature of the qualitative research approach. (Hirsjärvi et al. 2004, 209.)

Preparing for the data analysis begins by transcribing the recorded interviews into a written form (Eskola & Suoranta 1998, 150). Transcribing is highly time consuming, yet it is commonly seen as an inevitable stage in qualitative research, as the transcribed data will be serving as the main source for analysis later on. Despite the importance of the

transcription, there are no universal instructions for the accuracy of the transcription, making it a matter of what is appropriate for the study in question. (Koskinen et al. 2005, 317–318.)

With regard to accuracy, Mariampolski (2001, 248) presents two alternative ways to convert the tape recordings into a written form. The first option is to produce detailed transcripts, that are more or less word for word renditions of the tape recordings. The second option is to make less detailed and briefer notes of the most important content of the recorded interview. As an exception to this, Hirsjärvi and Hurme (1993, 109) propose a third, less used option to skip the transcription part and make conclusions directly from the interview tapes. However, out of these options, word for word transcripts are by far the most applied way of working with recorded interview data in business research (Koskinen et al. 2005, 320). Following the mainstream, the interviews for this study were first transcribed using a word for word technique including outstanding pauses. This level of accuracy is often enough in business research (Eriksson & Kovalainen 2016, 98). Transcribing the interviews took about 3-5 hours each, totaling in 76 written pages of interview data. After that, the transcripts were carefully read through several times. Familiarizing with the transcript is the second preparatory step before the actual analysis. The more familiar the researcher is with the collected data, the easier it is to analyze and the better the analysis will turn out. (Hirsjärvi & Hurme 2008, 143.)

The actual analysis began by describing the data. The goal of this step is to answer questions like who, where, when and how often (Hirsjärvi & Hurme 2008, 145). After describing the data, the next task is to organize it in categories by using a selected method. In this study, this was done using theme analysis, which is a logical choice especially if the data has been collected using a theme interview. This approach utilizes the theoretical background of the study and sees the data as a representation of those theories. As the interview themes were already designed according to certain theoretical concepts, these theory-based themes serve as a practical tool for separating relevant information from the data. (Eskola & Suoranta 1998, 150–152.) In this study, the interview data was analyzed using the themes led from the theoretical background of the study as represented in the operationalization chart (see Table 1 on page 31). The transcribed interviews were read through and relevant information for each theme was marked using different color marker pens. At this stage, notes were also written on the sides of the pages to help further analysis.

The first theme served as an introduction to the topic and included comments about the past and current role of environmental responsibility in the forest industry in general and in the 3P framework. This theme was marked using the green marker pen. The second theme included comments concerning the corporate motives underlying environmental responsibility behavior. This theme was marked yellow. The final theme covered all comments relating to the environmental strategies of the forest industry MNEs and was

marked using the blue marker pen. The final theme included comments related to sustainability communications too, and these were marked separately using the violet marker pen. It is noteworthy to point out, that already at this point of categorizing the data the researcher's own interpretations of the data affect the analysis greatly (Eskola & Suoranta 1998, 152). Also, it was not always clear under which theme some comments belonged to, including features of overlapping themes. Making sense out of these types of situations lies heavily on the researcher's own interpretations.

After categorizing the data into the above-mentioned themes, all relevant information regarding each theme was connected, leaving all irrelevant data out of the analysis. For this purpose, three separate Word documents were created for each theme. In these documents all the relevant comments were then synthesized to create a better understanding about each theme to aid making interpretations and conclusions.

Mere descriptive analysis of a qualitative study is not sufficient, as qualitative research is aiming at understanding and interpreting social and cultural meanings and motivations behind people's behavior (Mariampolski 2001, 7; Eriksson & Kovalainen 2016, 4, 42). This is why the qualitative research data must be interpreted before reflecting the interpretations back to the theoretical background. Qualitative research is fully interpretive, and interpretations are done in multiple layers. First, the researcher interprets the interpretations of the interviewee, then the reader makes his/her own interpretations of the study. However, despite of the complexity of different interpretations, key to a good interpretation of the data is to make the findings as clear as possible. The reader should be able to make the same findings as the researcher, even if the interpretation slightly differs. (Hirsjärvi & Hurme 2008, 151.) Once the data has been interpreted, it can be theorized in order to find explanations and to draw conclusions about future activity (Merriam 2014, 188). This will be done in the conclusions part of this thesis.

3.5 Evaluation of the research

The purpose for evaluating different aspects of the research is to make sure that the study and its results can be trusted, especially by the knowledgeable scientific audience. After all, it is the research community's social contract that determines what is considered scientific research today and what is not. When evaluating qualitative research, many scholars talk about *trustworthiness* of the study, comprising the entire research process and centering around the researcher. In other words, due to the subjective nature of qualitative research, the researcher him/herself is the most important assessment criterion for evaluating the trustworthiness of qualitative research. (Eskola & Suoranta 1998, 209–210.) Thus, the researcher's methodological choices and overall expertise directly affect the trustworthiness of the study and for this reason the different criteria for trustworthiness

should be kept in mind throughout the research process. First task for a novice researcher is to get to know these criteria.

As the literature on evaluating the qualitative research reveals, there are many ways and various terminology to discuss the trustworthiness criteria. By far the best-known criteria are the concepts of reliability and validity, which are primarily used in quantitative research but are at least mentioned in majority of publications on trustworthiness of a qualitative study, too. In short, reliability indicates the replicability and consistency of the study, whereas validity refers to the truthfulness of the study. (Silverman 2014, 83–84, 90.) However, as Eskola and Suoranta (1998, 211) point out, they cannot be applied to both approaches as such. It has been argued, that the concepts of reliability and validity are appropriate means for evaluating the trustworthiness of a qualitative research in only a few instances, and for this reason often remain mere principles for qualitative studies. Therefore, many alternative concepts have been introduced. (Koskinen et al. 2005, 256.) Trustworthiness of this study is evaluated using the four renowned criteria: credibility, transferability, dependability and confirmability, originally introduced by Guba and Lincoln (1985).

Credibility is a substituting concept for internal validity and refers to the accuracy of the findings and interpretations (Guba & Lincoln 1985, 301). In short, credibility stands for the obligation to be consistent, implying that the results and interpretations of the study should be drawn logically from the collected data and previous research (Koskinen et al. 2005, 255). To meet this criterion, this study pays careful attention to the description of the analysis and interpretation of the collected data, using an extensive number of previous studies as a reference. Yet, it must be remembered that an intensive case study is eventually based on the researcher's own interpretations about the case (Eriksson & Kovalainen 2016, 135), which might not always match those of the respondents perfectly. To minimize the risk of misinterpretations in this study, both the researcher and the respondent asked for clarifications during the interview. Also, triangulation was used in this study as a means of increasing credibility. Triangulation refers to the use of multiple sources, methods, investigators and/or theories (Guba & Lincoln 1985, 305). In this study, triangulation is mainly understood as the use of primary, i.e. the interviews, and secondary data, including mainly sustainability reports and company web pages.

As the main objective of qualitative study is to make interpretations of the phenomenon under study, providing generalizations is not considered important (Eriksson & Kovalainen 2016, 135). On the other hand, the ability to generalize from the data is the very meaning of external validity, a concept widely used in evaluating scientific, especially quantitative, research (Koskinen et al. 2005, 254). Therefore, the term 'transferability' has been introduced to replace external validity and to fit the context of qualitative research better. Instead of generalizing, the aim of transferability is to find some connections to previous studies or other research contexts. This can be done by providing what

is called a ‘thick description’, i.e. a rich and detailed interpretation about the case, helping readers to understand the meanings behind it. (Guba & Lincoln 1985, 219; Eriksson & Kovalainen 2016, 308, 331.) In this study, the transferability criterion was taken into account by carefully describing the data, the embedded meanings and the proposed interpretations to make it as clear and transferable as possible. As the study is conducted in the context of forest industry in Finland, a field that is highly concentrated and environmentally conscious, it is likely that the results of this study could be transferrable to the Finnish forest industry at large, to some extent at least.

Dependability, the third criterion for a trustworthy study and the substitute for reliability, is assessed through appropriate documentation of the research process (Koskinen et al. 2005, 257). It refers to the researcher’s responsibility to prove for the reader that the research process is consistent, traceable and documented (Eriksson & Kovalainen 2016, 308). As explained earlier in the chapter, the data collected for this study was first taped and then transcribed before analyzing it. All these stages of the research process have been explained carefully, keeping an eye on the dependability criterion. The goal for describing the execution of the research process in such detail is making it as transparent as possible, directly affecting the trustworthiness.

Eventually, the study is also evaluated through confirmability, which was originally presented in place of objectivity, and can be established using different auditing methods (Guba & Lincoln 1985, 219). As qualitative research is rather subjective than objective by nature, confirmability refers to a level of objectivity that indicates how well the findings and interpretations are linked to the data, making it easy for others to understand (Eriksson & Kovalainen 2016, 308). To facilitate confirmability in this study, direct quotes and actual examples were used to build a so-called audit trail.

Another important factor influencing the trustworthiness of the study at hand is the insider position of the researcher, what comes to the interviews with company A. As already mentioned, the researcher is an insider of company A. A researcher can be either an insider or an outsider of the research. In this case, the researcher was an outsider in all of the other interview settings, but an insider in the interviews conducted with company A. Being an insider offers many possibilities, for instance getting access to the right persons is often easier as an insider. Also, an insider researcher has better chances to develop closer relationships with the participants. However, the insider position has its downsides as well. It might be challenging to stay analytical and evaluate the company critically as an insider. Another common problem is to confuse the information that is already known for the researcher from personal experience, and what is new information provided by the research results. (Eriksson & Kovalainen 2016, 59–60.)

While the discussion on the trustworthiness of the study is important to include in the research design, Koskinen et al. (2005, 253, 262) want to remind of the fundamental pur-

pose for conducting any research. It's not only about demonstrating accuracy and flawlessness, but primarily about creating new knowledge, which should be the main focus of the researcher. The most important task is to minimize the occurrence of systematic errors in the study, as minor random errors can usually be overlooked.

4 RESULTS

The purpose of this chapter is to present the results of the interviews conducted for this study. This chapter will follow the same theme structure also used for the interviews and analysis of the report, as presented in the previous chapter. The theme-based research design has also been illustrated in the operationalization chart on page 31 in chapter 3. For clarification, the themes covered in this chapter originate from the sub-objectives of the study and include the corporate motives for environmental responsibility in the forest industry, the environmental strategies and the role of environmental communications. To gain a broader understanding of the role and evolution of environmental responsibility as a part of the forest industry CSR, the 3P context and the historical progression will be discussed first.

4.1 Environmental responsibility in the 3P context

As mentioned in the introduction for this thesis, environmental responsibility is one of the three pillars of CSR and the 3P framework, a tool originally introduced by John Elkington (1997). The approach covers responsibility issues regarding people, planet and profit and is adopted by many companies, including both companies studied for this thesis. Company A has expressed the 3Ps as the cornerstones of responsibility in their EMAS Statement.

Prosperity, people and the planet constitute the principal factors for sustainable development and the cornerstones of responsible operations.
(EMAS Statement 2015, company A)

In company B, CSR is also build on the 3P approach. All three pillars are linked to human rights and forming a unity, where one pillar cannot be held against another. Also, according to the mill environmental manager of company A all of the three pillars, i.e. economic, environmental, and social responsibility are more or less balanced and equally important. However, the interviewee also states that the economic and environmental aspects have been more emphasized in Finland so far, leaving social responsibility issues with the least attention in the Finnish forest industry, at least communication-wise. This observation of the less important role of social responsibility does not get support from the head of sustainability communications of company B, who stresses that social responsibility and human rights have become a central part of all corporate responsibility. The opposite experiences are most probably due to the different level of stakeholder pressures

these companies are facing, which will be discussed later on. Expert C has a similar opinion and states, that social responsibility has been in the center of attention for years now, as it was neglected for so long in the past.

Human rights are a part of all sectors of corporate responsibility including environmental responsibility. The right to clean water and clean nature can be seen as a human right as well. (Head of Sustainability communications, Company B)

Expert B raises the question about the importance of social and economic responsibilities depending on the company, its operations and geographical location, while environmental responsibility is important for all companies. He suggests, that for those forest industry companies that have a lot of global operations, social responsibility issues are more important than for more locally operating companies. He also thinks, that the economic responsibility questions have become more topical again lately, as many forest industry companies talk about value creation and how they have a positive economic impact on the society at large.

Even though the issues of social responsibility in the forest industry MNEs have lately gained increasing attention, the critical role of environmental responsibility in the forest industry was highlighted in the majority of the interviews. The message of the interviews is the same: considering the highly resource-intensive nature of forest industry, environmental responsibility issues cannot be devalued, but should be and are at the very core of the whole industry. Due to the resource intensity, individual production units have a great deal of environmental aspects to take into consideration, as was described by the mill environmental manager of company A.

Not many other industries have this many environmental issues, as we have emissions to air, noises, odours, sewages, and a lot of waste and side streams, and we also use a lot of energy. (Mill environmental manager, company A)

The environmental marketing officer of company A refers to environmental responsibility as a license to operate. Thus, questions of environmental responsibility in the forest industry are indispensable. Indeed, according to the head of sustainability communications of company B, the highly important role of environmental responsibility in the forest industry can be seen in the development of environmental and forest certifications, environmental systems and sustainability reporting.

Not only was environmental responsibility identified as the most important dimension of CSR for the forest industry, its importance has been continuously increasing as well.

The interviews uncovered several reasons for the development, but most importantly behind them all are the growing pressures for fighting climate change. Forests serve as global carbon sinks, and for this reason the acceptability of forest use, sustainable forestry and biodiversity have been in the center of political discussions as well as forest industry companies' environmental responsibility activities recently. This notion is in line with the recent debates on the LULUCF policy discussed in the introductory chapter 1.2.

As we deal with climate change and biodiversity and so on, what has been discussed a lot, but I think still far too little is the forests' role in it... because forests have such a big influence as carbon sinks... I doubt that one could argue with the fact, that its [environmental responsibility] importance has grown significantly. Surely for the most part through the urgency of climate change and the requirements it brings. (Expert A)

Also, the mill environmental manager of company A finds, that the role of environmental responsibility has been increasing in the field partly due to the release of the Finnish forest industry's joint commitments on environmental and responsibility issues in 2012. The launch of these commitments has brought the topics closer to the everyday work and highlights the increasing importance of environmental responsibility issues also according to the head of sustainability communications of company B. She remarks, that these commitments have been one of the most important and interesting developments related to environmental responsibility, as they reflect the readiness of the whole industry to work together for the environment and make commitments almost for the next ten years. She has also noticed during her career at company B, that stakeholder interest towards all responsibility has been growing as well.

How I see the development from company B's perspective, is that stakeholder interest has been growing. An increasingly larger audience is interested about responsibility and ask about it and require it. If you think about it when I started here, investors and certain customers were interested about these things in addition to environmental organizations, and today we get questions all the way from consumers and a larger portion of customers is interested about different responsibility issues. (Head of Sustainability communications, Company B)

However, it is noteworthy to point out, that the importance of environmental responsibility in the forest industry has not always been in the same level it is now. As was brought up in several interviews, not so much attention has been paid to environmental aspects in the history of forest industry. Looking back 60 years in time, forest industry

has indeed been a highly polluting industry still in the 1960s. The emergence of environmental legislation took its first steps only in the 1970s. In the 1980s no one talked about environmental responsibility yet, but about environmental protection and controlling environmental emissions and the focus was on individual production units. At that time forest use wasn't much of a topic yet, a lot of attention was paid to the emissions of the mills.

... In Finland in the 1980s the emission aspects were emphasized, not much was discussed about forest use. Environmental responsibility was about getting permit conditions and with that permit polluting seas, water systems and lakes was allowed. (Expert C)

Experts B and C talk about the historical development of environmental responsibility in the forest industry quite similarly. According to them, in the 1990s the discussions about forest use for other than industrial purposes came along together with the first environmental management systems, such as ISO14000 and EMAS. These were the first steps towards a wider environmental awareness in the forest industry, and the focus shifted slowly from individual production units to assessing and reducing the environmental impacts of the product life cycle. As the general understanding about biodiversity and sustainable forestry has been increasing since the 1990s, expert B points out, that in the 21st the focus of environmental responsibility in the forest industry has been turning to responsibility over the whole global value chain.

This progress has been noticed by the two locals interviewed for this study, who live near the paper mill of company A. Neither of them worried about the mill's environmental impacts anymore and were more interested about issues related to social and economic responsibility, but this has not always been the situation. The mill is located next to a big lake in the Southern Finland, and back in the 1960s–1970s the mill was a massive polluter of the lake.

At the time it [the mill] came there, it sure has caused emissions into waterways especially nearby...but now the condition of the lake has improved significantly, and the mill has cut down emissions considerably, I mean really. (Chair A of a residents' association)

The improvement in the field of environmental responsibility is in line with the increased environmental awareness of the public and pressures caused by the urgency of climate change. The more important environmental responsibility in the forest industry has become due to the reasons discussed above, the more companies have improved their environmental performance over the years.

4.2 Environmental responsibility motives and strategies

Forest industry enterprises, like all companies, have different motives for engaging in environmental responsibility activities and CSR in general. As presented in chapter 2.1, in this study the classification to stakeholder-driven, performance-driven and value-driven motives originally by Maignan and Ralston (2002) is applied and the results will be covered following the same framework. Environmental strategies are commonly divided into reactive and proactive strategies (see e.g. Buysse & Verbeke 2003; Groza et al. 2011; Chang 2015), as discussed in chapter 2.3. The approach depends on the attitudes the company has towards responsibility-related issues for several different reasons. All of the different motives considerably affect these attitudes either consciously or unconsciously, therefore understanding the main motives for environmental responsibility in the forest industry makes it easier to understand the choice of environmental strategies, too. For this reason, the two remaining sub-objectives of environmental responsibility motives and strategies will be covered in parallel in this chapter. Also, the strategic role of environmental communication as an expression of the strategies will be briefly discussed.

The special role of legal compliance in the forest industry is noteworthy to point out before moving to the actual motives and strategy features in the center of this study. Legal compliance plays a significant role in the forest industry, as the use of environmental resources is highly regulated by countries' legislation. Hence, adherence to environmental regulations and permit limits is a strong driver behind the forest industry environmental strategies. Stakeholder B, who is living near the company A paper mill, states that in Finland and in other Western countries the environmental regulation is at such level, that operating in a way that would harm the environment is not even possible.

It can't even be so in Finland and in other Western countries nowadays that they [forest industry operators] would go and destroy the environment and then take the business elsewhere. Once the investment has been made and the raw wood material is here, you will have to operate responsibly.
(Stakeholder B)

If the environmental strategies, however, are left on this level of passively complying with the regulations, they are perceived as highly reactive (Chang 2015, 455).

In the EMAS statement of company A the owners' environmental objective is described as mere compliance with the laws and environmental permit limits, which matches with the characteristics of a highly reactive strategy. The environmental specialist of company A also remarks that the foreign ownership affects the corporate attitude towards responsibility issues, because in the home country of the parent company legal

compliance still has a positive meaning, while in Europe it is nowhere near enough and resembles a rather reactive approach to environmental responsibility.

The environmental manager of company A acknowledges the importance of legal compliance by stating:

If we think about our environmental policy, compliance with the laws and permits sure is involved... It's the basis where we start. (Mill environmental manager, company A)

The sustainability communications manager of company B agrees with the above in that compliance with laws and environmental permits is the starting point of all operations, and these regulations must be followed strictly, leaving no room for flexibility. Thus, legal compliance is the basis for all forest industry operations and a lot of environmental work is focused on fulfilling those requirements, but what is done additionally determines the true characteristics of the environmental strategy.

4.2.1 Environmental strategies driven by stakeholder pressure

Expert A states that although many environmental responsibility actions in the forest industry are based on environmental legislation as discussed above, there are other underlying motives, too. The interviewee mentions the forest certification as an example and states that despite of the voluntariness the pressures for it are extremely high, pointing to stakeholder-driven motives.

It [forest certification] is not even enough for the stakeholders anymore, so I would see the stakeholder pressures in the forest industry even stronger than regulation, even though regulation is of course in the background. (Expert A)

In their environmental policy, company A commits to sustainable woodfibre sourcing, referring to the forest certifications. Same as company A, company B is actively communicating the high percentage of certified wood and fibre they are using in their products, which might seem like a proactively responsible act at first. In reality, however, lower certification rates are not an option for anyone operating in the field, implying that the whole certification matter is driven by extreme stakeholder pressures. Although seemingly voluntary, certification cannot be seen as a proactive act in the forest industry anymore, but rather as a reactive one by doing the minimum that is required by stakeholders.

Consistently, the environmental specialist states that forest certifications are essential for all credible operators in the industry.

Forest certification is mandatory for everyone, we have no paper mill in Europe without Chain of Custody certification. This question is on a whole different level in the forest industry compared to any other industry. (Environmental specialist, company A)

As stated in chapter 2.1.1, according to previous studies the motive for environmental responsibility is often external stakeholder pressures (Epstein 2008, 20), and in the forest industry context these pressures are among the highest (Bowyer 2008, 7). The above example of forest certification demonstrates the matter in real life. The environmental specialist of company A describes the history behind the stakeholder pressures in the forest industry as follows.

The material of forest industry products is so easily recognizable as wood or some kind of fibre, and people have the experience of forest. In addition, production has traditionally been where the consumption is, so forest industry has always been present in Europe. Stakeholder pressures have been there the whole time, and this has interestingly brought us to a situation where there is no other industry that would pay as much attention to the origin and sustainability of the raw material, as the forest industry. (Environmental specialist, company A)

Even though acknowledging the special relationship of forest industry and stakeholder pressures, the interviewee also highlights the different role of company A in this regard and reminds that other companies really invest in all responsibility areas because they are forced to. As company A neither owns any forests in Europe nor has operations in less-developed countries, it faces considerably less stakeholder pressures compared to company B, which is a big forest owner and has operations in developing countries, too.

It should not be taken as a given that these companies react to these [environmental responsibility] issues because they would be extremely important to them, but because the nature of their business is such that they are forced to deal with risk management. (Environmental specialist, company A)

The differing stakeholder pressures of company A and B can clearly be seen in the environmental initiatives and respectively in the environmental strategies of these companies. For example, company B engages in closer stakeholder cooperation than company A. The sustainability communications manager mentions that they work together with local communities on environmental questions with features of social responsibility. The interviewee also adds, that they have cooperation with NGOs such as WWF. In their sustainability report of 2017 they have also named several international organizations they have collaborated with during the past year. In addition to WWF, these organizations include UN Global Compact and World Business Council for Sustainable Development (WBCSD). Building alliances with NGOs and participating in projects of mutual benefit is typical for environmentally proactive companies (Peng 2013, 209).

In their 2017 sustainability report company A mentions too, that they are engaged in collaboration with different NGOs, but the number of joint projects seems to be much smaller compared to company B. Consistently, the environmental specialist of company A admits, that the importance of environmental responsibility is not nearly as important for them as it is for companies with higher stakeholder pressures, i.e. company B in this context. It seems that for this reason, a lot of reactive features can be identified in company A's environmental strategy. Interestingly, however, the stakeholder pressures seem to vary inside the company A as well, as the local paper mill seems to have adopted a more proactive approach to stakeholder management. For instance, the environmental manager mentions that currently they are financially supporting a local waterway initiative for building fishways into a river close to the mill, referring to collaboration with local community stakeholders.

Stakeholder A also mentions, that they have regular cooperation with the local paper mill. For example, the mill of company A donates the paper for their members' magazine and has provided supplies for cleaning the neighborhood. Such activities could be perceived as corporate volunteering, which is closely linked to a proactive CSR strategy (Wenzel 2010). The reason for this stakeholder engagement is probably that the mill has previously been under the ownership of Finnish forest companies who have been facing bigger stakeholder pressures, thus the stakeholder engagement of the mill has a long history and local stakeholders are used to close cooperation.

Company A's central organization is not completely beyond the reach of stakeholder demands either. The environmental specialist emphasizes the importance of big customers (i.e. primary stakeholders) and the cooperation the company has with these customers in developing products that meet their demands. Also, the interviewee adds that a central part of their environmental strategy is to closely follow the CSR actions of big consumer brands and based on that development company A will try its best to meet their possibly changing needs. This approach can be seen as a demonstration of a stakeholder-driven

reactive environmental strategy, typical of which is adapting to stakeholder demands and responding to the changing environment (Chang 2015, 455).

Based on the information on stakeholder engagement of companies A and B, it could be argued that in this regard company B is adopting a highly proactive strategy to environmental responsibility, whereas company A's strategy remains reactive. Building alliances and collaborating with stakeholders, however, is just one part of environmental responsibility strategies.

Related to stakeholder pressures, the matter of answering the sustainability challenge arose in the majority of the interviews. As stated in the introduction of this thesis, the eco-awareness of stakeholders has been increasing, resulting in a higher demand for sustainability (Epstein 2008, 22). Due to the increased stakeholder demands for sustainability, the so-called sustainability challenge and related global megatrends have been changing the operational environment for forest industry companies. Expert A confirms this trend by stating:

Almost everything they [forest industry MNEs] do is related to the efforts of trying to answer the sustainability challenge, or that we would get more sustainable services. (Expert A)

Thus, the sustainability challenge can be seen as a major stakeholder-driven motive for environmental responsibility in the forest industry. Expert B finds that climate change and related impacts are one of the biggest reasons for engaging in environmental responsibility. For example, the interviewee remarks that the use of renewable materials is heavily driven by the megatrends that shape the industry. Forest companies must respond to these climate change-related megatrends because it is reasonable and because these megatrends are influencing the operational preconditions of the future, referring to a major stakeholder pressure for sustainability. Expert A agrees with this perception by pointing out that usually environmental issues become important for companies only when they become critical for the business, i.e. the surrounding environment changes to an extent where sustainability must become a priority. Expert A adds, that for forest companies sustainability has become a way of doing business largely out of necessity, as the demand for traditional paper has changed.

Expert B agrees with expert A and states that the reasons why forest companies respond to the sustainability challenge are mainly the result of the global megatrends shaping the industry in order to secure the ongoing business operations and future demand. Sometimes these mainly stakeholder-driven motives might appear as value-driven actions of saving the planet, which will be discussed later. Expert B concludes:

Forest companies are trying to adjust their business to the megatrends guiding the society and be proactive by developing products which have demand in the future. And as a result, it might seem that these companies are devoted to solving the global environmental problems by doing so.
(Expert B)

Consistent with the above discussion is the sustainability statement of company B. Their approach to environmental responsibility and sustainability is presented in the company's sustainability report as follows:

Global megatrends such as global warming, population growth, eco-awareness, and urbanization are affecting consumer and corporate decision-making around the world. At company B, we are proactively responding to these trends by developing products and solutions based on materials that are both renewable and recyclable. (Sustainability report 2017, company B)

However, it can be argued that following the global megatrends and responding to them is not a proactive approach aiming to save the planet as such. It is more like a precondition for the whole industry as discussed earlier, thus referring to a more reactive approach, typical of which is predicting the changes in stakeholder demands and acting on them (Fang et al. 2010, 126). Whether the strategies can be seen as more proactive or merely reactive depends on the level of true actions taken.

For example, company B above states responding to the global megatrends proactively by developing new products and solutions. In 2017, company B invested 1,4 percent of their revenue in research and development (R&D). The environmental specialist of company A finds that their company is doing a good proactive job in R&D as well. This remark is in line with company A's climate change policy, where the company states that it is committed to collaborating in research and development programs to address the challenges of climate change. As an example, the interviewee highlights the development of totally chlorine free pulp already in 1995, and currently the company is working on further developing the biodegradability of their products together with packaging manufacturers. In 2017, company A invested US\$29.5 million in R&D, which equals roughly 0,4 percent of their revenue.

Expert A states that these percentages are really small and that in reality, the money invested in R&D by the forest companies is quite small and points out that in fact, the money forest industry MNEs put into R&D is still less than in almost any other industry, which tells a lot about the importance of the cause.

It seems that the funds forest companies invest in environmental innovations are really small, and it tells about how important this cause is for them, which means that apparently not so important at the moment after all. (Expert A)

Although environmental responsibility issues get a lot of attention in the forest industry and most of the companies really invest in at least appearing as responsible actors, even then there is public doubt about the forest industry operators' proactivity in developing totally new solutions, as discussed in the introduction for this thesis. While both of the companies studied for this thesis mention investing in R&D as mentioned above, their strategies in this sense are still not proactive enough, as the same concern arose in all of the three expert interviews. This conveys the message, that at least R&D-wise forest industry MNEs are reactive in their environmental responsibility strategies and doing less than is required by those stakeholders who would expect more eco-innovations.

Expert C shares the same opinion and points out that forest industry has been working in the same traditional way of cooking pulp for a long time and hopes for more innovative approaches in the future.

Cooking pulp is not very modern technology. Now there is a lot of talk about this bioeconomy and investing under its cover. But isn't it really investing in those giant boilers, the same technology we have used to dissolve materials from wood for so long already... it feels anyway, that the big picture goes according to the old and traditional, and somehow it seems hard to break loose. It's a kind of a blind spot in the Finnish political and other discussions, because we think we know our forest business and we don't have to learn more about it. (Expert C)

Expert A also talks about the recent bioeconomy trend and that forest industry companies see it as their answer to the sustainability challenge. Some of the big operators have even rebranded themselves from traditional forest companies to bioeconomy companies. Alike expert C, expert A mentions the problems behind the whole bioeconomy thinking but nevertheless sees it in a more positive light and believes that the forest companies themselves really think they have found the solution to the sustainability challenge.

What these companies are trying to do is to develop new solutions that are usually based on sustainability and responsibility. I think that a part of them comes from the strong business potential, but I also think that employees and companies too want to be forerunners and want to be involved in the industry transition related to the bioeconomy solutions. (Expert A)

Interestingly, however, the environmental responsibility strategies of forest companies in this regard prove to be too reactive, as the lack of environmental innovations is closely linked to a reactive strategy (Bocquet et al. 2013), as is the notion of insufficiently answering to stakeholder demands what comes to environmental innovations. The industry transition into a truly bio-based operator calls for higher investments in more sustainable innovations, as was discussed already in the introduction for this thesis. Expert B supports these views by stating that the environmental responsibility strategies of forest industry companies are rather reactive than proactive and underlines the need for a more strategic and innovative approach to product development.

4.2.2 Environmental strategies driven by increased performance

Company A states on their web page that for them sustainability makes sound business sense and highlights that it has a strong business case for CSR. Thus, company A transparently admits its highly performance-driven motives and offers a list of benefits it will gain from sustainability: increased financial performance, cost savings through material efficiency, enhanced reputation and customer satisfaction, and increasingly motivated and productive employees. These are typical examples of performance-driven motives including increased profits, image promotion, and gaining and keeping customers (e.g. Yoon et al. 2006; Groza et al. 2011). Also, the environmental manager of the paper mill owned by company A stresses the importance of harm mitigation in their environmental responsibility work, which according to Groza et al. (2011, 640) is also a performance-driven motive.

In line with company A's sustainability statement discussed above, expert B finds that the environmental strategies of forest industry companies are mainly driven by strategic goals aiming to increase the company performance. He sees environmental responsibility as a functional solution for forest companies who are trying to develop their operations against future requirements to ensure demand in the future, i.e. to secure growth and profitability in the future. In addition, expert B regards that the environmental strategies are highly resource-based in nature and thus more reactive, and describes them as follows:

They [environmental strategies of forest industry companies] could be more proactive and more product-based. Their environmental strategies center around resource efficiency-based questions such as energy and forest use strategies... I have the impression that it's extremely resource-based. In the environmental strategies, things that affect the availability of energy or acceptability or availability of forest use, are emphasized. (Expert B)

This impression holds true as far as the studied companies A and B are concerned. Both companies bring forward the importance of material and energy efficiency, pointing to a strategic and resource-based approach to environmental responsibility. Resources are critical to business operations, especially in the highly resource-intensive forest industry, making resource-based decisions extremely strategic. The importance of material efficiency in the forest industry and waste handling according to the principles of circular economy were stressed in the interviews of both companies under study. The emphasis on resources can be observed from the environmental strategy description of company B as well.

We have identified three such unities, which are most essential from the perspective of our environmental work and impacts. And the first one is materials, water and energy, i.e. the environmental impacts of the mills mainly. And the second one is carbon dioxide, i.e. our comprehensive impact on climate change and the responsibility for actions against climate change. And then, the third is forests, plantations and land use, i.e. all environmental questions regarding forests, responsible forestry, wood traceability, plantations... (Sustainability communications manager, company B)

Of course, while increasing performance by saving costs, resource efficiency is also serving the environment, an aspect stressed by expert C. The interviewee continues by stating that the driving force behind the forest industry's environmental strategies should be to produce as much as possible using as little natural resources as possible, referring to material efficiency. This same goal has been aligned by company A as well.

I would say that... we have that additional self-imposed goal setting here, especially related to the mill's energy and material efficiency, where there is the environmental aspect in the background. (Environmental manager, company A)

From this discussion could be concluded, that while resource-based environmental strategies are also helping the environment, their main purpose from the corporate point of view is cost savings and other strategic goals, pointing to performance-driven motives. Also, focusing on resource efficiency decreases the attention paid to, for example, R&D, which could bring more environmentally friendly and truly proactive solutions to the industry.

Continuing the same discussion, expert B is of the opinion that in this sense minimizing the environmental burden seems to be only a by-product in the forest industry.

They [environmental values] don't have foothold in the business world if there is no benefit argument involved. And then, minimizing the environmental damage or increasing the positive environmental effect is sort of a by-product. (Expert B)

Again, this approach does not support the view of environmental proactivity, but points to a rather reactive strategy. Expert A's comments follow the same line with expert B, as the interviewee states that usually there is a strong business potential and image promotion purposes behind environmental responsibility and sustainability activities, referring to performance-driven motives. This supports the sustainability approach of company A presented in the beginning of this chapter. Expert A feels, that sometimes image promotion indeed seems to be the only incentive behind sustainability campaigns, as it has happened that companies say they "need" some sustainability campaign without giving more thought to the cause itself.

Experts A and B also mention that performance-driven motives are usually highlighted by big companies, including big forest industry operators, because their fundamental purpose is to make profit for their shareholders, referring to the agency theory shortly discussed in chapter 2.1.2. According to expert A, some of the big listed companies feel like they are not even authorized to engage in CSR in general, because it is not their core business of aiming to increase profits and the wealth of their shareholders.

The primary foundation of existence for all listed companies is to make profit for their shareholders, and because of this they can be very reserved to start doing anything related to corporate social responsibility, even if they would want to. (Expert A)

As discussed in the theory chapter 2.4, strategic, fundamentally economic, motives can be associated with either proactive or reactive strategies. Surely proactive environmental strategies include company-serving strategic motives too, but a lot depends on the true level of actions taken. If the motive is only economic, as it seems to be for company A, it will affect the attitude the company has for the cause. This can be seen from the results of this thesis, which indicate that company A's attitude towards environmental responsibility work is mainly reactive in nature. For example, this attitude affects company A's possibilities to proactively implement larger environmental projects, which are mainly driven by strategic motives rather than environmental values or stakeholder pressures.

I don't see that we could have those big initiatives, big changes, that we could do without investing millions. And then, these kinds of decisions are usually made by other than environmental criteria. Investments are not easy to get... (Environmental specialist, company A)

This notion is again in line with company A's emphasis on performance-driven motives, resulting in many features typical for a reactive environmental strategy, as can be interpreted from the interviewees' comments.

4.2.3 Environmental strategies driven by environmental values

Environmental values in this study are understood as sincere concern for the environment and the willingness to protect it. Companies acting on these values usually have adopted a so-called green organizational culture, which refers to highlighting the importance of environmental management driven by the recent trend of global environmentalism. (Chang 2015, 451–452.)

Despite of the many reactive environmental strategy features of company A discussed so far, company A has also environmental initiatives that are more proactive in nature and at least partially driven by environmental values. As the environmental manager of the local paper mill previously stated that even though a lot is based on legal compliance, they also have proactive self-imposed goal setting related to environmental responsibility issues. For example, the mill's self-imposed goal is to reach a utilization rate of over 99 per cent to minimize waste caused by the production of paper. The environmental manager also highlights the mill's desire to be a responsible place to work, which is in line with the group's environmental policy outlined in the EMAS statement. Even though the environmental manager did not identify any specific environmental values driving these actions, the concrete actions can be seen to speak for themselves.

We don't have any distinct environmental values... But we base our environmental policy setting and adherence on the values of company A. And then we have defined the most important environmental aspects, i.e. environmental impacts caused by the mill's functions... Maybe these environmental aspects are the closest to what you are looking for. (Environmental manager, company A)

The existence of value-driven motives of the mill of company A has been recognized by stakeholder A as well. Stakeholder A feels that nowadays the mill has a more proactive approach to environmental responsibility, and believes that environmental values play a

bigger role in the decision-making than before, reflecting the general development in environmental thinking.

I feel that nowadays they are really interested about the environment itself and try to operate relative to it. And many of the projects that have been done as for the environmental impacts have been like... not all had to be executed in such speed and that expensively and thoroughly. And all this recycling, they try to recycle every possible material. (Stakeholder A)

Also, the adoption of the EMAS environmental management system is a strong signal of environmentalism and proactivity itself, as the system is considered superior among the environmental management systems. Both of the studied companies have adopted the EMAS system as their environmental management tool. The EMAS system is voluntary and has strict requirements that exceed those of the ISO 14001 environmental management system. (European Commission...a) It could be said, that companies implementing the EMAS standards are willing to go the extra mile, referring to a proactive approach to responsibility.

Other recent environmental initiatives of the company A mill include actions aimed at improving energy and material efficiency, process water management projects and cutting emissions on watercourses. Related to these environmental actions, the environmental specialist of company A notes that each of their mills keeps an up-to-date shortlist of possible environmental actions and whenever investment money is available, the most effective action will be executed. Environmental issues are thus getting concrete attention at least at the production unit level.

The environmental specialist also brings up organization-wide environmental activities, which can be perceived as more value-based and proactive. Firstly, the interviewee underlines the importance of CSR being integrated throughout the organization.

Responsibility themes must be adopted throughout the organization as much as possible. We cannot just do it from the headquarters and fill in forms, but people in the whole organization must understand what it is about and why these things are done and why they are important. (Environmental specialist, company A)

Secondly, the environmental specialist mentions a campaign encouraging employees to undertake environmental actions in their daily work. The campaign can be seen as a practical demonstration of the objective of improving the personnel's environmental awareness, as outlined in the company's environmental policy. The idea of the campaign

is to come up with solutions, big or small, that have positive environmental impacts. These stories are then gathered to the company webpage.

I think those [campaigns to engage employees] are really important in order to make people realize, that their work matters and that they are a part of our total environmental impact... Maybe it is a corporate citizenship type of an approach, that we want to help people understand the possibilities to influence the environment and sustainability through the decisions made at work. (Environmental specialist, company A)

Incorporating CSR throughout the organization is important for companies really making it their cause (Taubken & Leibold 2010, 134–135). From this perspective the environmental campaign targeted to the company A's employees can be seen as a demonstration of a proactive strategy. However, there is a slight inconsistency to these proactive actions of company A discussed above. As turned out from the interview, the company otherwise invests only a little in environmental responsibility, undermining the credibility of more proactive environmental initiatives.

Company B has quite a different approach to their environmental responsibility strategy and paints a lot more proactive picture. While performance-driven economic motives were strongly emphasized on company A's web pages, on company B's web page sustainability gets a different, more value-based approach. The same conclusions can be made from the interviews held with the respondents of companies A and B. The sustainability communications manager describes the purpose of company B as follows:

The purpose of our company that we have outlined for our personnel, among others, is to operate for the good of people and planet and to replace non-renewable materials with renewable solutions... And then the values, which are a part of this package, are "lead and do the right thing". (Sustainability communications manager, company B)

This statement can be perceived as highly value-driven, as it reflects sincere benevolence and concern for both the society and the environment, features that are commonly related to value-driven motives (Graafland & Mazereeuw-van der Duijn Schouten 2012, 381; Karaosmanoglu et al. 2016, 4163.). The sustainability communications manager also states, that for company B global environmental responsibility questions are extremely important and solving these questions is the very reason for their existence. Such a statement communicates very strong value-driven motives for environmental responsibility, as the business is said to be driven by the will to change the world for the better.

The sustainability communications manager further explains the strategy of company B in a way, that they want to replace the fossil non-renewable materials in the world, including plastic, with sustainable solutions made of wood and do so with responsible and environmentally friendly processes.

Our products themselves are a part of the solution to the climate change, as the raw wood material absorbs carbon dioxide and preserves it. (Sustainability communications manager, company B)

Whether environmental values really are the main driver for company B's operations remains a question. As discussed before, stakeholder pressures are also a strong driver for responsibility in the forest industry, and developing sustainable solutions is an industry megatrend. Expert B previously proposed that sometimes mainly stakeholder-driven motives (i.e. megatrends) might appear as value-driven actions of saving the planet, which the above quotation of company B is indeed referring to.

Whether driven by altruistic environmental values or the stakeholder pressures typical for the industry, there are many proactive features in company B's environmental responsibility strategy. The sustainability communications manager makes it clear from the beginning that even though based on legal compliance, the company's environmental responsibility strategy is definitely proactive. The interviewee further defines the environmental responsibility strategy of company B as long-term, target-oriented and measurable activity, and environmental goals are indeed set for the next 10 to 20 years forward. A long-term approach to environmental responsibility strongly points to a proactive strategy, as described by Groza et al. (2011).

Environmental goals, or corporate responsibility goals in general, are set for the next 10 to 20 years forward, and in our industry typical big changes affecting environmental questions include big industrial environmental investments, which substantially improve the emission levels of mills. And these kind of environmental investments worth hundreds of millions are not done reactively on impulse but are a part of the corporate-level strategy. So, I would definitely describe it [the environmental responsibility strategy] as proactive. (Sustainability communications manager, company B)

This approach differs a lot from the approach of company A, who admits not investing much on environmental projects, as discussed earlier in chapter 4.2.1. Instead, company B's approach to environmental responsibility seems to get support from expert A, who

states that at least it is the impression that CSR is incorporated in their higher-level strategies, and that in the future what their business will be, is responsibility. Proactive companies use CSR as a means of differentiation by building the whole corporate image around it (Peng 2013, 208), so according to this statement company B can be seen to apply a highly proactive approach to environmental responsibility, at least in this regard.

Related to the environmental investments aimed at cutting the mill emission levels, the sustainability communications manager states that the most influential environmental initiative of company B recently is the work the company has done to reduce its CO₂ emissions. In addition to the progress that they have already achieved, the company is the first forest industry company to set a science-based reduction target for greenhouse gas emissions, a climate action initiated by CDP, World Resources Institute, WWF and the UN Global Compact. Some other big forest industry operators have made a commitment to setting a target too, excluding company A, but company B is the first to establish one. Taking part in the initiative can be seen as a highly proactive forerunner act, as only 369 companies globally have registered in the program. (sciencebasedtargets.org.) The interviewee explains that setting the science-based target aims at reducing greenhouse gas emission throughout the value chain and remarks that it demonstrates the overall development of environmental strategies away from the mill-centered perspective. This point was also brought up by expert B when discussing the general development of the forest industry environmental responsibility. As expert B described in the previous chapter 4.1, the focus of environmental responsibility in the forest industry has been turning more to responsibility over the whole global value chain, equaling the development in the strategy of company B. What comes to company A, the approach seems to be more local. The focus seems to be still strongly on reducing the emissions of their mills, where they are doing a good job with the EMAS system in Europe but have not adopted a very global perspective yet.

Experts A, B and C interviewed for this study share similar but also differing opinions regarding the value-based nature of forest industry companies' environmental strategies. Experts B and C do not see environmental responsibility in the forest industry in general driven by values, but rather by other motives.

I don't see it [environmental responsibility] as a value-based solution, but a functional one when forest companies are developing their operations against future requirements. (Expert B)

However, expert B also recognizes the change in the environmental thinking of companies. Expert B states that nowadays companies have a better understanding of environmental issues and they increasingly take pure environmental values into consideration,

yet the interviewee does not see environmental values as the main driver for responsibility.

Expert C holds a more skeptical view on the matter and suggests that forest industry professionals are living in a delusional self-betrayal, believing that the Finnish forest industry is sustainable. In that regard, expert C does not feel that environmental responsibility strategies of forest enterprises could be based on true environmentalism and quotes the CSR manager of a textile company as comparison as follows:

In this interview she quoted the founder of the company and said that the most important stakeholder is the nature, and every company in every industry should scale its operations according to the natural resources. (Expert C)

Expert C also fears that the forest industry has already destroyed too much of the forests globally and suggests that forest industry could start proactively innovating how to restore forests instead of planning to increase loggings, referring to a demand for a truly value-based approach to environmental questions. It is noteworthy to remind at this point that expert C possesses an activist background, hence the opinion on this matter is much stronger than the opinions of experts A and B.

By contrast, expert A holds a more positive and value-based view on forest industry MNEs' environmental responsibility strategies than experts B and C. Expert A remarks that the Finnish forest industry is known for its good work regarding sustainability issues and believes that at least the biggest Finnish forest MNEs have a so-called moral spine and really invest in sustainability. The interviewee believes that these companies, applying to company B mostly due to the country of origin, want to appear as forerunners and promote the industry transition towards more sustainable solutions, referring to a proactive environmental strategy. Thus, expert A is convinced that there must be true environmental values and the willingness to do good underlying the actions of forest industry operators.

The Finnish forest industry is known for dealing well with sustainability issues, and I would say that it is embedded in their values too. (Expert A)

Also, the proactive initiatives of company B discussed previously in this chapter get recognition from expert A, who states that it is one of the leading companies in the field of CSR in Finland and describes their approach to responsibility as systematic and ambitious. Expert A also believes that there must be strong values and sincere altruism behind company B's environmental responsibility work, at least in the back of individual employees' minds, but is more doubtful about the values of the top management.

What the motives really are, if value-driven or not, depends also to a great extent on the observer. Experts B and C both highlight the difficulty of evaluating values, because values are fundamentally subjective. Expert B notes that the value base of forest companies and critical stakeholder groups probably differs a lot, an expert C contemplates the concept of good in the context of the study.

Ethical and value discussion is challenging, as people have such a personal understanding of what is an important value and what is relevant and what is not, and what is good and what is better. (Expert C)

4.2.4 Sustainability communications as a means of environmental strategy implementation

Sustainability communications in general is seen as a challenging area, especially due to the possible pitfall of greenwashing companies might end up to with their well-meaning CSR campaigns (Yoon et al. 2006; Wagner et al. 2009). This remark was also brought up by expert A who states that for some companies the fear of the backfire effect of sustainability communications might even affect the companies' willingness to engage in sustainability actions in the first place, as usually there is also a strong strategic-driven image building motive behind a company's sustainability actions, as discussed in the previous chapter.

If they see that it is a risk to communicate about it [CSR], they don't have as big as an incentive to engage in it, because quite many CSR initiatives have a bigger incentive if there is an excellent communicative angle that creates a positive image... So, if they don't dare to communicate about it, it is a bit of a pointless act for the company. (Expert A)

Moreover, experts B and C highlight that corporate communication of sustainability is even more challenging in the forest industry context due to its emotive nature. Expert B states that as forests and the forest industry in general awake emotions and strong opinions in people, it is truly challenging to communicate about forest-related sustainability successfully. Expert C continues that sustainability communications is a very sensitive discipline and refers to the differing perceptions of companies and stakeholders on environmental values and sustainability discussed in the previous chapter.

As the theory suggests, corporate responses to these increased stakeholder demands for information on corporate sustainability vary widely (Epstein 2008, 223). According to the results of this study, the environmental communication strategies of companies A

and B also vary to a great extent. Both companies rely on both internal and external information sources but stress them quite differently. The content and declared motives vary between the two studied companies too, along with intensity of stakeholder dialogue.

According to the environmental manager of the mill owned by company A, the mill's main tool for environmental communication is its annual EMAS report. Every three years the report will come out as a more extensive paper version, whereas the yearly report will be available online. The extensive paper version is also distributed to the local stakeholders.

This bigger environmental report every three years will be distributed to local stakeholders, such as residents' associations, certain city authorities, politicians... plus then the neighborhood distribution. We have 600 plus households here around the mill, where we hand out this paper version of the report. (Environmental manager, company A)

Other internal sources for environmental communication for the mill of company A include the company web pages and different social media platforms, i.e. Facebook and Instagram, where, as stated by the environmental manager, they are always trying to post some environment-related stories, even though it has lately been quieter on that front. For the mill, external communication sources include mainly forest certification and cooperation and dialogue with local stakeholders, such as local NGOs and the residents' associations interviewed for this study. The mill arranges a so-called neighborhood meeting once a year, where it invites the 600 plus households to hear and discuss about the current state of the mill, including its environmental performance affecting the surrounding environment.

It [the neighborhood meeting] is more informative in nature, but of course we have given the opportunity to ask before and after the presentations... It feels like it has been a well-liked event... And the message we always want to pass is that it is always possible to contact us. (Environmental manager, company A)

Following the previously discovered line, for the headquarters of company A the stance on environmental communication is quite different. The environmental specialist stresses that because of the fact that company A does not own any forests in Europe, environmental communication is not needed on the corporate level.

We don't have to do similar stakeholder communication, because we simply don't have those forests, and nobody knows us, so we can take these

things much more lightly... In our headquarters we have one person in communications, and she has never had to write about environmental themes. (Environmental specialist, company A)

The environmental specialist continues by stating that company A does not have any actual proactive environmental communications in their headquarters, which can be judged from the above statement as well. The company is reporting about environmental responsibility in terms of the GRI standards in addition to a nation-specific corporate governance code, referring to externally verified internal sources. The environmental specialist points out that the majority of their environmental communication at the corporate level consists of cooperation with the biggest customers, who are usually brand owners, merchants and printers. For merchants and printers, sustainability communication consists of merely providing them with product-related environmental data, which in fact is a part of the job description of the environmental specialist. With brand owners, company A has deeper bilateral discussions, i.e. stakeholder dialogues, aiming to joint product development. What comes to communicating with other stakeholder groups, such as NGOs, the interviews with company A do not provide any information. Even though in their 2017 sustainability report the company A shortly mentions the importance of stakeholder engagement and the ongoing projects with NGOs and communities, these aspects were not mentioned in the interview, leaving the statement in their 2016 sustainability report rather empty:

Proactive, constructive stakeholder engagement is at the heart of our drive to integrate sustainability into our everyday business processes. (2016 Sustainability report, company A)

Company B uses a wider variety of different internal and external communication sources to inform stakeholders about their sustainability performance. According to the sustainability communications manager, the cornerstone of their environmental communication is open and transparent reporting according to the GRI standards. In addition to the yearly sustainability report, company B reports all environmental key figures quarterly in their interim report.

The starting point is not some trivial marketing-driven value painting for critical organizations, but the starting point for all communication is fact-based, regular and transparent reporting of key figures. (Sustainability communications manager, company B)

Other internal communication sources of company B include the company web pages, marketing communication materials, and social media. In addition to posting about environmental issues in social media, the sustainability communications manager emphasizes that the social media for them is a platform where they are in dialogue with everyone.

As the results of this study reveal, company B is facing stronger stakeholder pressures than company A and as a result, is also deeper engaged in stakeholder dialogues with several stakeholder groups, including consumers, the media and different NGOs. As discussed in the previous chapters, company B has close cooperation with several NGOs, which can be seen as stakeholder dialogue at its best and can serve as a source for external sustainability communication for company B (Palazzo 2010). As expert A points out too, many companies engage in joint sustainability campaigns with NGOs, because stakeholders tend to trust those sustainability actions more than those that have been produced by the company alone.

Apart from the projects with cooperative NGOs, the sustainability communications manager states that the company has a long tradition of stakeholder dialogue, usually face-to-face, with representatives of critical NGOs, such as Greenpeace, who has heavily criticized forest industry companies about several environmental issues throughout the years.

It is not difficult for us, but more like an everyday thing that we are in touch with stakeholders, also with the critical ones. (Sustainability communications manager, company B)

Expert C also highlights the importance of dialogue-based stakeholder communication but offers a slightly differing opinion on the current state of dialogue between forest industry operators and critical NGOs. Expert C feels that it seems that the dialogue used to be better and both sides used to listen to each other better than they do now. The interviewee continues by thinking about the reasons behind this reverse development:

Maybe it has been this bioeconomy and the bigger forest logging plans that are made under its cover, which has made both sides a bit wary. (Expert C)

In both interviews with company A and B was mentioned that in addition to environmental reporting, another important tool for communicating about sustainability and sustainable forest use in particular are the forest certifications, which according to this study are seen as external communication sources. Expert C notes that environmental labels, including forest certifications, are important communication channels for average consumers who are not actively following environmental discussions, comprising the majority of consumers at the end.

What comes to the content of the environmental responsibility-related messages, presenting fact-based transparent information over values was emphasized in the majority of the interviews conducted for this study. As already discussed, the sustainability communications manager of company B mentioned several times during the interview that their sustainability communication is first and foremost based on facts, i.e. presenting numbers to tell about their performance. In addition, in the interview with company B the importance of making the message clear and understandable for everyone, not just for the CSR experts, was emphasized. For company A presenting facts about their products and performance was also stressed during the interviews. In addition to the company interviews, expert B speaks about the importance of the comprehensiveness of environmental communications, which can be used to validate the environmental choices made by the forest companies.

Comprehensiveness and communicating it is extremely important for these [forest] companies, so that they can tell about the general effect based on facts, and then validate their own decisions and actions through the big picture. (Expert B)

Besides the fact-based environmental responsibility information, the importance of openness and transparency was mentioned in five out of eight interviews. For instance, stakeholder A states that due to the open dialogical connection they have with the mill of company A, they see no problems regarding the ethicalness and transparency of company A. The interviewee also adds, that there have been times in the past where it was not always so. The environmental manager of company A indeed speaks for open communication, so it can be concluded that the mill's efforts of providing open sustainability communication have paid off. Stakeholder B also feels that the mill has been openly communicating about environmental impacts on the surrounding environment.

Today companies inform about all of their operations, they talk about openness. And if they start to hide something, they can't really operate for long... because why couldn't they inform about things if they are operating fairly. (Stakeholder B)

5 CONCLUSIONS

This part of the study will present the conclusions drawn from the collected data and reflect the results to the theoretical background introduced in chapter 2. As previously mentioned in the methodological part of this study, the last phase of data analysis is theorizing the interpreted data in order to find explanations and draw conclusions (Merriam 2014, 188). To be consistent, this will be done based on the same objective and sub-objectives outlined in the beginning of this study.

First, the theoretical contribution of this study will be discussed. After that, managerial implications provided by the results of this study will be presented. This chapter will be concluded with discussion of limitations and implications for further research.

5.1 Theoretical contribution

The purpose of this thesis was to *study the environmental responsibility approaches of forest industry MNEs*. To make approaching this purpose easier, it was further divided into three sub-objectives:

- What is the role of environmental responsibility in the forest industry?
- What motives do forest industry MNEs have for environmental responsibility?
- What environmental strategies forest industry MNEs apply?

This study has demonstrated several theoretical contributions related to the concepts that have been covered. Firstly, it is noteworthy to point out that based on the results of this study, there seems to be variance in the approaches of forest industry MNEs and for this reason, drawing unambiguous conclusions is difficult.

To gain a broader view on the topic, the *role of environmental responsibility in forest industry and in the 3P framework* is briefly evaluated. According to this study, although all dimensions of the 3P framework, including the social, economic and environmental aspects, were found to be equally important, environmental responsibility is seen most critical due to the highly natural resource-intensive characteristics of the industry. While the social dimension of CSR and especially human rights have also received a lot of attention due to the global operations of forest industry MNEs, environmental responsibility is considered a license to operate. As discussed in the introduction of this study, people have become more environmentally aware, raising environmental concerns in the center of public attention. This in turn has been influencing the emergence of green consumerism (Buysse & Verbeke 2003, 459), which has now become almost a new normal. These observations support the statement of Bowyer (2008, 7), who wrote already a decade ago that green values have become mainstream and pressures for environmental responsibility

are among the highest in the forest industry. The study supports these views by acknowledging that environmental responsibility has become more important in the forest industry during this decade, especially due to the discussions on climate change and sustainable forest use. The study also found that addressing environmental responsibility questions in the forest industry has improved significantly since the 1960s, reflecting the increased importance of environmental responsibility for companies as a long-term success factor identified in previous studies as well (e.g. Chang 2015, 452).

The next sub-objective of this study was to understand *what motivates forest industry MNEs to engage in environmental responsibility*. This question is fundamentally based on the different motives for engaging in environmental responsibility and CSR in general. In this report the classification of stakeholder-driven, performance-driven, and value-driven motives by Maignan and Ralston (2002) was applied. Previous studies suggest that stakeholder-driven motives, i.e. the pressures caused by different primary and secondary stakeholder groups, are the main drivers for environmental responsibility (e.g. Epstein 2008; Lee 2011). Together with the above-mentioned statement from Bowyer (2008, 7) claiming that stakeholder pressures for environmental responsibility are among the highest in forest industry, this study agrees with the results of previous studies. Stakeholder pressures for answering the sustainability challenge are seen to greatly affecting forest industry's engagement in environmental responsibility. For instance, although basically voluntary, the forest certification system comes as a very strong pressure in the whole industry demanded by various stakeholder groups, including consumers and environmental organizations. Another finding of the study that supports the significance of stakeholder-driven motives is that the majority of stakeholders seem to doubt the sincerity of environmental actions undertaken by forest industry MNEs. This observation stems from the findings of previous studies suggesting that stakeholder-driven motives tend to generate negative stakeholder perceptions (Groza et al. 2011; Karaosmanoglu 2016).

Moreover, the study found that performance-driven motives have a significant role in driving forest industry MNEs towards more environmentally responsible operations. This result follows the previous studies suggesting that companies' environmental responsibility actions are usually highly driven by increased profits and image promotion (e.g. Lee 2008; Arevalo 2013; Sledge 2015), which are considered typical business motives. For instance, the study found that forest industry companies are strongly motivated by cost savings resulting from projects aiming at increased material and energy efficiency, which also has positive environmental impacts. However, the environmental aspects are often mere by-products for the main motive of saving money. Performance-driven motives also include strategic goals of gaining and keeping more customers (Groza et al. 2011), i.e. securing the future operations of the company. This study found that forest industry MNEs are engaged in environmental responsibility largely because they see it as a strategic solution trying to secure growth and profitability in the future.

Environmental values in turn point to the value-driven motives and understanding their role in the forest industry context was included to one of the sub-objectives of this study. Companies that engage in CSR out of value-driven motives strive for making ethical business decisions based on corporate core values (Laczniak & Murphy 2006, 164). In the context of this study, this refers to the core environmental values. Value-driven motives are also commonly related to sincere benevolence and concern for the well-being of the environment. (Karaosmanoglu et al. 2016, 4163.) This sub-objective included the most variance in the results of the study, but clearly the majority of the results found that even though forest industry companies often present themselves as highly responsible actors, environmental responsibility is still rarely driven by pure environmental values, but primarily by other motives. However, the study also found that value-driven motives do exist and increasingly drive environmental responsibility at least to some extent, depending a lot on the company. Also, it was discovered that there is a positive trend of increasingly taking environmental values into account in corporate decision-making, indicating that environmental values play a bigger role in forest industry than they did before.

In conclusion to the findings on environmental responsibility motives, it can be argued that forest industry MNEs usually act on a combination of the above-discussed motives, which is in line with the findings of previous studies on corporate responsibility motives (e.g. Maignan & Ralston 2002; Ellen et al. 2006; Karaosmanoglu et al. 2016). The study found evidence that value-driven motives are increasingly affecting environmental responsibility in the forest industry, but the role of environmental values is still minor compared to performance- and stakeholder-driven motives. However, it can be argued based on the results of this study that due to the nature of forest industry operations, stakeholder driven motives essentially are the most influential ones. Performance-driven motives were highlighted too, but fundamentally increased performance is only possible when adapting to the stakeholder demands, which today are increasingly centered around sustainability. Also, the adoption of seemingly voluntary environmental management systems related to value-driven motives comes as a strong pressure in the industry, so some features of the value-driven motives can be seen as fundamentally stakeholder-driven, too.

The final sub-objective asked *what environmental strategies forest industry MNEs apply*. As mentioned earlier in this study, corporate responsibility strategies are commonly divided into proactive and reactive strategies, leaving defensive and accommodative strategies with less attention in the middle (e.g. Carroll 1979; Fang et al. 2010; Peng 2013). Companies that are applying a reactive strategy act only on formal regulations and stakeholder pressures, such as challenges created by competitors (Chang 2015, 455), whereas proactive companies are willing to proactively exceed the stakeholder requirements and seek to identify potential CSR issues in order to become the industry leader in ethicalness

and use CSR as a means of differentiation by building the whole corporate image around it. (Peng 2013, 208.)

Due to the previously discussed nature of the industry and the extremely high environmental pressures of contemporary stakeholders, it could be thought that forest industry MNEs would always adopt a proactive stance on environmental responsibility. The study at hand, however, suggests that the truth is not so straightforward and both reactive and proactive features can be identified in the environmental strategies of forest industry MNEs. The same observation was made by Lankoski (2006), suggesting that companies may handle some environmental issues better than others. It should also be mentioned that the study found that formal regulations are the basis for all environmental activity, and a lot of work is concentrated in making sure all environmental regulations are followed. This result supports the previous research suggesting that often the reason to 'go green' is to have compliance with environmental regulations (e.g. Dangelico & Pujari 2010), which in turn can be seen as a reactive approach to environmental responsibility (e.g. Buysse & Verbeke 2003; Peng 2013; Chang 2015). However, the study demonstrates that forest industry MNEs engage in many additional environmental responsibility activities.

Thus, based on the results of this study, environmental issues are clearly getting a lot of attention and the strategies indeed include many proactive features, such as building alliances with stakeholders including NGOs and local communities, as well as adopting voluntariness-based environmental standards such as the EMAS and GRI frameworks (Buysse & Verbeke 2003, 455-459). It can also be stated that both of the companies that participated in this study engaged in environmental responsibility activities that clearly are exceeding stakeholder requirements, which can be seen as a demonstration of proactivity in environmental management (e.g. Peng 2013). However, the environmental responsibility strategies of forest industry MNEs can also be seen as too reactive first and foremost based on the lack of totally new eco-innovations (e.g. Bocquet et al. 2013). As the results of the study revealed, forest industry MNEs are still primarily counting on the production of traditional forest-based products and investing relatively little in R&D. The study also found that the environmental responsibility strategies are also to a great extent resource-based and thus focused on production units, pointing to the old ways of thinking and the lack of proactivity. Additionally, responding to the sustainability challenge was found to be at the very core of forest industry companies' environmental strategies. In the light of this study, some companies are trying to respond to it more proactively than others, but merely answering the sustainability challenge cannot be seen as a proactive approach anymore, especially with such low levels of investments in R&D. Thus, it can be argued that the environmental strategies of forest industry MNEs are in fact combinations of reactive and proactive actions.

What comes to the sustainability communication strategies of forest industry MNEs that were discussed as a means of strategy implementation it can be argued that they vary a lot according to the company's general approach to environmental responsibility. As presented by Wagner et al. (2009, 79), companies that apply a proactive CSR communication strategy are actively engaged in sustainability activities and want to position themselves as responsible actors by actively communicating about these activities. In contrast, companies applying a reactive communication strategy do not put much effort in communicating about sustainability unless they are pressured to. The results of the study support this finding by indicating that companies with proactive environmental strategies also communicate more proactively compared to companies with a more reactive environmental strategy.

Furthermore, the study supported the previous studies suggesting that sustainability communication is a challenging area, especially due to the pitfall of greenwashing that could result from inconsistent information (e.g. Morsing & Schultz 2006; Taubken & Leibold 2010; Kim 2014). An interesting finding of this study was that sustainability communication seems to be even more complex in the forest industry context because forestry as a topic raises strong emotions in people. Because of this, the study found that consistency and transparency related to the content of communication were emphasized. Thus, fact-based communication was highlighted in the sustainability communication of forest industry MNEs instead of communicating environmental values. In this study, externally verified environmental reporting, as well as forest certifications, were found to be the most important sources for fact-based sustainability communication in the forest industry. This result was consistent with the existing studies suggesting that big corporations especially in the natural-resource based industries face increased pressures for sustainability reporting (e.g. Epstein 2008; Toppinen & Korhonen-Kurki 2013). Furthermore, related to the concepts of consistency and transparency, the study found that another highly important communication source for forest industry MNEs is stakeholder dialogue, and that the level of dialogue ranges a lot from informative to decisional stakeholder dialogue. According to Palazzo (2010), at its best decisional stakeholder dialogue includes joint projects with NGOs and local communities, whereas in the lowest levels it contains mere one-way information to stakeholders. The study reveals that both approaches could be found, depending a lot on the overall environmental responsibility strategy. Stakeholder dialogue as a communication channel raised also positive associations among the stakeholders that were interviewed for this research.

Moreover, in order to get a more comprehensive understanding on the environmental responsibility approaches of forest industry MNEs, conclusions on the linkage between environmental motives and strategies will be reviewed. Firstly, this study found support to Lee's (2011) view on the effect of stakeholder pressures on CSR strategies. He suggests that the stronger the stakeholder pressure, the more proactive the CSR strategy will be. It

was indeed found that companies with less stakeholder pressures have a more reactive environmental strategy, whereas companies with stronger stakeholder pressures have a more proactive approach to environmental responsibility. However, when the scope is on the whole industry and not individual firms, Groza et al.'s (2011) theory seems to be more valid. They found that stakeholder pressures lead to reactive strategies, which according to the study is the case when the industry at large is reviewed. Second, it is still open for interpretation if performance-driven motives refer to more reactive or proactive environmental strategies. According to Groza et al. (2011, 641), performance-driven motives indicate careful strategic planning and are thus linked to a proactive environmental strategy. Conversely, Lee (2011) sees that mere economic interest with absent external pressures is mainly linked to a highly reactive CSR strategy. This study found that more evidence in support of Lee's (2011) theory by suggesting that companies with performance-driven motives indeed are more likely to adopt a reactive environmental strategy. Third, it has been suggested that a proactive CSR strategy is often driven by corporate core values (Groza et al. 2011; Chang 2015). The results of this study partly agree with the previous studies but reveal that the matter is not as simple as that, because the proactive environmental initiatives that were identified in this study were found to be driven primarily by stakeholder-driven motives. However, as stated by one of the interviewees of this thesis, proactively engaging in environmental responsibility always has some level of values behind.

In conclusion, this study found that the environmental responsibility approaches of forest industry MNEs varied a lot and usually the environmental strategies are combinations of reactive and proactive approaches. It can also be argued that the most significant reason (i.e. the underlying motive) for the variance is the different level of stakeholder pressures individual companies are facing. When the stakeholder pressures for environmental responsibility are high, the environmental strategies are usually more proactive, and vice versa. Generally speaking, stakeholder pressures in the forest industry are extremely high, and thus the environmental strategies of forest industry companies include a lot of proactive features. However, reactive strategies seem to apply especially as far as environmental innovativeness is concerned. This indicates that the phenomenon of environmental responsibility in the context of forest industry is complex and to cite an interviewee of this study: *"The outcome could be that there is no absolute truth to this matter, and it is certain that there is no one and only right answer"*.

5.2 Managerial implications

In addition to the theoretical contribution, this study provides managerial implications, which are directed to managers and CSR professionals working in the forest industry.

This study helps them to review their own environmental responsibility approaches from a fresh perspective by focusing on environmental responsibility motives and strategies. The results of the study also provide managers with information and practical tips regarding sustainability communications.

Due to the growing eco-awareness of all stakeholder groups, it would be particularly useful for forest industry MNEs to analyze their own motives and strategies for environmental responsibility, and also acknowledge the possible effects these choices might have. Firstly, since the study found that stakeholder-driven motives are the most influential drivers for sustainability in the forest industry and at the same time, many stakeholders seem to doubt the sincerity of sustainability initiatives, it would be worth questioning the true motives on a corporate level. As a suggestion for managers dealing with sustainability, value-driven motives are viewed most positively by stakeholders due to the perception of sincerity, thus it would be reasonable for forest companies to express environmental values as drivers for environmental responsibility. However, strategic motives should not be forgotten, as it is a known fact that companies also try to make profit. Moreover, contemporary consumers demand proactive environmental strategies and forest industry MNEs should ensure that their strategy follows this approach. This study strongly suggests that in order to be seen as truly proactive actors, more attention should be paid to eco-innovations as a means of combating the climate change.

What comes to sustainability communication, forest industry MNEs are doing a good job in reporting actively about their environmental performance, but there is also a demand for deeper and more constructive stakeholder dialogue caused by the emotive nature of forest industry operations.

5.3 Limitations

Firstly, it is worth mentioning that the original idea was to study the importance of value-based environmental communication in the forest industry context. However, as it turned out in the interviews, this theme was too complicated and not sufficiently relevant for the chosen context. As value-driven motives were not considered important drivers for environmental responsibility and their role in sustainability communication even less so, the focus of the study turned more into the environmental motives and strategies, and communication on a more general level.

Furthermore, the study compared only proactive and reactive environmental strategies. As it turned out, the environmental strategies in the forest industry are usually a combination of these two, which implies that including defensive and accommodative strategies in the conversation would have probably changed the results. However, as there was not

enough literature on defensive and accommodative environmental strategies, they were left out from the scope of this study.

Also, ethical conversation is always challenging, as it turned out during this research as well. Studying the responsibility motives and debating their ethicalness depends a lot on the individual person. Also, what is a proactive enough strategy depends a lot on the observer, because essentially the perceptions of what is good and what is bad are highly individual. The controversial discussion of sustainable forestry falls also into this category and greatly affects the perceptions of forest industry MNEs and more critical stakeholders. Thus, the results of this study reflect different perceptions of good and bad, and no absolute truth can be identified.

5.4 Suggestions for further research

As already mentioned, this study focused only on reactive and proactive environmental strategies. Thus, further research with a widened scope including defensive and accommodative strategies would provide a more holistic understanding on the different approaches to environmental responsibility in the forest industry.

Also, the study was conducted in the context of forest industry MNEs operating in Finland, so domestic stakeholder groups were primarily represented. It would be interesting to conduct a similar study in the context of foreign forest industry and include foreign stakeholder groups. The study could be conducted for example in Latin America, North America, or China, which in addition to northern Europe are among the world leaders in forest industry. Supposedly the perceptions of stakeholders and local forest companies would differ quite a lot, as Finland is considered one of the forerunner countries in sustainable forestry.

Furthermore, as the study covered several different perspectives on the topic, it was not the purpose of this study to profoundly examine the perspectives of each individual group, but to develop a broader understanding. Thus, further research with the focus on a certain group (e.g. a forest company or a certain stakeholder group), could bring a deeper understanding on the perceptions of that individual group.

6 SUMMARY

The themes of environmental responsibility have become a subject of public concern especially during the past decade, largely due to the impacts of climate change and other global environmental threats. The development of environmentalism has been highlighting the role of environmental responsibility as an increasingly important function for companies alike. Forest industry companies face an extremely high pressure for environmental responsibility as they play a central role in the question of forests and their impact as carbon sinks in combating the climate change. Thus, forest industry companies must pay careful attention to their environmental responsibility approaches, which served as the purpose of this thesis. To be precise, the purpose of this thesis was to *study the environmental responsibility approaches of forest industry multinational enterprises (MNEs)* in the context of forest industry MNEs with operations in Finland and it was conducted as an interview study. The purpose of this study was further divided into sub-objectives studying the role of environmental responsibility in the forest industry in general, the motives forest industry MNEs have for environmental responsibility, and the environmental strategies of forest industry MNEs.

The theoretical background of the study consists of several concepts including the triple bottom line approach (3P) to CSR, CSR motives and strategies and their interconnection, as well as CSR communication as a means of CSR strategy implementation. Previous academic research suggests that the role of environmental responsibility has been increasing and is of specific importance in the forest industry due to its highly resource-intensive way of doing business. Corporate motives for environmental responsibility can be divided into stakeholder-, performance-, and value-driven motives and environmental strategies in proactive and reactive approaches. A proactive approach is described as the companies' willingness to exceed stakeholder pressures by doing more for the environment than required, whereas a reactive strategy refers to mere compliance with environmental laws and regulations. Proactive companies also tend to communicate about their environmental actions more proactively than reactive companies. The business research on the interconnection between CSR motives and strategies is scattered what comes to stakeholder pressures and performance-driven motives with indications of both reactive and proactive strategies but suggests unanimously that a proactive strategy is largely associated with value-driven motives.

The findings of this study suggest that environmental responsibility as a distinctive part of the 3P framework has been gaining a lot of attention lately and becomes increasingly important due to the growing concerns about the impacts of the climate change and global sustainability. Nevertheless, the results of the study suggest that these concerns, i.e. environmental values, are not among the strongest drivers for environmental responsibility in the forest industry, even if their role was found to be growing. Instead, the

results of the study suggest that stakeholder pressures (i.e. stakeholder-driven motives) were the most influential drivers for environmental responsibility in the forest industry, and performance-driven motives followed next emphasizing the importance of cost savings. In addition, it was found that the environmental responsibility strategies of forest industry MNEs are essentially combinations of reactive and proactive approaches, implying that the division between strategies is actually more complicated than generally presented in the academic research. The results of the study clearly indicate that some environmental issues, such as reporting on environmental performance, were handled more proactively, whereas other issues including investing in eco-innovations to improve sustainability were handled reactively. The main finding related to sustainability communications as a tool for executing an environmental strategy, was that companies with a more proactive environmental strategy also communicate more actively and engage in deeper stakeholder dialogues than more reactive companies. What comes to the linkage between environmental motives and strategies, the results suggest that both stakeholder- and value-driven motives were driving forest industry MNEs towards proactive environmental actions, whereas the lack of stakeholder pressures and mere performance-driven motives were associated with reactive environmental actions.

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