

HELSINGIN YLIOPISTO  
HELSINGFORS UNIVERSITET  
UNIVERSITY OF HELSINKI

# Success factors and challenges in the implementation of corporate sustainability strategy

---

**Case study of implementation of corporate social responsibility strategy  
in SOL Group**

University of Helsinki  
Master's programme in  
Environmental Change and Global Sustainability  
Global Sustainability study line  
Master's thesis  
3/2019  
Minna Tuusa  
013758569

Tiedekunta - Fakultet - Faculty Bio- ja ympäristötieteellinen tiedekunta		
Tekijä - Författare - Author Minna Tuusa		
Työn nimi - Arbetets titel - Title Menestystekijät ja haasteet yritys vastuustrategian implementoinnissa: Tapaustutkimus yritys vastuustrategian implementoinnista SOL Groupissa.		
Oppiaine - Läroämne - Subject Ympäristömuutos ja globaali kestävyys		
Työn laji/ Ohjaaja - Arbetets art/Handledare - Level/Instructor Maisterintutkielma / Eva Heiskanen	Aika - Datum - Month and year Maaliskuu 2019	Sivumäärä - Sidoantal - Number of pages 60 s + 2 liitteet
Tiivistelmä - Referat - Abstract <p>Tämän tutkielman tavoitteena on löytää haasteita, joita suuret työvoimavaltaiset palvelualan yritykset kohtaavat implementoidessaan yritys vastuustrategioitansa. Yrityksillä on tärkeä rooli kestävässä kehityksessä, ja yrityksillä voidaankin nähdä olevan tärkeä tehtävä kestävyys- ja vastuullisuustietoisuuden kasvattamisessa (Simas et al., 2013). Yritysvastuu (CSR) on käsitteenä hyvin tuttu modernissa yritysmaailmassa, ja CSR onkin jo mukana monien yritysten strategioissa, mutta silti yritys vastuustrategian muodostamisen ja implementoinnin välillä on kuilu (Engert &amp; Baumgartner, 2016).</p> <p>Tässä tutkielmassa esitettävä tutkimus perustuu CSR-strategian implementoinnin kirjallisuuskatsaukseen sekä suuren palvelualan yrityksen, SOL Groupin, tapaustutkimukseen. Työn tavoitteena on tunnistaa potentiaalisia haasteita yritys vastuustrategian implementoinnissa suurissa palvelualan yrityksissä, joissa on suuri henkilöstön vaihtuvuus sekä alhainen palkkataso yhdistettynä fyysiseen ja intensiiviseen työhön. Tavoitteena on myös löytää näkökulmia, joita voidaan hyödyntää jatkotutkimuksessa ja -kehityksessä.</p> <p>Tapaustutkimus muodostuu neljästä ryhmähaastattelusta ja havainnoinnista kentällä sekä aineiston analyysistä. Kirjallisuuskatsauksesta tunnistetaan kaksi mallia: <i>the five levers model</i> tekijältä Lacy et al. (2009) ja <i>the success factor model</i> tekijältä Engert &amp; Baumgartner (2016). Näitä kahta mallia käytetään teoreettisena keikkona valitun yrityksen CSR-strategian implementointihaasteiden analyysissä. Tutkielman päälöydöksenä todetaan, että haaste onnistuneen CSR strategian implementoinnissa on koko henkilöstön sitoutuminen ja motivointi. Tämä tutkimus esittää hypoteeseja jatkotutkimukselle, jotta CSR-strategian muodostamisen ja implementoinnin välisen kuilun kuromista voitaisiin jatkaa. Toiveena on, että tämän tutkielman löydökset auttaisivat yrityksiä tunnistamaan haasteitaan yritys vastuustrategian implementoinnissa ja että tutkielma tarjoaisi suuntaviivoja siihen, miten saavuttaa mahdollisimman kattava CSR-strategian implementointi.</p>		
Avainsanat – Nyckelord - Keywords Yritysvastuu, Yhteiskuntavastuu, Vastuullinen yritystoiminta, Vastuullisuusstrategia, Yritysvastuustrategian implementointi, Palveluala, Työntekijöiden sitoutuminen, Organisaatiokulttuuri		
Säilytyspaikka - Förvaringsställe - Where deposited Helsingin yliopiston kirjasto, Viikki		
Muita tietoja - Övriga uppgifter - Additional information		

Tiedekunta - Fakultet - Faculty Faculty of Biological and Environmental Sciences		
Tekijä - Författare - Author Minna Tuusa		
Työn nimi - Arbetets titel - Title Success factors and challenges in the implementation of corporate sustainability strategy: Case study of implementation of corporate social responsibility strategy in SOL Group.		
Oppiaine - Läroämne - Subject Environmental Change and Global Sustainability		
Työn laji/ Ohjaaja - Arbetets art/Handledare - Level/Instructor Master's thesis / Eva Heiskanen	Aika - Datum - Month and year March 2019	Sivumäärä - Sidoantal - Number of pages 60 pp. + 2 appendices
Tiivistelmä - Referat - Abstract <p>This thesis aims to find out what are the challenges in the implementation of corporate social responsibility (CSR) strategy in a large labour-intensive company in the service business. Companies have an essential role in sustainable development and they are seen as important actors in spreading awareness of sustainability (Simas et al., 2013). While CSR is a concept that is playing an important part in the modern business world and has been involved in companies' strategies for years now, there is still a gap between the CSR strategy formulation and implementation (Engert &amp; Baumgartner, 2016).</p> <p>The research presented in this thesis is based on a literature review of CSR strategy implementation and on a single case study in a service business company, SOL Group, with high employee turnover, low wage levels and physical and intense working conditions. The objective of this thesis is to identify potential challenges in the CSR strategy implementation in large companies in service business, and based on the findings, structure hypotheses for further research. The case study data collection included four group interviews with several participants in each, as well as direct observation in the field, and it is supported by documents from the case company and literature.</p> <p>From the literature review, two models were identified: <i>the five levers model</i> by Lacy et al. (2009) and <i>the success factor model</i> by Engert &amp; Baumgartner (2016). These two models were used as theoretical frameworks for analysing the challenges in the successful implementation of CSR strategy in the case company. The main finding was that the major challenge in the successful implementation of CSR strategy is to commit and engage the employees to the strategy implementation. This thesis proposes hypotheses for the future, to continue this research as an attempt to bridge the gap between CSR strategy formulation and implementation. It is hoped that the insight from this thesis helps companies to identify their challenges in the CSR strategy implementation and provides some guidelines on how to proceed if wanting to achieve a full implementation of CSR strategy.</p>		
Avainsanat – Nyckelord - Keywords Corporate sustainability, Corporate responsibility, Corporate social responsibility strategy, Corporate sustainability strategy implementation, Service business industry, Employee engagement, Organization culture		
Säilytyspaikka - Förvaringsställe - Where deposited Viikki Campus Library, University of Helsinki		
Muita tietoja - Övriga uppgifter - Additional information		

## Table of content

List of tables & list of figures.....	2
1 Introduction.....	3
2 Conceptual framework for analysing CSR strategy implementation.....	5
2.1 Importance and challenges in implementing CSR strategy.....	8
2.2 Solutions for the implementation of CSR strategy .....	13
2.2.1 Five levers model – invest in people.....	14
2.2.2 Success factors – internal perspective.....	17
2.2.3 Analysis of the two models .....	20
2.3 Concepts.....	21
3 Method and materials.....	24
3.1 Selection of research approach .....	24
3.2. Case company background: SOL Group.....	26
3.3 Case study – research framework.....	29
3.3.1 Analysing case study evidence .....	30
3.3.2 Research framework analysis and limitations.....	32
4 Results and analysis .....	34
4.1 CSR strategy at SOL .....	35
4.2 Analysis of SOL's CSR strategy through frameworks for strategy implementation .....	41
4.2.1 Five levers model in SOL.....	42
4.2.2 Success factors model in SOL.....	47
5 Discussion .....	50
6 Conclusions.....	56

References.....	58
Appendices.....	61

## List of tables

Table 1: SOL Group's mission, vision, values, business idea and success factors (SOL Responsibility Report, 2018) .....	27
Table 2: SOL Services Oy's organization, unofficial (email from HR & Legal Director, 2019) .....	28
Table 3: Interview chart with details of agenda, participants, dates and locations .....	30
Table 4: Components of Research Design in the thesis (Yin, 2003, p. 21) .....	32
Table 5: CSR aspects at SOL (SOL Responsibility Report 2018) .....	36
Table 6: The main findings on SOL's challenges in CSR implementation.....	53

## List of figures

Figure 1: Five levers for generating business value by executing sustainability strategies (Lacy <i>et al.</i> , 2009) .....	14
Figure 2: Corporate sustainability strategy implementation's identified success factors (Engert & Baumgartner, 2016) .....	17
Figure 3: Environmental aspects at SOL (SOL Responsibility Report, 2018).....	40
Figure 4: Screenshot from SOL Finnish webpages 'Perhe' site with the main bar (SOL, 2019) .....	43

## 1 Introduction

Corporate social responsibility (CSR) is a concept that is playing an important part in the modern business world. There has been an increase in the awareness of environmental issues, which has moved the effort to increase corporate sustainability strategies from the margins to mainstream (Klettner *et al.*, 2014). Even though sustainability has been involved in companies' strategies for years now, many companies are unable to both meet the global challenges and make profitable business, but at the same time the companies believe that environmental issues are important to the future success of their business. (Accenture, 2013). The implementation of CSR strategy is still in progress, as there is a gap between the formulation and implementation of sustainability strategy (Engert & Baumgartner, 2016). Engert & Baumgartner (2016) state that the importance of bringing sustainability into the company's strategy is widely acknowledged, but "translating the concept into action, i.e. into concrete initiatives, remains highly challenging".

My aim for the thesis is to find out what are the challenges in the implementation of CSR strategy in a large company in service business. Corporate social responsibility, or sustainability, is a concept referring to a commitment to act in an economically, socially and environmentally sustainable way (Klettner *et al.*, 2014). I will make a literature review of CSR implementation and research how CSR strategy is implemented and what are the main challenges in a company that is known for social responsibility actions. The purpose of this study is to identify potential challenges in the CSR strategy implementation in large companies in service business, and based on the findings, structure hypotheses for further research. I chose SOL Group (later "SOL"), which is a Finnish company offering cleaning and facility services, to be my target of analysis, since SOL is already implementing CSR strategy in its operations and is interested in developing the sustainability strategy implementation further.

### *My research question is*

- What are the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company like SOL Group?

I chose the topic of successful implementation of corporate sustainability strategy, because previous research has identified a gap between the CSR strategy formulation and implementation (e.g. Engert & Baumgartner, 2016). Corporations are an essential part of a

sustainable future, by supplying necessary products and services, but also offering a place to work and monthly salary for many. According to a study by Accenture (2013), CEOs believe that business should be the leading force in the global challenge. The businesses run the world and they have the possibility to affect millions of peoples' attitudes and values regarding sustainability. Quinn & Dalton (2009) quote Hawken, who wrote as early as 1993 that

“Quite simply, our business practices are destroying life on earth. There is no polite way to say that business is destroying the world” (Hawken 1993, p. 3).

My personal interest lies in organizational development, talent management and corporate sustainability. This is the other reason for choosing this topic. I have worked for almost seven years in executive search and leadership consulting, and I have been fortunate to see very different organizations and companies. As a general acknowledgement from looking at companies for years as an external consultant, there seems to be quite little inclusion of sustainability in corporate cultures and values. CSR reporting is very common, but often it seems to be made for the sake of pressure from stakeholders (e.g. governmental regulations, customers) and it rarely can be seen as attached to the culture and values of the company. Corporate responsibility has been added to many companies' strategies in recent years, and the reality is that in addition to making profit, companies must also be responsible in their businesses (Quinn & Dalton, 2009).

The scientific contribution of this thesis is the empirical research about the challenges in successful implementation of CSR strategy in a large labour-intensive company in service business, and the propositions for the future research deriving from that research. There is a lack of research in the field (Engert & Baumgartner, 2016) and many companies feel that the integration of CSR into the corporate culture is challenging (Hargett & Williams, 2009). I conducted a single case study, where I interviewed SOL's upper management, trainer and first-line manager, and executed a direct-observation in the field. I also researched company documents. For my analytical framework, I made a literature review from which I identified two models, the five levers model by Lacy *et al.* (2009) and the success factors model by Engert & Baumgartner (2016). These two models have slightly different approaches to the challenge of CSR strategy implementation, the five levers model being a more general model and the success factors model a more profound one, and they work as theoretical frameworks in the empirical case analysis.

The structure of the thesis is as follows: *the second chapter* of the thesis is the literature review, where I research the conceptual framework for analysing CSR strategy implementation. I highlight the importance and challenges rising from the literature after which I identify and analyse the two models. *The third chapter* focuses on method and materials, where I present the selection of the method and materials and explain the case company background. In the third chapter, I also introduce and analyse my research framework and bring up the limitations of the study. *The fourth chapter* of the thesis presents the results and analysis, where I analyse the CSR strategy at SOL and the implementation of the CSR strategy in relation to the two models proposed from the literature. In *the fifth chapter* of the thesis, I present my discussion, where I compare the findings to the literature, and analyse what are the main challenges SOL has in the implementation, and what does the analysis of these two models reveal. At the end, I will answer the research question and propose hypotheses for future research.

## **2 Conceptual framework for analysing CSR strategy implementation**

As the world changes and people become more aware of the environmental state of the globe, the sustainability issues have come into discussion all over the business world. Climate change mitigation and increasing carbon dioxide (CO<sub>2</sub>) emissions have become hot topics in the news, social media and in people's concerns. Sustainability has become one of the closest-held values for many companies (Lacy *et al.*, 2009) and corporate sustainability has become an interesting topic also for policy and decision makers (Engert & Baumgartner, 2016). The concern about the environment and the well-being of people is changing the business landscape (Lacy *et al.*, 2009). Any large-sized company faces environmental pressure (Ramus & Montiel, 2005). Consumers have more information available and they are more aware and interested in environmental issues than before. Consumers have the possibility to change to other products or services, if they feel that the company does not have the same values as they do. In addition, companies have higher demands on their suppliers (Hargett & Williams, 2009).

According to the Accenture (2013) *CEO Study on Sustainability*, the majority (67%) of CEOs do not believe businesses are doing enough to address to sustainability challenges, but 37% thought that there is a lack of a clear link between sustainability and business value and only one third (29%) of the CEO's thinks that the climate change is one of the most important sustainability challenges for the success of their business (Accenture, 2013). Sustainability has



been involved in companies' strategies for years now, but the companies are unable to keep up with scaling sustainability in business to address the global challenges and at the same time to achieve business success (Accenture, 2013). While the existence of sustainability in the corporate strategy is generally accepted and included, the implementation of the CSR strategy is still in progress. The companies who are forerunners in corporate responsibility are making an effort, and for example re-examining their human resources strategies and reviewing the consistency of leadership patterns (Rok, 2009).

Markets have in recent years been driven by stock exchange corporations' short-term targets and fast-paced decision making. Sustainability is in contradiction with this, since the integration of CSR to the company and employee values takes time, and the results cannot be seen in the short term. (Dyllick & Hockerts, 2002) The companies who have successfully implemented sustainability in their strategies have seen the importance of adjusting the CSR strategy initiatives with both long- and short-term for the corporate goals (Lacy *et al.*, 2009). The challenge of CSR strategy implementation is recognized, but there is still a gap between formulating and implementing (Engert & Baumgartner, 2016).

In this literature review, I will first explore the gap between the CSR strategy formulation and implementation through the existing literature and highlight the importance of the research problem. Then I will move to the importance of CSR strategy implementation and to challenges companies are facing, after which I will present two models as theoretical propositions in analysing the empirical case. At last, I will explain the key concepts used in this thesis. My goal in this literature review is to highlight the research over the corporate sustainability strategy implementation and in the end, point out two models of success factors for CSR implementation.

My thesis contributes to the research on bridging the gap between CSR strategy formulation and implementation in large labour-intensive companies. The intent for inclusion of sustainability in corporate strategy exists, but there is a gap to the full implementation. CSR has become an emerging trend in the global business scene (Hargett & Williams, 2009) and we have come to the point where companies must integrate sustainability into their strategy in order to turn sustainability efforts into long-term value to the company and society (Galpin & Whittington, 2012). The integration and implementation of sustainability is complex and often competes with other strategic priorities. It also requires financial resources, which might be a barrier for the full implementation. (Accenture, 2013). Companies have an essential role in

sustainable development and they are seen as important actors in spreading the awareness of sustainability (Simas *et al.*, 2013). Implementation of CSR strategy is not an easy task, and when considering the whole corporate strategy, it is a complex puzzle (Engert & Baumgartner, 2016).

When considering the previous literature of sustainability strategy implementation, there is existing research on different industries, e.g. in car manufacturing (Engert & Baumgartner, 2016), shipping company (Hargett & Williams, 2009), a healthcare company (Morsing & Oswald, 2009), insurance companies (Johannsdottir *et al.*, 2015) and some research with multiple companies in one research (e.g. Lacy *et al.*, 2009; Klettner *et al.*, 2014; Quinn & Dalton, 2009). Accenture (2013) conducted a CEO study on sustainability, which included more than 1 000 CEOs around the world, and their opinions of sustainability in business life. The relationship between CSR strategy and implementation has been researched quantitatively in different industries, but the research has not indicated the reasons behind the challenges (Ramus & Montiel, 2005). Jaakson *et al.* (2009) conducted a research on CSR in service companies, trying compare the organizational culture with CSR behaviour. Several articles researched exemplary companies' CSR strategy implementation (e.g. Lacy *et al.*, 2009; Simas *et al.*, 2013), but no research can be found from large service companies with multicultural employees. The challenges of implementing CSR strategy in the cleaning or property services business have not been studied, therefore they are worth investigating.

I will conduct an empirical research of the challenges in successful implementation of CSR strategy in a large labour-intensive company in service business. The subject is important, since these large companies employ large numbers of employees. When considering the companies' role in spreading the awareness of sustainability (Simas *et al.*, 2013), these large companies have an essential role. My research contributes to understanding the challenges these companies are facing in their effort to integrate sustainability strategies. Next, I will highlight the importance and challenges of CSR strategy implementation through the literature, after which I will move to the two models I chose from the literature to analyse the challenges of sustainability strategy implementation.

## 2.1 Importance and challenges in implementing CSR strategy

### *Why is CSR important?*

As we have seen in other contexts, emerging trends soon become common practices (Hargett & Williams, 2009), which means that there is an undefined time limit within implementation of the sustainability strategy in action. Soon CSR will be a common practice and all companies should have sustainability on the front pages of their strategies. CSR is often described as activities companies are demonstrating, showing that they have included social and environmental concerns in business strategy and operations (Rok, 2009; Quinn & Dalton, 2009). Sustainability should be considered more as a process “through which individuals’ moral values and concerns are articulated” (Rok, 2009), not something that companies present because they want to present themselves in a good light. Gond *et al.* (2010) states an alarming finding:

“the question of whether CSR driven attitudes and behaviours can affect employees’ organizational performance – and ultimately corporate financial performance – has never been investigated, either theoretically or empirically”.

Gond *et al.* (2010) investigates the influence of CSR on employees, and the main finding in the article is that CSR can influence employees’ social exchange dynamics and social identification with the company and hence improve attitudes and behaviour in the workplace, which can even improve corporate performance. Salzmann *et al.* (2005) state that other organizational advantage of including sustainability are improving employee recruitment and retention by making the company more attractive as an employer.

Since all large-sized companies face environmental regulation pressure (Ramus & Montiel, 2005), many of the companies have already taken action in sustainability. According to Lacy *et al.* (2009), some companies are reducing their energy consumption, and some are making their operations more transparent. Companies have also started to increase employees’ awareness of sustainability (Lacy *et al.*, 2009), but the full implementation of the sustainability strategy is still in progress regarding employee inclusion and commitment (Morsing & Oswald, 2009).

As stated before, people in general are more and more aware of the sustainability issues. Companies are built from people and they work for the people. Galpin & Whittington (2012) present multiple reasons why companies are taking sustainability into their strategies. These reasons include branding, cutting costs and differentiating (Galpin & Whittington, 2012).

Companies' circumstances vary a lot, thus the reasons behind sustainability strategies are not coherent across companies (Engert & Baumgartner, 2016).

According to Gond *et al.* (2010) corporate sustainability can ultimately promote corporate performance. Lacy *et al.* (2009) confirm this by stating that

”leadership and performance on sustainability can motivate employees to go beyond what is expected of them, which in turn can enhance productivity as well as elevate sales and customer satisfaction”.

Hence, by putting an effort in the implementation of the sustainability strategy, companies can achieve competitive advantage, but they can also attract talents into their organization and increase the human capital. Companies can be cost efficient, if increasing sales and hence making more profit through implementation of CSR strategy. (Lacy *et al.*, 2009) CSR can also work in cost saving, if it helps to decrease business traveling and increase online meetings. It is important to understand that the inclusion of sustainability is not only about reputation or goodwill, but it can be turned into profit and increase e.g. employee satisfaction.

Sustainability issues are addressed also in stakeholder relations. Investors analyse companies' sustainability performance and might reward good performance or punish companies if they make mistakes on sustainability issues (Lacy *et al.*, 2009). Consumers are aware of the products they use and are willing to switch companies to e.g. decrease carbon emissions (Lacy *et al.* 2009). In order to maintain or win the reputation for being an environmentally and socially responsible company, companies' need to fulfil the demands they are facing from consumers, investors, clients, employees, media and other stakeholders such as nongovernmental organizations (NGOs). (Lacy *et al.*, 2009)

In the Accenture (2013) study, one CEO from specialty chemical company was cited followingly

“sustainability is key to our strategy: we see it as an opportunity for competitive advantage in developing new products and services”.

I feel that this is something that all the companies should consider when planning their CSR strategy: how to make sustainability profitable and gain competitive advantage. In this literature review, I explained the importance and the reasons behind the implementation of sustainability strategy. Next, I will point out some challenges in implementing CSR strategy, identified from the literature.

## *Challenges*

Many of the articles about CSR strategy implementation (e.g. Galpin & Whittington, 2012; Engert & Baumgartner, 2016; Hargett & Williams, 2009) say that there are still challenges and deficiencies in the implementation the sustainability strategy. There are multiple reasons behind this, one of them is according to Galpin & Whittington (2012) the failure of leaders to implement via their action toward the employees. Engert & Baumgartner (2016) state that deficiencies in organizational structure and culture, management systems, employee behaviour and leadership can work as barriers to successful integration of the sustainability strategy.

Companies communicate their commitment to sustainability, for example, through their mission and value statements. Galpin & Whittington (2012) describe a model called *sustainability leadership*, and state that there are stages in committing to the sustainability strategy. One of the key elements is the company's mission: is sustainability included or excluded? The stages go from not including sustainability and only using it as a tool to protect the company's reputation, to integrating sustainability to using it as competitive advantage, to finally including it in the mission and integrating it into the company's responsibilities. (Galpin & Whittington, 2012)

Many companies fail to include employees in identifying and acting on sustainability-related issues and possibilities (Lacy *et al.*, 2009). This is a challenge, since how can a company implement the sustainability strategy without the employees? According to Rok (2009)

“effective CSR should be understood more as a process, through which individuals’ moral values and concerns are articulated”.

Sustainability strategy should be implemented in organizational culture, and this happens via employees and their values and engagement. In a large corporation with thousands of employees this is even more pressing, and the challenge is that the CSR strategy implementation can easily be left at a superficial stage, since implementing is so complex. (Rok, 2009; Lacy *et al.*, 2009)

While addressing the challenges of CSR implementation, I want to highlight the importance of human resource management (HRM). Employees’ attitudes, operations and engagements can be affected through leadership, and leadership is managed through HRM. There is a challenge in the implementation of CSR, if the role of HRM is not understood as an important part of CSR. Through HRM the employees can be encouraged (Pellegrini *et al.* 201), motivated and

led in the right direction. HRM is the channel to the implementation of CSR strategy to the employees. One important thing to note is this following quote that Rok (2009) lifted from a recent book from Googins *et al.* (2007)

“CSR minus HRM = PR”.

Without human resource management, everything that has to do with the workforce, from leadership to motivating the employees, the whole corporate sustainability is only public relations (PR), meaning that it is only strategy without implementation through the acts of the employees. Employees are the ones executing the strategy, so without them, there is no implementation. Taylor *et al.* (2012) encapsulates the meaning of HRM in sustainability as being two-sided:

firstly “HRM policies and practices help direct employee mind-sets and actions toward achieving the sustainability goals of the firm”

and secondly, “sustainability principles can be embodied in HRM systems that engender the long-term physical, social, and economic well being of a firm’s workforce”.

In the rest of the thesis, I am not emphasizing the role of HRM, but it can be considered as the ‘groundwork’ for sustainability implementation. HRM is always behind the policies, trainings and practices, and its role in CSR implementation should be growing in the future.

One challenge is that when considering the formulation of CSR strategy, the responsibility is on the management, but the employees are in an essential part in the implementation (Lacy *et al.*, 2009). The CSR strategy will only succeed if employees are engaged and they recognize that the strategy provides value for them as well (Rok, 2009). This is quite easy to relate to, since in general people are very self-centred and work mainly to gain value for themselves: to learn and achieve more, to get pleasure and joy of doing something important and naturally to get their salary. When considering the large companies in service business, the employees are quite low-paid (PAM, 2019) and work physically under time pressure. It is good to consider what extra value do the employees get if they get engaged and commit to CSR strategy. Hence, a question to ask from the companies, is how to make the sustainability strategy so that the employees feel that implementing and acting on it creates value for them as well?

People are still doubtful of what difference it makes if we act sustainably, and how committed the company is for real. Resistance for change prevents the successful implementation of sustainability strategy. (Johannsdottir *et al.*, 2015) According to Klettner *et al.* (2014) there are

doubts about the companies' commitment to the sustainability and about the practical implications of the actions relating sustainability.

One challenge of the CSR strategy implementation is the understanding of the concepts coherently inside the organizations. If it is hard to understand what the concept of sustainability means in specific and in relation to employees' daily practices, and thus the implementation runs short. Simas *et al.* (2013) mention that since the concept of sustainable development is vague, the companies "mould" it according to their needs. This makes it even harder for the employees to understand and act on it. The internal communication is high on the spot and should be highlighted in CSR strategy implementation.

Even best sustainability strategies may not be successful if the managers are not involved, since the implementation of the sustainability strategy falls on the persons working in managerial positions. (Galpin & Whittington, 2012) First line managers are the ones who should be committed in their own work, but also dedicated to passing on the values and strategies coming from the top management. The most important thing regarding sustainability strategy implementation are the first-line managers' personal attitudes and values regarding sustainability (Engert & Baumgartner, 2016). Engert & Baumgartner (2016) state that another challenge in implementing sustainability is that the ones who create the strategy and goals are not the ones responsible for implementing it in practice. This means that there is insufficient internal communication and lack of education, so that the information does not get where it should have gone. (Engert & Baumgartner, 2016) Also, it is good to note that people feel responsible over the *free* decisions they make, but in general not over the decisions they do not have any control of (Rok, 2009). This makes it even more important to include the employees to participate in CSR strategy making, since if they feel that they have been forced to do something, they might not feel responsible for following the strategy implementation.

Even if the strategy is good and there are motivated managers with the right knowledge and leadership skills, the sustainability strategy might not be successfully implemented if there are no measurable goals. Companies should be able to assess their performance throughout the whole process of implementing the strategy. (Engert & Baumgartner, 2016) These goals could include something easy to measure, such as the use of chemicals or reducing the use of plastic bags, as in the case company SOL. The harder part, or even impossible, is the measurement of how well employees have embraced the sustainability values and organization culture. Next, I

will present two models from the literature, working as theoretical propositions to analyse the implementation of CSR empirically.

## **2.2 Solutions for the implementation of CSR strategy**

I chose two models to analyse a successful implementation of CSR strategy: *The five levers model* by Lacy *et al.* (2009) and *the success factors model* by Engert & Baumgartner (2016). The first, the article by Lacy *et al.* (2009), presents challenges and solutions concerning how to integrate sustainability into talent and organization strategies. The article is based on in-depth interviews with executives from five Fortune 1000 companies that are seen as forerunners in sustainability issues. The article highlights the importance of investing in skills, knowledge and engagement of the employees, in order to attain successful implementation of sustainability strategy. (Lacy *et al.*, 2009) The article provides the five levers model for the successful implementation of the sustainability strategy, based on these five companies' interviews. The five levers model concentrates on how the companies could help their people to implement the CSR strategies and focuses on the talent management skills.

The second article, by Engert & Baumgartner (2016) presents a *success factors model* for successful implementation of CSR strategy. This article focuses on finding the general success factors from an internal perspective, which bridges the gap between CSR formulation and implementation and analyses them in a case of a global car manufacturer. The purpose of the article is to increase knowledge about CSR implementation and to explore the success factors behind the implementation, based on the case study. (Engert & Baumgartner, 2016) This article goes deeper into the analysis of the challenges in implementation than the five levers model.

I chose two different models for this analysis, since they both bring different perspectives to the study and complement each other well. The five levers model is more general, focusing on what companies should do, whereas the success factors model has a profound approach to the inside of the company: culture and engagement. These models bring a new insight to the CSR strategy implementation by implying concrete actions for the companies: what they should consider. I will critically analyse these models by applying them to the case of SOL and compare my findings to the outcome of these articles.

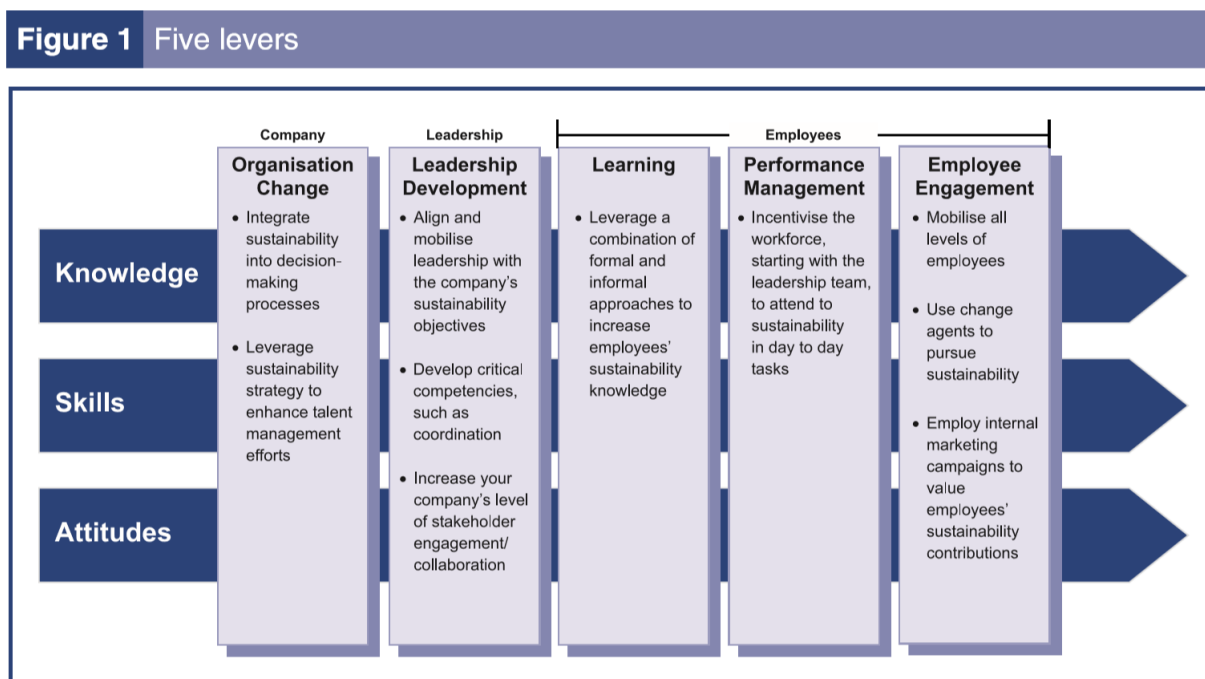


### 2.2.1 Five levers model – invest in people

Lacy *et al.* (2009) analysed over 6 000 companies' corporate performance over five key dimensions: growth, profitability, positioning for the future, longevity and consistency. The result from the research was that the best companies are regarding sustainability so that they are producing high performance on these five criteria (Lacy *et al.*, 2009). From these best performing companies, Lacy *et al.* (2009) interviewed the executives from five highest performing companies in sustainability, and an interesting fact occurred: they all shared the dependence for their employees to execute their sustainability strategies. They would not be this successful in CSR without the employees, who have been equipped with the sustainability-related skills and knowledge. (Lacy *et al.*, 2009) This research proves just how important it is to increase and nurture the talents skills, knowledge and attitudes related to sustainability. Companies are thus reliant on their employees to carry out their CSR strategies (Lacy *et al.*, 2009).

Lacy *et al.* (2009) present a model of five levers (Figure 1). These levers are things that “smart companies use to invest in their people with the goal of achieving sustainability-related objectives”. This model states how high-performing companies use these levers to increase business value by carrying out CSR strategies. The five levers are: organizational change, leadership development, learning, performance management and employee engagement.

Figure 1: Five levers for generating business value by executing sustainability strategies (Lacy *et al.* 2009)



The first lever is *organization change*, which implies that company should be e.g. integrating sustainability into the decision-making process or adding sustainability into a new vision. These organizational changes send the message to employees, to new possible hires and to customers that company takes sustainability seriously. (Lacy *et al.*, 2009) Companies must make the move to act on sustainability strategy, to prove that they really are executing the CSR strategy. Lacy *et al.* (2009) state that the companies that have integrated sustainability this deep receive more job applicants than their competitors. (Lacy *et al.*, 2009)

The second lever is *leadership development*. The quality of leadership is very important, since the managers are the ones who drive the changes and lead the sustainability strategy in action. The leadership skills must be developed in order to support the company's sustainability issues and lead the employees to perform on sustainability actions. This leadership development lever from Lacy *et al.* (2009) is addressed more to senior executives, to those who are part of the sustainability strategy creation. If the leaders themselves are not committed to the sustainability strategy, the company values and vision are not shared or developed, and no efforts will be made (Johannsdottir *et al.*, 2015). Lacy *et al.* (2009) state that according to European Association of Business in Society and Ashridge Business School (2008), there are three competences that are essential for the leader in order to support their companies' sustainability efforts: context (to be aware of the environmental and social trends), complexity (to be ready to solve the complex problems flexibly) and connectedness (to build relationships to new external partners). Companies should require and develop the managers to increase their knowledge and skills for generating business value from executing the sustainability strategy. (Lacy *et al.*, 2009)

The two first levers were mainly about the company and the management, but the levers three to five concern the employees (Lacy *et al.*, 2009). These three levers stress the importance of the employees in the CSR strategy implementation. There has been a shift, where the employees are not seen any longer as resources – they are now seen as values to the company (Rok, 2009). *Employee learning*, as a third lever, is stated as giving the employees the possibility to learn, by gathering the information on intranet pages or giving them environmental education regularly. Companies should thus increase the possibilities for the employees to learn about sustainability-related issues in their corporation. (Lacy *et al.*, 2009)

The fourth lever is *performance management*. The companies should communicate to the employees on what sustainability-related actions are expected of them and will be measured, or

in addition they could have reward systems encouraging the employees to act sustainably. (Lacy *et al.*, 2009) Lacy *et al.* (2009) suggest that the employees, starting from executive team, should be incentivised to attend to sustainability in day to day tasks. Goal setting for the employees is important, since it encourages employees to act on the sustainability strategy in their everyday activities (Quinn & Dalton, 2009).

Last, but probably the most important part is the *employee engagement*. Lacy *et al.* (2009) state

“when employees are engaged with their company’s sustainability strategy, they proactively identify, communicate and pursue opportunities to execute the strategy”.

Companies could engage the employees by giving them possibilities to participate in sustainability related volunteer programs or to support initiatives coming from the employees from all levels (Lacy *et al.*, 2009). Companies should clarify how employees want to participate in corporate sustainability and what motivates them to carry out the CSR (Rok, 2009). The message the company is sending is that they trust and value their employees, and that they want everybody to be part of the sustainability strategy implementation. Without motivated and engaged employees, the sustainability strategy cannot be successfully implemented (Engert & Baumgartner, 2016). Rok (2009) states that employee attitudes regarding CSR are highly affected by the fairness of what they experience when working at the company.

Complementing the five levers model, I bring out the *participative leadership model* from Rok (2009) which is closer to the first-line managers. Rok (2009) defines the participative leadership model as “leadership that involves employees across levels of the hierarchy in decision making”. This means that it is not enough that the managers are aware of the sustainability strategy and they say that they are supporting it. They need to include the employees from all levels in decision making. When the employees are participating in CSR, they are more committed in their work and also share their values with other employees, hence making doing a favour to the company in implementing sustainability strategy. (Rok, 2009)

This model of five levers present things that high-performing companies use to invest in their employees in order of achieving CSR goals and generating business value. The model emphasizes the importance of employees in order to fully implement the CSR strategy and identifies practical implications on what companies could do to implement the CSR. Later in this thesis, I will analyse the case company SOL’s through this model. Next, I will present the second model contributing to CSR implementation.

### 2.2.2 Success factors – internal perspective

The second model for successful implementation for the corporate sustainability strategy is *the success factors model* by Engert & Baumgartner (2016). The Engert & Baumgartner (2016) success factors model tries to bridge the gap between sustainability strategy formulation and implementation. Engert & Baumgartner (2016) have identified six success factors (Figure 2) that are necessary for the company to achieve successful implementation of the CSR strategy.

Figure 2: Corporate sustainability strategy implementation's identified success factors (Engert & Baumgartner 2016)



Engert & Baumgartner (2016) conducted a case study from where they identified the six success factors. The case company was a global car producer, which has integrated sustainability in its operations well, and had positioned itself as a company which sees sustainability as a key component of its long-term corporate strategy. They conducted a qualitative analysis with reviewing literature, interviews and direct-observation in the field and workshops. The success factors, which I am using in this thesis as a model, were the research results from this case study. (Engert & Baumgartner, 2016). These identified six success factors for the CSR strategy implementation are: Organizational structure, organizational culture, leadership, management control, employee motivation and qualifications and communication (Figure 2).

The first success factor is *organizational structure*. Engert & Baumgartner (2016) state that when implementing the CSR strategy “the fit between strategies, organizational structure and organizational processes is essential”. As a success factor, organizational structure includes, for example, organigrams, departments, sustainability boards, sustainability circles and persons responsible for sustainability issues. There should be coherence with the sustainability strategy and the organizational structure. (Engert & Baumgartner, 2016)

The second identified success factor is *organizational culture*, as the “basic assumptions which influence thinking and actions” (Engert & Baumgartner, 2016). Organizational culture as a success factor includes e.g. organizational behaviour, expectations and experience and it is important to fully implement the CSR strategy to the culture. The culture of sustainability should be concerned in every day practices of the employees and the management. Companies should have clear statement in mission and a clear definition of sustainability, so that it is easily adoptable to the daily business. All the employees should have sufficient knowledge, awareness and commitment to sustainability culture. (Engert & Baumgartner, 2016)

The third success factor is *leadership*. This leadership success factor is very similar to the five levers models. Engert & Baumgartner (2016) state that results show that “the personal attitudes and values of managers regarding issues of sustainability are of central importance”. While Lacy *et al.* (2009) concentrates on the quality of the leadership, Engert & Baumgartner (2016) are more focused on the personal attitudes and values of the leaders. When considering the implementation of the sustainability strategy and the attitudes and values of the leaders, a challenge rises. Even if the ones who create the strategy have sustainability in their personal values, it is not enough. Those first-line managers, who are responsible for the implementation in the end, should be the ones with respect and motivation towards sustainability. They should have e.g. suitable training courses in sustainability (Engert & Baumgartner, 2016) and the top managers should make sure that the first-line managers have understood the sustainability guidelines and policies (Pellegrini *et al.*, 2018). The managers should be role-modelling the desirable sustainable behaviour and they should be picturing a future that brings meaning and motivates the employees. They should also approach the problems from a fresh perspective and finally they should consider the individuals and work as their mentor. (Galpin & Whittington, 2012)

The fourth success factor identified is *management control*, stating that the sustainability strategy needs to have indicators that can be measured. By having measurable goals, there is

something concrete to improve and to follow up. There should be appropriate management systems and guidelines regarding CSR. (Engert & Baumgartner, 2016) This management control success factor is very similar to performance management lever from Lacy *et al.* (2009).

The fifth success factor is *employee motivation and qualifications*. As in the leadership success factor, this one also emphasizes the importance of employee motivation which is dependent on attitudes and personality (Engert & Baumgartner, 2016). Engert & Baumgartner (2016) state that according to their case-study:

“employee motivation was a key factor in successfully implementing sustainability initiatives and that it played a major role in overcoming the gap between the formulation and implementation of corporate sustainability strategy”.

There were two things about employee motivation that rose up. First is that employees should have enough knowledge about sustainability, in order to act responsibly in their everyday work. This is almost identical with the Lacy *et al.* (2009) models employee learning lever. The second aspect that Engert & Baumgartner (2016) state is that there should be a reward system to increase the motivation to implement the sustainability strategy. This is repeated in the Lacy *et al.* (2009) performance management lever.

The last success factor Engert & Baumgartner (2016) present is *communication*. Communication, internal and external, is a key point of a successful implementation of CSR strategy. The most common ways for companies to communicate about their CSR are annual CSR reports, websites and intranets. Gond *et al.* (2010) confirms the importance of communication by stating that “what a corporation is doing for society is both a matter of external communication and a way to influence employees’ perceptions of their organization.” Internal communication includes also e.g. trainings and meetings.

As conclusion, the success factors model brings out the factors that are needed to bridge the gap between CSR strategy formulation and implementation and it is focused in internal perspective: deep in the company culture and employee commitment. All the success factors are crucial if the company wants to fully implement the strategy within its organization. (Engert & Baumgartner, 2016)

### 2.2.3 Analysis of the two models

These two models offer different insights to the same problem: implementing the CSR strategy. The five levers model by Lacy *et al.* (2009) is constructed from interviewing five different companies and constructing the framework to help the companies to invest in their talent management skills. It is in more general level and highlights the importance of investing in skills, knowledge and engagement of the employees. (Lacy *et al.*, 2009) The model provides insight to the factors that are needed to get the employees and management attend to sustainability in their every day practices. It offers practical implications on what companies could do to fully implement CSR strategy.

The success factors model by Engert & Baumgartner (2016) is constructed from a single case study, and it is more profound than the five levers model. From the case study, these six success factors were identified, and it is stated that these factors are associated with the CSR formulation and the implementation gap. The model offers concrete steps needed to turn CSR strategy into practice (Engert & Baumgartner, 2016).

In these two models, the importance of committed employees is highlighted. Also, Galpin & Whittington (2012) and Rok (2009) have stressed the importance of the employees in CSR strategy implementation in their articles. An engaged workforce provides a central element, change agents, in the transformation towards getting measurable results from sustainability strategy (Galpin & Whittington, 2012; Rok, 2009). If employees are engaged in the culture of sustainable practices, the results can be seen in action too. It seems to be hard to make the employees engaged in sustainability strategy, since it has not been seen as part of their daily work. Rok (2009) states that employees seek the companies which share the same values and motives than themselves. This is interesting, and could be worthwhile investigating in the future, in labour-intensive companies like SOL.

These two models give the tools for implementation of CSR strategy. As a summary, I point out the main factors to consider in successful implementation of corporate sustainability strategy:

- Organization structure, culture and change
- Leadership and communication
- Management control and performance management
- Employee motivation, learning and engagement

All these factors include the importance of the employees in the strategy implementation. Engert & Baumgartner (2016) state that “a strategy cannot be implemented successfully without motivated employees”. However, I will not combine these two models further, since I think they are more insightful when analysed separately.

These models bring slightly different perspectives and complement each other well, though they have a little different role in the analysis. The five levers model is focusing more on the practical implications, when the success factors model has a profound approach to the inside of the company. I use these two models as theoretical propositions for interpreting and analysing the case company SOL, to find out what are the challenges the large and labour-intensive companies face in the implementation of CSR.

As critique of these models, neither of them regards the problem of having a large staff with high employee turnover. This naturally makes the implementation harder, since the CSR strategy needs to be implemented repeatedly and needs a lot of investment. This insight was not to be founded in any articles and would need more research.

Next, I will briefly explain the concepts used in this thesis, after which I will move to the method and materials chapter, which provides an introduction of my case study and SOL and how their sustainability strategy is currently formulated.

### **2.3 Concepts**

I think the most important concept to define is *corporate sustainability*, or *corporate social responsibility (CSR)*. Corporate sustainability and CSR are often referred to as synonyms or complementary concepts, and they are sometimes defined with slight difference. Other terms used often as synonyms are: corporate responsibility, sustainability, social responsibility and triple bottom line (3BL) (Rok, 2009; Hargett & Williams, 2009). In this thesis I will speak of all those mentioned before as synonyms, mostly using terms sustainability and CSR. I will next present different definitions rising from literature.

The simplest definition comes from Klettner *et al.* (2014) defining CSR as “a commitment to operating in an economically, socially and environmentally sustainable manner”. This brings out the three main aspects inside CSR. Rok (2009) in the other hand represents CSR as



“a concept that suggests commercial enterprises have a moral duty to care for their stakeholders in all aspects of their business operations. It is a phenomenon that can be defined as the broad concept that businesses are more than just profit seeking entities and have a huge impact on social and ecological systems worldwide, and therefore, have an obligation to benefit rather than harm, the planet and society”.

Dyllick and Hockerts (2002) define corporate sustainability as

“meeting the needs of a firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without comprising its ability to meet the needs of the future stakeholders as well”.

These definitions are all gathering together the wide meaning of corporate sustainability. In companies it is often undefined, which makes it harder to understand for the employees. Corporate sustainability integrates three dimensions, social, environmental and economic, as ‘triple bottom line’ (3BL), and so these dimensions will affect each other in multiple ways (Dyllick & Hockerts, 2002).

Salzmann *et al.* (2005) use the term ‘business case for sustainability’ for CSR and define it as:

“a strategic and profit-given corporate response to environmental and social issues caused through the organization’s primary and secondary activities”.

The idea behind all these definitions is that the corporate sustainability “goes beyond gaining profits” (Hargett & Williams, 2009). Hargett & Williams (2009) confirms the above by mentioning the balanced attention of three aspects: financial, environmental and social. They state that leadership is the factor maintaining the balance between these three actions.

A concept behind CSR is *sustainable development* which is defined by Engert & Baumgartner (2016) as being

“development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987m p. 43)”.

Companies are an important part of the sustainable development. Simas *et al.* (2013) state that sustainable development includes three major components: economic, environmental and social, but the concept is still indefinite.

One important concept to be defined is *organizational culture*. Morsing & Oswald (2009) refer to Schein (1993) by defining organizational culture as follows:

“A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.”

Organizational culture is important when considering the implementation of corporate sustainability strategy. In order to get the strategy entirely implemented, the culture needs to fully adapt the change.

One concept close to organizational culture is *organizational values*. Galpin & Whittington (2012) state that according to Schein (1993) the values represent the

“beliefs about standards of behaviour organizational members should use to achieve organizational goals”.

Values should be spread around the organization and to make sure that all employees endorse these values. Organizational culture needs to include the organizational values, which both should include sustainability to fully implement the corporate social responsibility strategy.

One of the main concepts in this thesis is *leadership*. When considering the integration of the sustainability strategy into action, the importance of the leadership is major. According to Morsing & Oswald (2009), leadership is defined as

“the process whereby one individual influences other group members towards the achievement of defined group or organisational goals”.

Rok (2009) defines the role of leader in three categories “establishing direction, aligning people and motivating them”. Leadership should be based on co-creation, not on enforcing others (Rok, 2009). Simas *et al.* (2013) state that leadership is “guiding, driving and leading” and that it is highly important in implementation of strategy.

The last concept I want to define is *employee engagement*. According to Kompas & Sridevi (2010) there are no generally accepted methods for employee engagement. The authors present multiple definitions, which involve enthusiasm for work, willingness and ability to help their company to succeed and an employee's positive attitude held towards the company and its values. Kompas & Sridevi (2010) state that “an engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization”. The relation between CSR and employee engagement has also been studied and

according to Mirvis (2012) a strong correlation has been found “between employee’s commitment to their organization and how they rate its social responsibility”. Employee engagement is highly important when identifying the CSR implementation challenges.

These are the main concepts used in this thesis and needed for full explanation to understand the content better. Next, I will move to the methods and materials.

### **3 Method and materials**

The background of this study is to investigate the challenges a large company in service business, like SOL, faces in its CSR strategy implementation. While this case study intends to provide advice for SOL Group, it also contributes to the academic literature on corporate sustainability strategy implementation by examining the particular challenges faced by a service company with a large workforce and high employee turnover. I researched how sustainability has been implemented and what issues emerge from the research to continue the implementation in the future. In this third chapter of the thesis, I will first present the selection of method and materials I used in this study. Then I will present the case company background and the research framework. At the end of the chapter I will analyse my research framework and discuss on the limitations of the study.

#### **3.1 Selection of research approach**

I chose to do a case study with qualitative analysis to answer my research question and get new insight. Case study is defined by Yin (2003, p. 13) as follows:

“a case study is an empirical inquiry that investigates a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident”.

I did a single case study to answer the research question about the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company. Engert & Baumgartner (2016) state that the single case study “provides an opportunity to explore both how company is structured, and how individuals within the company interact”. In this case study, I explore how SOL and its CSR is structured and how the management and employees are interacting.

I chose one case for my unit of analysis, to focus on a specific case company in service business sector and also to be able to compare the findings with previous literature, as Yin (2003, p. 26) states to be one guide for choosing between single case study and multiple cases. With the case study, I wanted to understand a real-world phenomenon, the challenges of SOL group's CSR strategy implementation, and how they have implemented the CSR so far, and what is there to do in the future.

According to Yin (2003, p. 41) the single case study can be used in five rationales, from which the third rationale fits in my case. The single case is the *representative* or *typical case*, in my case this means that my objective is to capture the conditions of a service business company, to compare the findings to literature, and to assume that this case is (at least to some extent) transferable to other similar companies. (Yin 2003, p. 41)

The case study approach is a widely used research design in business research (Engert & Baumgartner, 2016) even though it has faced criticisms as well (Flyvbjerg, 2006) and previously was even not considered as a formal method at all (Yin, 2003, p. 12). With the case study, I had the opportunity to study the case company in its natural setting and to analyse how the theoretical propositions fit to the case company.

According to Sandelowski (2011)

“Any one combination of these elements (i.e., operationalized as all of the data generated from interviews, questionnaires, observations, medical records, and other sources concerning each of these elements) would together constitute a unique case”.

My case study uses a qualitative analysis, which enables a deeper understanding of the company and their state of sustainability implementation. From Sandelowski's (2011) elements above, I gathered data from interviews, observations but also from official corporate reports, websites and materials received from SOL, which makes the case unique. This analysis gave me the possibility to take a closer look at the company data, strategy formulation and to gain insights from different levels from organization: from directors, managers, supervisors and employees in the “grassroots-level”. This study aims to answer my research question about the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company.

As an empirical unit of this study, I chose SOL group. SOL is an appropriate case for this thesis, for three main reasons. *Firstly*, SOL has already included sustainability in its strategy and

actions. *Secondly*, SOL is part of “Commitment 2050” -project<sup>1</sup>, showing that they are committed to the sustainable development. *Thirdly*, SOL has published CSR report for eight years and has included quite comprehensively the environmental aspects. (SOL, 2019; SOL Responsibility Report 2018)

I chose to observe the service professionals in the field at one SOL site - a hotel where SOL is a supplier of cleaning services. This decision to choose this location was made together with SOL, and the hotel in questions is considered an environmentally friendly location (I1). This selected site is thus not necessarily representative of all SOL sites but offers an appropriate place to explore the challenges of CSR strategy implementation.

The “SOL Responsibility Report 2018” has been published since 2011 in its current form and environmental issues have been part of the strategy from 1990’s (SOL Responsibility Report 2018, I1). The company data is collected from the website, SOL Responsibility Report 2018, interviews and emails with the SOL management. I will next offer some background information about SOL Group. I handled SOL’s materials confidentially, but no information that is under non-disclosure agreement, has been revealed in the thesis.

### **3.2 Case company background: SOL Group**

The SOL Group is a family company offering cleaning and facility services in Finland, Sweden, Russia, Estonia, Denmark, Latvia and Lithuania, employing around 14 000 employees. The SOL name stands for “the sun”, and the yellow and red work clothes symbolise the SOL values (values, see Table 1). SOL’s history started 1992, when Liisa Joronen acquired the cleaning and waste services from Lindström, a family business. (SOL Responsibility Report 2018; SOL, 2019) In 2018, SOL’s turnover was 312 million euros (Talouselämä, 2018)

SOL Group consists of parent company called SOLEMO Oy and three wholly owned subsidiaries: SOL Services Oy (cleaning and facility services, property services and security services), SOL Personnel Services Oy (temporary staffing and direct recruitment services) and

---

<sup>1</sup> Commitment 2050 -project is Finland’s national strategy for sustainable development: Society’s Commitment to Sustainable Development ”*The Finland we want by 2050*”. It includes eight objectives: Equal prospects for well-being, a participatory society for citizens, work in a sustainable way, sustainable society and local communities, a carbon-neutral society, a resource-wise economy, lifestyles respectful of the carrying capacity of nature and decision-making respectful of nature. (Commitment 2050, 2016)

SOL Laundry Services Oy (laundry services to private individuals, businesses and public sector entities). SOL Groups foreign subsidiaries are: OOO SOL, OOO SOL SP, OOO SOL DC, SOL Baltics OÜ, Solreneriet AB and Reneriet Estonia OÜ. (SOL Responsibility Report 2018; SOL 2019) In this thesis I will speak of SOL in general, referring to the whole SOL Group, even though I focused my field observation and interviews in SOL Services cleaning business area. SOL shares its CSR and values in all subsidiaries.

Table 1: SOL Group's mission, vision, values, business idea and success factors (SOL Responsibility Report 2018)

<b>Mission</b>	Our mission is to strengthen our customers' corporate image with the service we provide. We act in a responsible manner and we are a valued employer.
<b>Vision</b>	We want to be the superior service partner for our customers and provide positive experiences
<b>Values</b>	Sunny and satisfied customers, The joy of working, Everyday creativity, Enterprising spirit, Reliability
<b>Business idea</b>	We allow our customers to focus on their own
<b>Success factors</b>	Skilled and participating personnel, Sunny customers, Profitable growth, Profitability and competitive strength, Productivity, Efficiency and safety

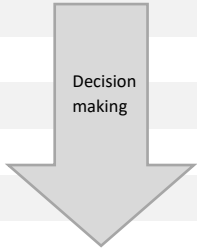
SOL group states that their goal is to have sunny and satisfied customers, and their success factor is skilled and committed personnel. SOL includes responsibility in their mission, but not directly in the values. SOL's mission, vision, values, business idea and success factors can be seen in Table 1. I2B states:

“Sustainability is not written here [values], but it is included in them” (I2B).

SOL Group has a board of directors, consisting of a Chairman and three board members. SOLEMO Oy and the three subsidiaries have their own Managing Directors, each being part of the board. SOL's Management Team is comprised of Managing Director of the Finnish companies, Director of HR & Legal, Director of Business Development and representatives of senior salaried employees, salaried employees and other employees. Every service business area has their own Development Group. (SOL Responsibility Report 2018) SOLEMO Oy is only a holding company, so all the business activities happen in the subsidiaries. (email from HR and Legal Director 2019)

I am focusing on the whole SOL Group's corporate responsibility strategy, but in the observations and interviews, I focus more on SOL Services cleaning services business area. SOL Services development group works as a management team of the company. All the subsidiaries have their own management teams (called "development group"). The SOL Services development group is composed of: Chairman of the Board, Managing Director of SOLEMO Oy, Business Area Directors, Director of Business Development, Director of Customer Experience and Director of HR & Legal. (email from HR & Legal Director, 2019)  
Table 2 presents the organization of SOL Services Oy structured by decision making.

Table 2: SOL Services Oy's organization, unofficial (email from HR & Legal Director, 2019)

ORGANIZATION OF SOL SERVICES OY	<b>CUSTOMERS</b>	
	Development group	
	Managing Director	
	Business Area Directors	
	Service Directors	
	Service Managers and Service Superiors	
	Service Professionals (cleaners)	

SOL group is stated as a business services company in Talouselämä (2018) 500 largest companies in Finland and it was on position 203 in 2018, and the year before on position 192. SOL is a family-owned business. SOL's largest competitors are ISS Palvelut, Lassila&Tikanoja, Lindström and RTK-Palvelu. (Talouselämä, 2018)

SOL is a very multicultural company. At present, among all their employees, more than 30% are from non-Finnish origin. SOL anticipates that this number will increase so that by 2030, 60% of the employees will be of non-Finnish origin. SOL states in its annual responsibility report (2018) that "We will encourage equality at work and acceptance of individuality and diversity within the work community". SOL promotes equality and prevents discrimination and its objective is to promote the integration of employees. SOL is also participating in the 'Osaavat naiset' project, coordinated by MONIKA – Multicultural Women's Association, which is "supporting the employment of immigrant women in many different ways". (SOL Responsibility Report 2018)

SOL's communication channels are SOL's website, intranet page, social media and SOLISTI magazine. (SOL Responsibility Report 2018) The company also communicates internally through meetings, trainings and campaigns. (I1)

The service business industry is under pressure from many stakeholders. In the first interview, it was stated that SOL needs to serve the client companies and meet their needs and requirements, but they also need to be the change agents to take the customers towards more sustainable cleaning practices. Services business is also close to the consumers, cleaning the rooms for hotels and serving the customers in laundry services. Regarding the environment, the importance of care for the environment can be seen in every step of the industry. The cleaning services and the laundry services require high amounts of chemical usage, but also using lots of water and electricity. (I1) By focusing in environmentally friendly practices and chemicals, there is a possibility of attaining competitiveness advantage. (e.g. Lacy *et al.*, 2009; Galpin & Whittington, 2012) In the next section, I will present a comprehensive framework of the case study I conducted.

### **3.3 Case study – research framework**

A single case study requires multiple sources of data (Yin, 2003). As sources, I chose: (1) literature and documentation review; (2) in-depth interviews (see Table 3) and (3) direct-observation in the field, at a hotel where SOL provides cleaning services. (Engert & Baumgartner, 2016)

The literature review consisted firstly of general literature review on the studies about CSR implementation and a closer look to two specific articles from Lacy *et al.* (2009) and Engert & Baumgartner (2016), from which I identified the two models for theoretical propositions to analyse the successful implementation of CSR in the empirical case. Secondly, I analysed the relevant documentation regarding SOL group, such as their annual responsibility report, orientation, webpage and environmental education materials.

The interviews I conducted are gathered in Table 3. I interviewed SOL's top management, trainer, service managers, service supervisor and service professionals. I also made observations in the field, by observing the working of service professionals. It is good to note here that at SOL the cleaners as called service professionals (in Finnish "palveluvastaava"), so in this thesis I will speak of the cleaners as service professionals or employees.



The interviews I did were semi-structured interviews during January 2019. The interviewees were chosen to this case study because I wanted to interview people from different organisation levels, to understand the organization, the values, responsibility, the leadership system and CSR implementation of SOL. IIC pointed out who I could interview and from which site. The sampling was quite narrow due to time and resource limits, and the opinions stated in this thesis only represent few of the SOL's employees. Later in the thesis, I will refer to the interview number or participant code (I1A, I1B, etc) as a reference. The interviews, positions at the company and the dates for the interviews are shown in Table 3.

Table 3: Interview chart with details of agenda, participants, dates and locations.

Interview number	Participants and codes	Agenda	Interview date and duration	Interview location
Interview #1 (I1)	<ul style="list-style-type: none"> <li>▪ Director of Business Development (I1A)</li> <li>▪ Trainer (I1B)</li> <li>▪ Director of HR &amp; Legal (I1C)</li> </ul>	SOL responsibility report, employee orientation and education related to environmental issues	15.1.2019 2 hours	SOL headquarter
Interview #2 (I2)	<ul style="list-style-type: none"> <li>▪ Service Manager A (I2A)</li> <li>▪ Service Supervisor (I2B)</li> </ul>	Employee orientation, environmental education especially related to this hotel	18.1.2019 1,5 hours	Hotel in Helsinki, where SOL is providing cleaning services
Interview #3 (I3)	<ul style="list-style-type: none"> <li>▪ Service Manager B (I3A)</li> </ul>	More specifically employee environmental education	24.1.2019 1 hour	SOL headquarter
Interview #4 (I4) including observation	<ul style="list-style-type: none"> <li>▪ Service Supervisor (I2B)</li> <li>▪ several service professionals (cleaners)</li> </ul>	Daily routines of service professionals, such as: waste management, location specific service instructions, measuring chemicals correctly etc.	25.1.2019 2 hours	Hotel in Helsinki, where SOL is providing cleaning services

### 3.3.1 Analysing case study evidence

The qualitative interviews lasted 90-120 minutes and were semi-structured. The interviews were conducted in Finnish, since all the interviewees were Finnish nationals. I followed question patterns (in Finnish, Appendix 1 & 2) for the first and second interview, but the interviews were complemented with spontaneous questions and answers whenever it was necessary. In the third interview, I did not have a question pattern, and we mainly went through the specific environmental education for employees. I chose this approach since I3A had already prepared to go through the environmental education for the employees. However, I

asked complementary questions during the interview. The three interview partners in the first interview have been strongly involved in SOL Group's responsibility report. I was paying particular attention to all sustainability related topics that came up during the interview, such as attitudes, tasks, strategy, responsibility report, education and materials.

Observation and the fourth interview were conducted in the field, by spending two hours with Service Supervisor A (I2B) and observing service professionals. I had already met I2B earlier, so now the focus was on the practices of service professionals, instructions, products used in cleaning and everyday routines. This interview was at a hotel in Helsinki where SOL is providing cleaning services. I2B showed me the premises, where they keep all the cleaning materials, sort waste etc. She introduced me to all the equipment and daily chores, location specific service instructions, and explained the tasks that the service professionals need to do every day. We also went through the waste management, laundry room, and use of different chemicals. After going through all the necessary information, we went to observe the cleaning at the hotel. I2B was doing her job while I observed and asked a few questions from the service professionals.

The interviews were conducted face to face and they were recorded. Some questions I emailed after the interviews and received replies by email. The thesis has been sent to the interviewees before submitting, and they had the chance to review and correct what I wrote about the interviews and the company.

I think the semi-structured interviews were the best way to find out how the leadership works in SOL, what the values seen at the "grassroots-level" are and how well the sustainability strategy is implemented. Observing the service professionals in their work was also fruitful, since I could see what the work consisted of and how sustainability was considered in their everyday practices. Even though the semi-structured interviews and observation were useful and informative, I think that conducting a large questionnaire to the whole personnel would be interesting and would give more information about the attitudes and values of the employees regarding sustainability. However, this was not possible in this thesis because of the timing and resources, but it is something to consider for future research.

My analysis built on the theoretical framework developed on the basis of the two models of CSR strategy implementation (Lacy *et al.*, 2009; Engert & Baumgartner, 2016). First, following Yin's (2003, pp. 109-139) advice and my own experience in business analysis, I organized the data according to different levels of the organization in order to explore the corporate

sustainability strategies, responsibilities and tasks of different people in the company. I then used the two CSR strategy implementation frameworks to make a closer analysis of achievements and gaps in strategy implementation in the company. Based on my interviews and observations, I also identified aspects of my observations that were not completely covered by the analytical framework.

### 3.3.2 Research framework analysis and limitations

This section presents and discusses my research design. According to Yin (2003, p. 20) research design is “the logical sequence that connects the empirical data to a study’s initial research questions and ... to its conclusions”. My research design is structured as seen in the Table 4, following the components from Yin (2003, p. 21) (though leaving out the second part propositions, since I did not have any propositions in the study).

This single case study represents a contribution to build knowledge on successful implementation of CSR strategy in a large labour-intensive company in service business, like SOL. My study is descriptive, structuring and explorative (since the exact same study has never been conducted before). My analysis of this study is restricted to organizing the literature found from CSR strategy implementation, and to structure a theoretical framework of two models from the literature. This framework works as sort of a theoretical proposition by providing concepts and categories for data analysis. However, it does not work as an explanatory model, since it does not explain of why it works like this.

Table 4: Components of Research Design in the thesis (Yin, 2003, p. 21)

Component (Yin, 2003, p. 21)	Component in thesis
1. Study question	What are the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company like SOL Group?
2. Units of analysis	Single case study - one unit: SOL Group
3. The logic linking the data to the propositions	“Pattern matching” - describing to different models and then analyse on how the case company performs in these models
4. The criteria for interpreting the findings	Criteria from the two models for interpreting the findings: study is descriptive and explorative

Data for the case study comes from multiple sources. Yin (2003, p. 85) states that the six most commonly used sources of evidence are: documentation, archival records, interviews, direct

observation, direct-observation and physical artefacts. From these I chose documentation, interviews and direct observation. It is not recommended to use only individual sources of evidence, and the use of multiple sources of evidence allows me to analyse the case in broader range (Yin, 2003, p. 97). Next, I will analyse the advantages and challenges in the sources of evidence.

*Documentation*, in my case annual responsibility report, environmental training materials, preparation manuals and orientation materials from SOL are useful and provide specific details to support the other information sources. The documentation is stable and exact, which is a strength, and the weakness is that it might have reporting bias. (Yin, 2003, p. 86)

*Interviews*, performed as semi-structured as explained before, were insightful and focused on the case topic. The challenge in the interviews is the difficulty of constructing questions, which meant in my case that I concentrated too much on asking about environmental education and too little on the culture and engagement of the employees. Interviews also include response bias (Yin, 2003, p. 86), which is hard to find out, but might be included in the responses to my questions. Response bias might have come up especially in the questions asked from the line-manager and employees, since they might feel that they must gloss over the answers.

*Direct-observation* was performed when I observed the service professionals in their work at SOL was insightful, since I could really see the behaviour of the employees and actual mistakes and problems that occurred. Some bias probably occurred due to selectivity (not all employees were present) and time-consuming character (more information would have probably been gained, if I had observed longer and without the presence of their superior).

As for the *archival records*, I was meant to get some of the environmental audits' reports, which would have been insightful, but I did not get them from SOL probably due to the fast pace of this thesis project. Hence, this is the reason why archival records as a source of evidence was left out.

Finally, I will discuss the validity of the thesis. I will focus on reliability (Yin, 2003, pp. 34-39). Reliability's objective is:

“to be sure that if a later investigator followed the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator should arrive at the same findings and conclusions” (Yin, 2003, p. 37).

As proposed to tackle the reliability problem, I approached this by making as many steps as possible (such as making question patterns and recording interviews, analysing the two models carefully and writing down all the references used from SOL and literature). In this sense, another similar study could be made by following the steps I have made in my study. However, I will later suggest some hypothesis for future studies, to get more knowledge in the subject. Next, I will go through some limitations of the study.

Above, I mentioned the limitations of the chosen sources of evidence. Here I have gathered other limitations of the study. I decided to perform an empirical case study instead of theoretical research, to gain real-life knowledge from the company by observation and interviews. As a limitation, I feel that it would be useful to conduct a comprehensive quantitative study with question survey for the whole staff and analyse the data quantitatively. This would have probably gained some new insight about the culture, values and engagement related to CSR in SOL.

Because of the time constraints I was facing, I conducted the interviews and observations before writing the literature review. I feel that it would have been more insightful to write the literature before interviews, thus, I could have been more precise with my questions. Other limitations regarding the interviews was that it would have been more insightful to explore a couple of different SOL sites at the same time and see how differently employees are working in different sites.

When considering the transferability of the research questions, it is good to address the question Järvensivu & Törnroos (2010) asked in their article "How much similarity is needed to assert that a theoretical model created in one context can be applied in another?". It is not clear that these two theoretical models I applied here, can be applied to another company case, though my intention is that they could be used in a similar sized company in the same industry. Next, I will move to results and analysis of SOL's sustainability strategy implementation.

## **4 Results and analysis**

In this chapter, I examine the implementation of SOL Group's corporate sustainability strategy and analyse it through existing literature. Firstly, I will gather the information of how SOL Group has formulated the sustainability strategy and what are the actions taken for implementation. Secondly, I will compare the findings to the literature and analyse the challenges of the CSR implementation through the theoretical propositions of two models

presented earlier: the five levers model by Lacy *et al.* (2009) and the success factors model by Engert & Baumgartner (2016). I will suggest a hypothesis for the future research and at last answer the research question:

- What are the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company like SOL Group?

#### **4.1 CSR strategy at SOL**

In this section, I will analyse the initiatives SOL Group has done regarding responsibility, and how SOL considers the sustainability issues in its strategy and actions. SOL has acted on sustainability issues for a long time, and for eight years they have published an annual and official CSR report (SOL Responsibility Report 2018). Already in the 1990s, SOL had created a guide called *Me, You and the Environment* (Minä, Sinä ja Ympäristö), where SOL's aim was to influence the employees' attitudes regarding the environment. Now the guide is implemented in the CSR report. (I1) At the first interview, I asked how the inclusion of responsibility report is seen in the big picture. I1C answered:

“Sales is using it [responsibility report] as a tool when going to charm the clients. It is a very good material. As a tool for internal development it has worked also, because continually something new [environmental issues] is being found.” (I1C)

SOL has implemented CSR in all three aspects of sustainability: environmental, social and economic (see Table 5 and Figure 3). SOL has environmental goals and missions and they are complying UN Global Compact principles in their operations. They also have procurement procedures and they promote a discrimination-free workplace. In the SOL Responsibility Report (2018), SOL defines responsible business in the following way:

“At SOL, responsible business operations mean spontaneous responsibility that supports the company's business and that are determined by the company's values and objectives, while also taking into account key stakeholders. Many practical issues related to responsibility are addressed in our everyday work. These issues include occupational safety, good managerial work, improvements in working methods, environmental issues, work ethics, a pleasant work community, caring about others and about customers, correct salary payments, the development of competence and many other minor aspects.” (SOL Responsibility Report 2018)

Table 5: CSR aspects at SOL (SOL Responsibility Report 2018)

The aspect of sustainability	CSR objectives at SOL
Environmental	<p>Environmental goals and missions:</p> <ul style="list-style-type: none"> <li>▪ Guiding customers towards eco-friendlier activities</li> <li>▪ Reducing paper and energy consumption</li> <li>▪ Using suppliers who operate in an environmentally responsible manner</li> <li>▪ Addressing the conservation of natural resources and reducing environmental impacts both in our procurement and in our service provision</li> <li>▪ Reducing the overall consumption of chemicals and detergents</li> <li>▪ Reducing emissions from vehicle and machine fuel consumption</li> <li>▪ Reducing the amount of waste sacks, plastic bags and plastic packaging</li> <li>▪ The personnel must consider both the customer's and internal environmental aspects</li> <li>▪ Increasing the personnel's and customers' environmental knowledge</li> </ul>
Environmental	<p>Environmental clothing and recycling bottles:</p> <ul style="list-style-type: none"> <li>▪ SOL has utilised recycled plastic bottles in the manufacture of uniform shirts, lightweight backpacks, permanent waste sacks and mop bags</li> <li>▪ SOL has recently moved from using fleece jackets to cotton jackets, because synthetic microfiber pollution from fleece. (I1)</li> </ul>
Environmental & social	<p>SOL complies UN Global Compact principles in their operations (e.g.):</p> <ul style="list-style-type: none"> <li>- Businesses should undertake initiatives to promote greater environmental responsibility</li> <li>- Businesses should encourage the development and diffusion of environmentally friendly technologies</li> </ul>
Environmental & social	<p>Procurement procedures (e.g.):</p> <ul style="list-style-type: none"> <li>▪ Child labour ban</li> <li>▪ Employee safety and health</li> <li>▪ Environmental protection</li> <li>▪ CO2 emissions of the auto equipment max. 130 g/lm</li> </ul>
Social	<p>Diversity (age, gender) and multiculturalism is nurtured by employing from different age groups, having gender equality and over 30% of SOL Service's employees are not Finnish citizens</p>
Social	<p>Prevent discrimination (e.g. #NoDiscrimination -campaign)</p>
Social	<p>Investing in personnel's work ability (SOL Life Early Caring Model)</p>
Social	<p>Training (e.g. SOL Training Steps) and orientation</p>
Economic	<p>Long-term growth plan: able to pay employees' wages and make future investments</p>

SOL's actions toward sustainability is described as follows:

“We act responsibly, respecting the environment and providing the best customer service.” “...the entire personnel works for and towards SOL responsibility. The work of a responsible corporation involves us all.” (SOL Responsibility Report 2018)

When considering the values, mission, success factors and vision of SOL (Table 1), responsibility is considered in the second sentence of mission “We act in a responsible manner and we are a valued employer”. There is no mention about sustainability in the values. According Galpin & Whittington (2012) one of the key elements is the company’s mission and the companies communicate their commitment to sustainability, for example, in their mission and values. SOL has included the sustainability in its mission, indirectly in the values (I1). As a service provider, SOL states that among others its responsibility is to provide services that are sustainable. SOL’s ethical guidelines support sustainability: “We are committed to promoting environmental values and awareness.” (SOL Responsibility Report 2018)

SOL has also responsibility for stakeholders, from which the most important ones are clients and employees (email from HR & Legal Director). I1C told in the interview that

“If considering stakeholders, so, one of our main stakeholders is the trade union, PAM. Responsibility issues and this report of ours has been read there [in trade union] and then they watch over us. So that we do what we say we do. ... We have gotten good feedback [from the trade union].” (I1C)

CSR strategy at SOL is comprised of many practical implications that are implemented in procedures and regulations. What I found missing is an intention to get the employees committed to the sustainability. I will next consider the CSR strategy implementation from two levels: from the management point of view and from the line managers and employees’ point of view.

The three persons I interviewed in the first interview session all participate in the CSR strategy formulation. HR & Legal Director (I1C) and his subordinates have the responsibility over the HRM side of the CSR. Business Development Director (I1A) is involved in health and safety issues, the operating systems and business development. Trainer (I1B) in turn represents the “middle ground” between the upper management and line managers, concentrating on the environmental issues. SOL has an environmental group, where they plan all the environmental activities. I1A and I1B are part of the group and in addition to them, there are five other professionals from different business areas, reporting or training. They plan for example the environmental action plan and campaigns. (I1)

The upper management see the CSR strategy implementation on a very practical level (I1). There are operating systems (e.g. ISO14001), environmental guidelines, trainings and audits, which they develop and communicate internally and externally. They measure the success of



implementation for example with environmental audits and with the reductions of non-environmentally labelled cleaning products and plastic bags. I1B told in the interview that

“we don't have certified environmental operating system, but we act as we would have it”  
(I1B).

SOL management intends toward servant leadership<sup>2</sup>, and the management organization is built lean to be close to the customer and personnel. Even though SOL does not have a certified environmental operating system, they are following the ISO 14001 environmental management standard.<sup>3</sup> (I1)

When considering how sustainability is seen in the work of the first-line management and employees, it can be seen mostly through the practical implications: instructions for the use of detergents, waste sorting and preparation guides. When doing the observation at the hotel, I noticed how instructed the working environment is. Every detail of their work was written in different guides and instruction materials. While observing service professionals work and asking questions from them, corporate sustainability seemed to be distant and visible only through working regulations. I did not see any 'true commitment' or passion for sustainability issues, which is only natural when considering the pace and nature of their work. Service professionals clean the rooms at the hotel, following the instructions of how much detergent to use, what amount of water to use in preparation and how to sort waste correctly. While observing, I noticed that a few service professionals were sloppy with their preparation and did not care for the instructions. I2B told me that

“Often they do good a couple of weeks and the goes [bad] again. ... Some are [good] luckily, so I can't say that all of them are this indifferent about the instructions. Maybe half [of the employees]. And then it goes like ”he doesn't [do that well], I don't do either”.

The service supervisor told me that most of her time goes to instructing and supervising that the employees would do their job well. (I4) The incorrect preparation or using too much detergents is in addition to not following the rules, an environmental issue. (I1) However, at the hotel where I observed, it is not possible to use too much detergents due to the use of dosing

---

2 Servant leadership is defined by Panaccio *et al* (2015) as “a serving-others orientation in leadership, manifested through these seven behaviors and attributes”. In SOL Responsibility Report 2018 it is stated that: “At SOL, we aim towards servant leadership. Giving responsibility, trust, and supporting a functional work community are some of the essential mindsets.” Servant leadership was also emphasized in the first interview by I1C.

3 ISO 14001 is the international standard for formulating and implementing an environmental management system (Hamschmidt & Dyllick, 2001).

device. The service supervisor holds weekly meetings with the service professionals, where she considers the new environmental issues and revises the old instructions. I feel that the service professionals and the service supervisor have so much work to do in practice, so they do not have the time or energy to commit to sustainability in any other way in addition to what they are doing now. When I asked the employees about the education they get for the environmental issues, they all told me similarly about the instructions, most commonly about for waste sorting, and some mentioned the weekly meetings. (I4)

Employee engagement and motivation were in a substantial place in the literature review in implementation of CSR strategy. I asked the service professionals about their own attitude regarding the sustainability. Most were unsure what I meant, but when asked about waste sorting, all of them were sorting waste in their own homes. The customers have even higher demands on their suppliers (Hargett & Williams 2009). This was clearly visible throughout all the four interviews. The hotel I was observing, is well known for its “greenery” and environmental stand. They require all the staff to be environmentally educated, and to go through a specific education. (I3) I was introduced to this education in the third interview. In the second interview, the importance of guiding the consumers towards greener actions came up, but also the demands to SOL from the consumers:

“More for the accommodating clientele, like, [we have started to] encourage or guide to recycling. And trash cans with sorting have become more common. And maybe the message of just how important it [sorting waste] is. In my opinion customers sort more waste themselves in the rooms than they did before. And they think it’s also very important that we for sure take it [sort it also]. That if they have sorted [the waste] there, they want that it will be sorted to the end.” (I2A)

Sustainability strategy should be implemented in the organizational culture, which happens via employees and their values and engagement. From my observations and interviews, it seems that sustainability is not fully included in the culture. But this is identified vaguely, and to be able to get a full on the organization culture, further research is needed. However, in SOL, with thousands of employees it is even more pressing to fully implement the CSR strategy into the culture. The challenge is that the CSR strategy implementation can easily be left in a superficial state, since the implementation is so complex. (Rok, 2009; Lacy et al., 2009)

Before moving to the next chapter, I want to discuss the environmental aspects at SOL. Figure 3 shows the criteria for the assessment procedure for environmental aspects. I think this figure is useful to point out, since it gives a wide look at the different activities SOL is doing, regarding

Figure 3: Environmental aspects at SOL (SOL Responsibility Report 2018)

## Environmental aspects at SOL

Environmental aspects at SOL Palvelut

| Environmental file

SOL Criteria for assessment procedure for environmental aspects based on environmental reviews and the environmental programme		IMPORTANCE FACTORS/IMPACT FACTORS A = Statutory requirements B = Importance to image C = Environmental benefits/costs D = Severity of environmental impacts E = Potential leverage Total = (A+B+C+D)*E	IMPORTANCE SCALE 0 = Statutory requirements 1 = Importance to image 2 = Environmental benefits/costs 3 = Severity of environmental impacts					
ACTIVITY, PROCESS OR SERVICE	ENVIRONMENTAL ASPECT	ENVIRONMENTAL IMPACT	IMPORTANCE					
			A	B	C	D	E	Total
PROCUREMENT OF PRODUCTS, MACHINES/EQUIPMENT	Selection of suppliers	Environmental impact caused by the production of products	1	3	2	3	3	27
	Selection of suppliers, cleaning services	Environmental impact caused by consumption	1	3	1	1	3	18
	Selection of suppliers, property services	Environmental impact caused by consumption	1	3	1	1	3	18
	Selection of suppliers, laundry services	Environmental impact caused by consumption	3	3	1	3	3	30
PRODUCTION/SERVICE	Correct selection, dosage and use of substances to be used	Impact on wastewater caused by the unnecessary use of detergents	1	2	2	2	3	21
	Wastewater generated	Consumption of water supply, impact on water treatment plants	0	2	2	1	3	15
	Energy consumption	Consumption of natural resources and emissions caused by production	1	1	1	1	2	8
-Waste generated by in-house processes	Plastic waste	Conservation of natural resources, environmental impact caused by waste and emissions at the final disposal site	1	2	2	2	3	21
	Hazardous waste, PER waste, Laundry services	Environmental impact caused by waste and emissions at the final disposal site	3	2	2	3	3	30
Transportation	Fuel consumption/emissions caused by driving	Consumption of energy resources, impact on atmosphere	1	2	2	1	2	12
Maintenance of transport fleet and machines	Service life of transport fleet	Conservation of natural resources	2	1	2	1	2	12
PERSONNEL ACTIONS	Personnel's environmental awareness, eco-friendly and environmentally oriented activities	Identifying and addressing environmental aspects at work and in leisure time	0	3	2	2	3	21
Guidance and training	Increasing personnel's environmental awareness and knowledge	Improving personnel's ability to act sustainably in their work	0	3	2	2	3	21
COOPERATION WITH CUSTOMERS	Recognising and supporting the customer's environmental activities	SOL's role in ensuring the customer's environmental objectives are met	3	3	2	1	3	27

the CSR strategy implementation. In the activity section, there are personnel actions, which include as an environmental impact “Identifying and addressing environmental aspects at work and in leisure time”. I asked about this emphasis on the leisure time in the first interview, and it turned out that the leisure time is not yet being included in the education material but should be in the spring 2019. (I1B) These environmental aspects are practical and extensive, but they do not include the sustainability culture, commitment and attitudes.

#### **4.2 Analysis of SOL's CSR strategy through frameworks for strategy implementation**

In the previous section, I gathered SOL's sustainability strategy actions together. SOL has included many practical implications in CSR strategy implementation, but there are things to improve on a deeper level. Sustainability in all its three aspects (ecological, social and environmental) can be found in SOL's CSR strategy. In SOL, different cultures are appreciated, they care of the wellness of the employees and the chemicals and materials used are being carefully monitored. It is clear, that sustainability in its current form is not something new for SOL, since they have cared for the environment since the 1990's.

The challenge they are facing every day is the labour-intensive industry, where the employment periods tend to be shorter, the staff is mainly from the lowest wage category (PAM, 2019) and there is a lot of temporary work relationships. This makes it hard to fully implement sustainability in the organizational culture, and to make sure that all the employees embrace it. Human resource management, the policies, practices and leadership, are in an essential part when implementing a sustainability strategy (Taylor *et al.*, 2012) and they need to be invested in.

The purpose of this study is to highlight the challenges a labour-intensive company SOL is facing in the implementation of the CSR strategies. Next, I will go deeper into the implementation of CSR strategy in SOL, concentrating on the role of attitudes, skills and engagement of the employees and leadership. I will first analyse the five levers model by Lacy *et al.* (2009) from SOL's perspective. Secondly, I will review the success factors by Engert & Baumgartner (2016) and compare SOL's performance on CSR implementation to these factors.

These models bring different perspective to the study and they have a little different role in the analysis. The five levers model is focusing more on the practical propositions and the success

factors model has a profound approach to the inside of the company and to the challenges companies are facing in the implementation. These models work as theoretical propositions in analysing the empirical case of SOL, to find out what challenges large and labour-intensive companies like SOL face in the implementation of CSR.

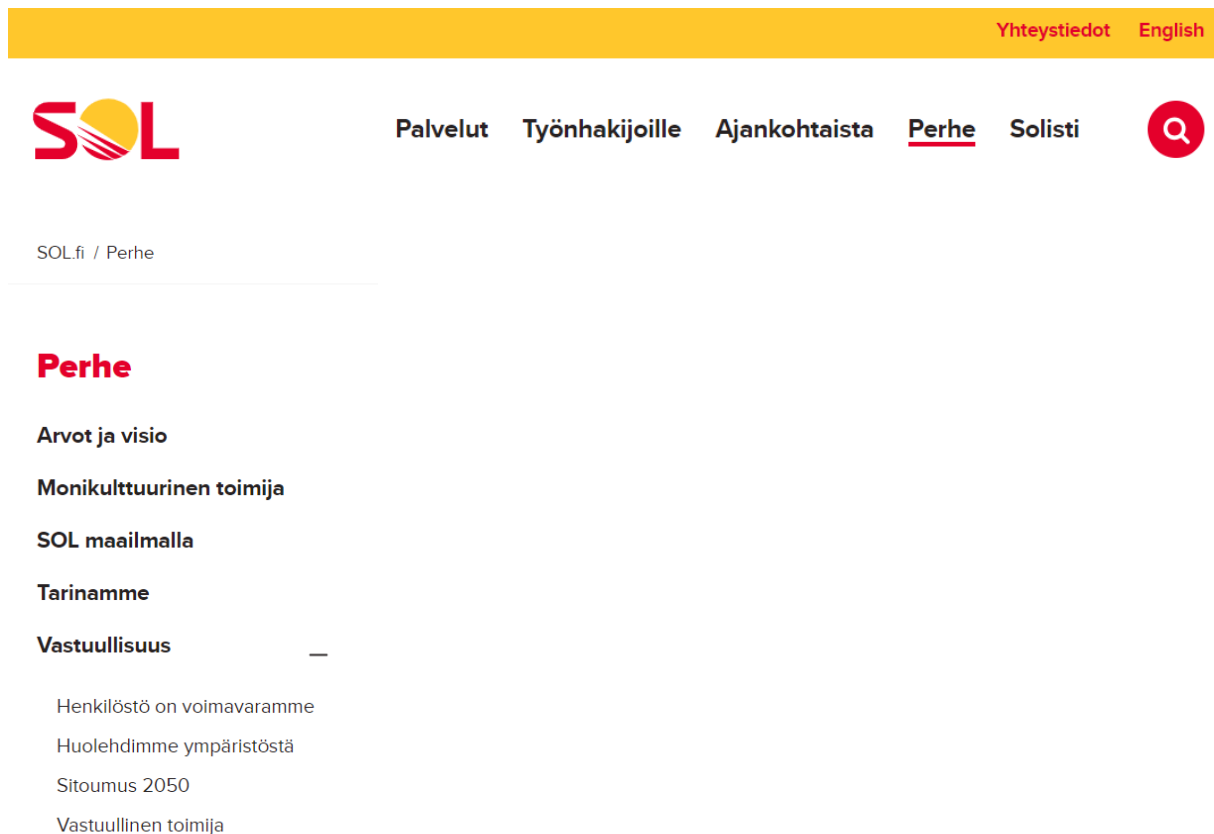
After this analysis I will have further discussion, answer the research question and highlight what is there to learn from the case of SOL's sustainability implementation, and what could be the future research hypothesis. I also discuss the limitations of the research.

#### **4.2.1 Five levers model in SOL**

In this section, I will analyse case company SOL in the five levers model (Figure 1) by Lacy *et al.* (2009). This model states how high-performing companies use these levers to increase business value by carrying out CSR strategies. The first lever in the model is *organizational change*. SOL is making constant improvements in their actions to sustainability. The environmental group is making yearly plans for environmental themes, they are for example joining the Earth Hour and having a SOL Environment Day. At this moment, they are creating a new environmental training online version, to have more flexible orientation. They have also altered their business processes to include sustainability: such as moving towards using almost 90% of detergents that meet the requirements for environmental labels and phasing out the use of fleece jackets. (I1; materials from SOL)

While these are all relevant and important issues, there is still something more to do. SOL could include sustainability more visibly on their website, so that it can be seen when you enter the site. At the moment in Finnish site the responsibility section is under 'Family' (*Perhe*), and not visible in the main bar (Figure 4). In the English website, there is no responsibility section at all. (SOL, 2019) One more thing to note, is that sustainability is not directly in the core values of SOL. It is included in company mission and philosophy, but SOL could demonstrate its commitment to sustainability by bringing it more visibly to the core values of the company. As Lacy *et al.* (2009) stated, these acts signal to the employees that the company is committed to sustainability and the efforts are valued.

Figure 4: Screenshot from SOL Finnish webpages 'Perhe' site with the main bar (SOL, 2019)



The second lever in Lacy *et al.* (2009) is the *leadership development*. As stated earlier, this development of leadership is intended mainly to the senior executives, to the ones who are creating the sustainability strategies. These business leaders should understand the changing business context (Lacy *et al.*, 2009) In the case of SOL, the 'Environment Group' includes the leaders who have the skills and knowledge to respond to these environmental trends and build relationships to new external partners. They also have environmental correspondents in every district who are, in addition to their own jobs as service managers, service superiors or service instructors, actively involved with the environmental issues and implementation of the strategy. To the further studies, it would be notable and interesting to make a full analysis of the SOL's top management's (e.g. Managing Director, Chairman, Business Area Directors etc.) skills, passion, values and knowledge regarding sustainability. The top executives who I interviewed were HR & Legal Director and Business Development Director, who were both highly skilled and knowledgeable about sustainability.

The third lever, *employee learning*, is managed in SOL by having several orientations when new employee starts at work, one of which is fully dedicated to environmental education. New

employees are given the SOL orientation handbook, which includes its own section for environmentally responsible operations. The environmental correspondents are responsible for sharing the new environmental information to their own business areas. They share the information to the service supervisors, and the service supervisors' task is to make sure that all the service professionals are being informed and that they have had the opportunity to learn. (I1, I2, I3, I4) In the second interview I2B told me that she holds a meeting once a week with the team, and in that meeting she goes through the new environmental issues or repeats old information. I also asked the service professional on how they are informed regarding the environmental issues. Some confirmed that they have the weekly meetings, but some said nothing about them. A few mentioned that they were trained for environmental issues when they started working at SOL. SOL's communication channels in Finland are the Group's intranet page, social media, website and SOLISTI magazine, all of which include also sustainability issues and support employee learning. (SOL Responsibility Report 2018) From these channels, the employees have the possibility to get all the information regarding environmental issues SOL is providing.

The fourth lever, *performance management*, stated that the employees, starting from the executive team, should be incentivised to attend to sustainability in day to day tasks and the company should communicate to the employees on what sustainability-related actions are being measured. (Lacy *et al.*, 2009) To my knowledge, at SOL sustainability is not included in reward systems. But as for the measurement of sustainability-issues, SOL is tracking for example the usage of detergents with environmental labels and reductions in the use of plastic waste. SOL also has an environmental operating system which they are following. The service supervisor is supervising the work of the service professionals and correcting if there is something they should have done better regarding responsibility, such as not measuring the chemicals correctly or preparing the microfibre cleaning textiles wrong.

One thing to note about performance management, is that service professionals wage is quite low (PAM, 2019) and the work is physical, and they are being measured by room per minute (I2, I3). I2B told me in the second interview that they are facing a staff deficit at the moment, which means that the employees have to work extra hours. (I2) While observing, it seemed that the service professionals and service supervisor were mainly interested in completing the required tasks i.e. cleaning the rooms. It seemed that service professionals were following the instructions about preparation and waste sorting mainly because they knew that they are being supervised, not because they were committed to sustainability. I2B stated that she must

repeatedly repeat the instructions for some employees and that this is a never-ending work. In general, the work of the service professionals is very restricted to the daily tasks.

The last lever is the *employee engagement*. This is quite hard to achieve in a large and labour-intensive company like SOL, where there is almost 14 000 employees and the careers are usually shorter due to the nature of the work. It feels almost an impossible mission to get all the thousands of employees to be engaged in sustainability strategy, since the work is time-intensive and low-paid. SOL's contribution to employee engagement in CSR implementation is having many campaigns to promote sustainability. SOL has the "wellbeing at work" program, improving well-being at work and productivity, but in the second interview, it was noted that the work of the service supervisors is so physical, and they are really in no need of extra physical activities. It seemed that the SOL Life wellbeing program is unnecessary for service supervisors in hotel cleaning business, since the work itself is so physical. (I2) However, this does not rule out that it might be motivating and engaging in some other jobs at SOL, such as for the first-line managers. Also, SOL has yearly competition on 'Environmental Act of the Year' which is however more about environmental acts in bigger scale at customer locations, not individual actions. (I1; SOL Responsibility Report 2018)

I feel that for engaging the employees for sustainability in service business, there should be more innovative ways, which should relate to their everyday practices. Interviewees I1B and I3A were the only ones who seemed really to be engaged and committed to sustainability. I had a long chat with I3A about the right amount of detergents used in the dishwasher for the environment, and he seemed to be truly interested and committed to the environment and wanted happily to share the information to others. I3A's role is to be service manager, but he is also the environmental correspondent in a certain district, so he works with the environmental education and audits, in addition to his every day role. I1B works as an environmental trainer, and always worked with the environmental issues. Rok (2009) states that employee attitudes regarding CSR are highly affected by the fairness of what they experience when working at the company. This is something to consider in service business companies. Do the employees feel that they are treated fairly, considering the working conditions and the wage? I do not have the answer for this, but this is interesting subject for the future research.

SOL is acting on social sustainability by promoting its multiculturalism and well-being of their staff. SOL was awarded by the European Agency for Safety & Health at Work in May 2017 for its successful project in well-being at work: "Everyone has the right to well-being at work".



(SOL Responsibility Report 2018) They also had recently a 'No Discrimination' -campaign (#EiSyrjitä -campaign). (I1) When observing, the multiculturalism was easy to spot. All the other interviewed where of Finnish nationality, but all the service professionals were non-Finnish, from many different cultures such as the Philippines.

As a conclusion of the five levers model in SOL, there are many practicalities implemented in the routines and instructions, but the engagement of the employees and sustainability culture were missing. SOL has an annual responsibility report and sustainability inclusion in their operations, they are pursuing sustainability related campaigns and have an environmental work group and correspondents. They have orientation and trainings regarding the environment and they are doing environmental auditing. SOL is also having new innovations regarding the environment, such as the uniforms made of used plastic bottles. The online visibility regarding sustainability and committing the whole workforce to CSR are something to improve.

I presented before a participative leadership model from Rok (2009), which complements the five levers model, but is closer to the first-line managers. According to Rok (2009) it is not enough that the managers are aware of the sustainability strategy and they say that they are supporting it, but they need to include the employees from all levels in decision making. When the employees are participating in CSR, they are more committed in their work and also share the values with other employees. (Rok, 2009) When observing and interviewing at SOL I did not see the possibilities for the service supervisors to be involved in decision making or to be able to contribute to the sustainability strategy formulations. Being critical, this participative leadership model does not seem to be transferable well to a large labour-intensive company but would probably work better in a smaller more agile company.

The five levers model presents things that high-performing companies use to invest in their employees in order of achieving CSR goals and generating business value. The model emphasizes the importance of employees to fully implement the CSR strategy. Critically viewing, I think the five levers model does not consider the different states, sizes and industries of companies and merely presents the issues that have been found from five high-performing companies in sustainability. The model offers help, but it should be tested in a real-life case and analysed on how it works. For SOL, the five levers model offers theoretical framework to use in analysing the challenges in CSR strategy implementation but some of the suggestions in the model might be very difficult to apply in this kind of a company. Next, I will present the second model, and analyse SOL through it.

#### 4.2.2 Success factors model in SOL

In this chapter, I am analysing the case company SOL regarding *the success factors model* from Engert & Baumgartner (2016), which is more profound than the previous one. They identified six success factors for bridging the gap between the CSR strategy formulation and implementation: Organizational structure, organizational culture, leadership, management control, employee motivation and qualifications and communication (Figure 2). (Engert & Baumgartner, 2016) I will analyse how SOL has performed in relation to these success factors and what more is there to be done to fully implement the CSR strategy.

The first success factor is *organizational structure*, which indicates that there should be coherence with the sustainability strategy and the organizational structure (Engert & Baumgartner, 2016). SOL has the environmental group, which was presented before, and the CSR strategy's environmental part is planned in that group, and the whole strategy is created in the SOL Services development group (i.e. management team). Director of Business Development (I1A) is part of the both groups, and she is one of those responsible for sustainability. Trainer (I1B) is the one who creates the responsibility report's environmental responsibility -section, and the HR and Legal Director (I1C) is also involved in the CSR strategy formulation. (I1) Hence, sustainability is mainly guided by the environmental group at the company headquarters. SOL's environmental correspondents implement the strategy in the districts. SOL's management is quite flat, as that has been their wish to be lean and close to the employees and customers, so there is no unnecessary hierarchy to the decision making. Since SOL is a labour-intensive company with relatively high staff turnover, even if the organizational structure is coherent with the sustainability strategy, there is still a gap between fully implementing the CSR strategy to the culture and engagement of employees. As conclusion of the first success factor, the organizational structure in SOL is well coherent with the strategy, but the challenge comes at the 'grassroots-level' of the organization.

The second success factor is *organizational culture*. When considering SOL's culture and values, the sunny customers, joy of working, reliability and care for the employees come up. While doing research at SOL's materials, interviews and observation, what caught my eye was that SOL cares for their employees, they are multicultural, and they are investing in employee and customer satisfaction. Social sustainability is more visible than environmental sustainability. But when considering the culture, I believe that SOL has some work to do to

implement the CSR strategy to the organizational culture. The labour-intensity brings challenged to the implementation, as my interviewee (Trainer, I1B) reported that:

“[the large number of employees] is a richness and a challenge. [But] I feel that multiculturalism is purely richness” (I1B)

My other interviewee (Service Supervisor, I2B) felt that greatest challenge comes on the individual level but some possibly from cultural differences:

“It might be because of the cultural differences, that you have to note [about instructions and preparation] very many times, weekly.” (I2B)

I2B felt that roughly half of the employees at her hotel are motivated and follow instructions, whereas the other half need more supervision. Employees are from very different cultures, and environmental issues are handled very differently on other sides of the world. Some employees are not familiar of the recycling before starting at SOL and they might not be aware why it is important to recycle or to save water and electricity. (I2B)

For future research, it would be insightful to have a questionnaire sent to the employees, and to ask how sustainability is related to sustainability in their daily business and whether sustainability is integrated in organizational culture. Engert & Baumgartner (2016) stated that all the employees should have sufficient knowledge, awareness and commitment to sustainability. I am in a doubt that in the cleaning services industry all employees will ever be committed to sustainability, as the staff turnover will probably stay quite high and the nature of the work is physical and measured by time used in cleaning.

The third success factor is *leadership*. As stated before, the implementation of the sustainability strategy falls to the first-line managers at the end of the day. In SOL, the service supervisors have training courses and have regular meetings with the environmental correspondents, who give the latest information about sustainability. (I1, I2, I3). In the cleaning service area in hotel cleaning, the service supervisors' daily job is to supervise the work of the service professionals and manage the closest superior tasks such as recruitment, orientation, every day meetings and work hours scheduling. (I2) How well, passionately and thoroughly do the first-line managers present the strategy in practice, and how do they make sure that employees are committed to that? And as for their personal attitudes and values, do they have time and energy to emphasize sustainability on top of the everyday work?

When doing the observation in the hotel where SOL is the supplier of cleaning services, I saw that the first-line manager (I2B) had her hands full of work. She was very organized about the cleaning practices and environmental regulations from SOL. She was fully aware of every detergent that have has an environmental label, and the ones which did not, and tried to make sure that everyone prepared their cleaning cart according to the rules.

In conclusion about the leadership factor, I believe that there could be more sustainability education for the first-line managers but also directly to the service professionals, so that the sustainability strategy implementation would not all be all on the first-line managers. At the moment the service professionals get outside education regarding the environment only when they start at SOL, but during their years of employment, the responsibility over sustainability strategy implementation is on the service supervisors. (I1, I2, I3, I4)

The fourth success factor is *management control*, which stated that there should be indicators which can be measured (Engert & Baumgartner, 2016). In our case company SOL, they are already following the ISO 14001 environmental management standard. In addition to that, they are doing environmental audits, where they are following the environmental regulations such as consumption of eco-labelled and other detergents. They have environmental education, but no valuation of how the education has affected the attitudes and CSR related commitment. In the last interview I2B stated that it would be useful to have more time for the education in general.

The fifth success factor, *employee motivation and qualifications*, is about the attitudes and personalities of the employees. This plays a major role in bridging the gap between CSR formulation and implementation. This is closely related to employee engagement, mentioned in the earlier five levers model, and I stress the importance of this. After observing the hotel cleaning, I think there is need for educating for the service professional more with general information about the reasons why we need to care for the environment. SOL has the possibility to affect the employees' attitudes concerning sustainability by giving them information about sustainability: e.g. about climate change, pollution, condition of the seas, the state of the globe, poverty, the importance of recycling and the importance of the action anyone can make by choosing environmentally friendly product or reducing the use of meat. This sort of information should be repeated constantly, having workshops about sustainability or social media campaigns. Without committed employees, there is no successful CSR implementation (Engert & Baumgartner, 2016).

The sixth and last success factor from Engert & Baumgartner (2016) is *communication*. As stated before, SOL's communication goes through the website, social media, the annual 'SOL Responsibility Report' and SOLISTI-magazine (SOL Responsibility Report 2018). The communication related to sustainability goes also through meetings and trainings in SOL. The environmental group shares the information and environmental correspondents share it to service supervisors. (I1, I2, I3, I4) As stated before, I feel that there should be more sustainability communication straight to the service professionals, not via superiors. This would require investments, but it might make the employees more engaged in CSR, though this would need more research in order to be confirmed.

The success factors model is quite extensive and goes deep to the core of the companies. I think it can be well transferred to different situations. However, it is good to note that the model may not be transferable to companies who have not involved any sustainability activity, since the model was constructed with a company with high level of involvement in sustainability activity. (Engert & Baumgartner, 2016) In the case of SOL, it served to highlight challenges that are likely to be important for strategy implementation.

In this chapter, I analysed the success factors model by Engert & Baumgartner (2016) in the case company SOL. From these two models, I imply that the essential part and a challenge in implementing CSR strategy is employee engagement. Next, I will gather the results from both models together and suggest hypotheses for future research.

## **5 Discussion**

I conducted a case study as an attempt to answer my research question: What are the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company like SOL Group? In this chapter, I will analyse on how SOL has performed in these two models and at the end, I will answer the research question.

I introduced two different models as theoretical propositions in analysing the challenges in the successful implementation of CSR strategy and explored the issues that SOL is experiencing. Currently, there seems to be too little research about the models of implementing CSR strategy (Engert & Baumgartner, 2016), so my study contributes to this gap of research. Implementation of CSR is a highly challenging task, since sustainability is itself a complex phenomenon, but

also the labour-intensive service business brings its own challenge to the implementation. SOL is a company that has invested in CSR issues by producing annual responsibility reports and focusing on environmental and social sustainability in practice (see more Table 5 and Figure 3) and have been interested to learn how they could improve their CSR implementation. I suggested two models to provide insight for the CSR implementation in companies like SOL. In this chapter, I will critically assess the challenges that these two models raised, identify my findings and analyse the outcomes of this case study.

If SOL would decide to follow the five levers model by Lacy *et al.* (2009) then they should invest more in the visibility of the sustainability strategy and add it as one of their values. I suggest SOL to be more visible regarding the sustainability in their external and internal communication channels e.g. website, LinkedIn and other social media. I would also emphasize the importance of sustainability to be integrated in company values – not only in the mission statement. This would send the message to the employees and new recruits that SOL is committed to take sustainability seriously.

Other input from the five levers model for SOL, is that the company should also think about employee engagement and performance management. It would be useful to ponder if there are other ways to commit the employees to sustainability while considering that their work is intensive, physical and they are measured by room per minute and in addition they have quite low wages (PAM, 2019). For future research, it would be fruitful to research a hypothesis of a change in the employee engagement in CSR, if the service professionals would be incentivised in their work on the basis of sustainability related issues. Also, I feel that there should be more research on the area of how to increase the engagement of the employees in sustainability in the cleaning service business. With more research, it might be possible to find innovative ways, which would relate to the employees' everyday practices, and at the same time motivate them and make their work easier.

If SOL would decide to follow the success factors model by Engert & Baumgartner (2016) the importance is pressed on the employee motivation and leadership, while the organizational culture will follow when the employees are motivated and committed. Internal communication is in essential point in Engert & Baumgartner (2016) model. I suggest for the future research for making employee survey's regarding CSR. This would be insightful to fully understand the values and organization culture that the employees are seeing. Based on that research, SOL could see what initiatives regarding CSR strategy implementation is there to do. It would also

be easier for the employees to get their voice heard on how they would improve sustainability inside the company – in their every day practices. Challenge in this model is same as in the five levers model: how to motivate and engage the service professional with multicultural backgrounds, physical and intensive work with low wage.

These models have slightly different approaches to the problem: the five levers model is focusing more on the practical propositions and is viewing the company more from the surface, when the success factors model has a profound approach to the inside of the company. This framework works as a sort of theoretical proposition by providing structure for an assessment of the status quo, but these models do not explain the reasons behind these challenges. I analysed the case company SOL to find out what are the challenges the large and labour-intensive companies face in the implementation of CSR.

In these two models, the importance of the employees is highlighted. Engaged workforce is the central element in the transformation towards getting measurable results from sustainability strategy (Galpin & Whittington, 2012; Rok, 2009). In the SOL case, it seems to be hard to make the employees engaged in sustainability strategy, since their work is so structured and intensive, and there are such a high number of employees. Rok (2009) states that employees seek the companies which share the same values and motives than themselves, which in case of SOL Services hotel business area, might ease the staff deficit if they would be seen as more attractive and sustainable working place than their competitors.

In the second chapter of the thesis, I summarized these two models as pointing out the main factors to consider in successful implementation of corporate sustainability strategy. In Table 6, I have gathered together the main findings on SOL's challenges in CSR implementation. The main challenges come on a deeper level, in the inclusion of sustainability in corporate values and culture and in the employee commitment. Without motivated and engaged employees, there is no successful CSR implementation (Engert & Baumgartner, 2016).

My research question was: What are the major challenges in the implementation of corporate social responsibility strategy in a labour-intensive service business company like SOL Group?

***The answer to my research question is:***

- The major challenge in the successful implementation of CSR strategy, is how to engage and commit the employees to the sustainability strategy implementation.

When adding up this research, at the beginning I thought that I would be focusing more on the actual practice of implementing the environmental regulations to the employees in the SOL cleaning services. Shortly after started reading literature about the sustainability strategy implementation, I realized that the challenge at SOL is not in the environmental education, but in deeper, in the organization culture and employee engagement.

Table 6: The main findings on SOL's challenges in CSR implementation

Factor	Main findings from SOL
Organization structure, culture and change	<ul style="list-style-type: none"> <li>- Sustainability's visibility in communication and values</li> <li>- Organization structure is well supporting CSR strategy; the challenge comes in the deeper level</li> <li>- Sustainability is missing from the organization culture</li> </ul>
Leadership and communication	<ul style="list-style-type: none"> <li>- At the end, the responsibility over CSR strategy implementation falls on first-line managers who already have hands full of work</li> </ul>
Management control and performance management	<ul style="list-style-type: none"> <li>- There is supervision on the environmental guidelines, but not in the environmental attitudes or engagement</li> </ul>
Employee motivation, learning and engagement	<ul style="list-style-type: none"> <li>- The most important challenge: employee commitment and engagement to sustainability is lacking</li> </ul>

I believe that this research could be transferable to other similar companies in the same situation. Other large service companies with thousands of employees, including high number of cultures and high employee turnover, are most likely facing the same problems. In conclusion, the main challenge I found in implementing CSR in SOL is the employee engagement to the CSR, which is most likely due to the high number of employees, staff turnover, low wage level, time resources for sustainability education, and intensive and physical everyday work.

When considering the reliability of the results in this thesis, the results might be comparable in another, similar company in the same service business. Another similar study could be made with most likely similar results, however more interesting would be to research differences between service business companies CSR strategy implementation, and to see if the other companies have identified any solutions. As a limitation, I feel that the results might not be transferrable to other industries such as in construction. However, for the future it would be



more insightful to continue the research. As future research hypotheses and propositions for the studies, I suggest the following:

- How has the staff of a labour-intensive company in the service business adopted the company sustainability culture and values, and do challenges arise regarding the CSR implementation? (*Proposal for the study*: a quantitative research with survey and qualitative in-depth interviews with “grassroots-level” employees)
- Does incentivising the work of “grassroots-level” employees and first-line managers to attend to sustainability in everyday tasks change the engagement in CSR strategy in a cleaning services business company? (*Proposal for the study*: qualitative and experimental study with in-depth interviews before and after changing the incentive model)
- What is the effect on profitability, employee satisfaction and employer branding when the whole staff is fully committed to sustainability? (*Proposal for the study*: experimental research on a small company, by first exploring on how to get the staff engaged and after which analysing the possible effects)

In the literature, it is stated that the integration of CSR strategy into the company and employee values takes time, and the results cannot be seen in the short term (Dyllick & Hockerts, 2002). In the case of SOL, this is even more relevant since the integration of CSR to the employee values is a never-ending job, because the workforce turnover is high. CSR is an emerging trend, so when consumers and customers are demanding more responsibility over environment, it is even more important to fully implement the sustainability in the organization culture and values. (Hargett & Williams, 2009) SOL is working hard to make the business as sustainable as possible, but in the future the employee commitment will be even more important.

I quoted in the literature review Galpin & Whittington (2012) stating that

“once the company’s sustainability strategy and values are clearly articulated, the first stage of the HR value chain involves finding and hiring people that fit the desired strategy and stated values”.

In my opinion, this statement cannot be applied to a labour-intensive company like SOL, since the company already has about 14 000 employees. The question is, how to implement the desired strategy and stated values with the existing staff, and how to attract new employees who value sustainability? According to my interviewee (I2B) at the hotel site where they are

working, they have been facing a shortage of manpower for the last six months (I4). This makes the recruitment of employees with sustainability values even harder.

I want to raise an issue that did not come up clearly in the literature review but drew my attention while scrutinizing the case company and pondering on the deeper meaning of this thesis. Large companies with thousands of employees have a challenging combination when considering the CSR strategy implementation: multicultural staff, high employee turnover, low wage level and intensive and physical work. However, when considering the number of employees and the possibilities this labour-insensitivity offers, I want to stress the importance of the possibility - or even responsibility - to affect all these peoples' attitudes regarding sustainability. I illustrate my idea with an imaginary hypothesis: a large company manages to affect the everyday practices and attitudes of the all the thousands of employees so deeply that they continue the sustainable practices in their leisure time and spread these practices further. These sustainable practices could be e.g. recycling, increasing vegetarian diets, saving electricity, using public transportation and so on. Hence, when this pattern multiplies (with other companies) the sustainable behaviour spreads. Even if this is just an imaginary example, I stress the importance of the companies to positively influence the employees' sustainable practices, at work and in leisure time. Simas *et al.* (2013) confirm my idea, by stating that companies have an essential role in sustainable development and they are seen as important actors in spreading the awareness of sustainability.

When considering the findings from the thesis, the approach I chose and the limitations regarding the analysis, I deduce that the large labour-intensive companies in service business have many challenges regarding the employees, and one of them is the engagement with CSR. It also seems that the CSR strategy implementation is a never-ending job. The things I cannot comment from this case study, is how engaged in sustainability is the SOL's board of directors and managing director and in what state of the importance CSR lies in the strategy. I was observing only in one hotel, so it might be that my analysis is biased by that unit. Nevertheless, I have identified important challenges, which might make the future of CSR implementation easier for SOL and could be used as a help for the future analysis of the state and target of CSR strategy. I have now gathered together my findings about SOL's challenges on integrating CSR strategy and implied the future research hypothesis. Next, I will have the concluding remarks on the thesis.

## 6 Conclusions

This thesis is a contribution to the discussion about CSR strategy implementation challenges in large labour-intensive companies in service business. There appears to be lack of research in the gap between CSR strategy formulation and implementation (Engert & Baumgartner, 2016) and no research, at least in my knowledge, in the challenges of CSR strategy implementation in service business. However, in my literature review, I found articles researching CSR implementation and chose two models to use in my analysis: the five levers model by Lacy *et al.* (2009) and the success factors model by Engert & Baumgartner (2016).

I chose SOL to be my target of analysis, since SOL had already included sustainability in its operations and SOL's management was interested in developing their CSR strategy implementation further. I conducted a single case study with literature and documentation review, interviews and direct-observation. I interviewed people from director level, trainer and first-line management, and observed the service professionals at the SOL Services cleaning business area, in a hotel where SOL is providing cleaning services.

I analysed the two models in the context of SOL Group and from that analysis I got results, which are shown in Table 6. The main finding is that the major challenge in the implementation of CSR strategy in a labour-intensive service business company like SOL, is how to get the employees motivated and engaged with sustainability. Engert & Baumgartner (2016) state that "a strategy cannot be implemented successfully without motivated employees", which indicates that there really is a high importance of getting the employees engaged, if there is a desire to fully implement the sustainability into organization.

With this case study, I discovered a few issues that are important for large service business companies. *Firstly*, SOL has succeeded in including sustainability in its operations, such as purchasing and work with customers and other stakeholders. This is an essential and important part of the successful implementation of CSR. *Secondly*, the education of the staff is a challenge. At SOL the environmental education is integrated to orientation, but there is a risk that the new environmental issues and agendas are left secondary in the intensive work days, and not fully implemented. The employees' main interest is to execute their own work in time, and since the pace of working is intense and the wage is quite low, they might not be interested in committing extra work or initiatives about sustainability without extra incentives. *Thirdly*, in the future when researching the success factors in CSR implementation the following should be considered: Does the quality of the employment status affect the engagement of the employees?

Are there differences when considering other industries, such as construction versus service business? What do the employees think of sustainability, and how to get the CSR into corporate culture?

This case study was descriptive and explorative, since there has been no similar research made before. My aim was to recognize potential challenges in the implementation of CSR strategy in large service business companies. This thesis gives its contribution to further research by suggesting future hypotheses. To analyse my own performance in succeeding in this thesis, I feel that I contributed well by finding the major challenges in the CSR implementation in a service business company, and also by contributing to the future research. As a conclusion, the major challenge in the implementation of corporate social responsibility strategy in SOL, is to get the employees engaged and committed to the sustainability strategy implementation, which will most likely be a never-ending challenge.

## References

### Academic references

- Dyllick, T., & Hockerts, K. (2002). *Beyond the business case for corporate sustainability*. *Business Strategy and the Environment*, 11(2), pp. 130-141.
- Engert, S. & Baumgartner, J. (2016). "Corporate sustainability strategy – bridging the gap between formulation and implementation", *Journal of Cleaner Production*, 113, pp. 822-834, ISSN 0959-6526.
- Flyvbjerg, B. (2006). *Five misunderstandings about case-study research*. *Qualitative inquiry*, 12(2), 219-245.
- Galpin, T & Whittington, J. L. (2012). "Sustainability leadership: from strategy to results", *Journal of Business Strategy*, 33(4), pp. 40-48.
- Gond, J.P., El-Akremiti, A., Igalens, J., & Swaen, V. (2010). *Corporate Social Responsibility Influence on Employees*. International Centre for Corporate Social Responsibility: University of Nottingham, (54)2010, ISSN 1479-5124
- Hamschmidt, J. & Dyllick, T. (2001). *ISO 14001*. *Greener Management International*, 2001(34), pp. 43-54.
- Hargett, T. R. & Williams, M. F. (2009). "Wilh. Wilhelmsen Shipping Company: Moving from CSR tradition to CSR leadership." *Corporate Governance: The international journal of business in society*, 9(1), pp. 73-82.
- Jaakson, K., Vadi, M., & Tamm, K. (2009). *Organizational culture and CSR: an exploratory study of Estonian service organizations*. *Social Responsibility Journal*, 5(1), 6-18.
- Johannsdottir, L., Olafsson, S., & Davidsdottir, B. (2015). *Leadership role and employee acceptance of change: Implementing environmental sustainability strategies within Nordic insurance companies*. *Journal of Organizational Change Management*, 28(1), 72-96.
- Järvensivu, T. & Törnroos, J-Å. (2010). Case study research with moderate constructionism: Conceptualization and practical illustration. *Industrial Marketing Management*, 39(1), pp. 100-108.
- Klettner, A., Clarke, T. & Boersma, M. (2014). *The Governance of Corporate Sustainability: Empirical Insights into the Development, Leadership and Implementation of Responsible Business Strategy*. *Journal of Business Ethics*, 122(1), pp. 145-165.
- Kompaso, S. M. & Sridevi, M. S. (2010). *Employee Engagement: The Key to Improving Performance*. *International Journal of Business and Management*, 5(12), pp. 89-96.
- Lacy, P., Arnott, J. & Lowitt, E. (2009). "The challenge of integrating sustainability into talent and organization strategies: investing in the knowledge, skills and attitudes to achieve high performance", *Corporate Governance: The international journal of business in society*, 9(4), pp.484-494.

- Mirvis, P. (2012). *Employee Engagement and CSR: Transactional, Relational, and Developmental Approaches*. California Management Review, 54(4), pp. 93-117.
- Morsing, M., & Oswald, D. (2009). "Sustainable leadership: Management control systems and organizational culture in Novo Nordisk A/S." Corporate Governance, 9. 83-99.
- Panaccio, A., Henderson, D., Liden, R., Wayne, S. & Cao, X. (2015). *Toward an Understanding of When and Why Servant Leadership Accounts for Employee Extra-Role Behaviors*. Journal of Business and Psychology, 30(4), pp. 657-675.
- Pellegrini, C., Rizzi, F., & Frey, M. (2018). *The role of sustainable human resource practices in influencing employee behavior for corporate sustainability*. Business Strategy and the Environment, 27(8), pp. 1221-1232.
- Quinn, L. & Dalton, M. (2009). "Leading for sustainability: Implementing the tasks of leadership." Corporate Governance: The international journal of business in society, 9(1), pp. 21-38.
- Ramus, C. A., & Montiel, I. (2005). *When are corporate environmental policies a form of greenwashing?*. Business & Society, 44(4), 377-414.
- Rok, B. (2009). "Ethical context of the participative leadership model: Taking people into account." Corporate Governance: The international journal of business in society, 9(4), pp. 461-472.
- Salzmann, O., Ionescu-Somers, A.M. & Steger, U. (2005). *The business case for corporate sustainability: Literature review and research options*. European Management Journal, 23(1), pp. 27-36.
- Sandelowski, M. (2011). "Casing" the research case study. Research in nursing & health, 34(2), p. 153.
- Simas, M.J.B.G.C., Lengler, J.F.B. & António, N.J.S., (2013). *Integration of sustainable development in the strategy implementation process: Proposal of a model*. Corporate Governance, 13(5), pp. 511-526.
- Taylor, S., Osland, J., & Egri, C. P. (2012). *Guest editors' introduction: Introduction to HRM's role in sustainability: Systems, strategies, and practices*. Human Resource Management, 51(6), 789-798.
- Yin, R.K. (2003). *Case Study Research: Design and Methods*. SAGE Publications, Inc., Third edition. ISBN 0-7619-2522-X

## Non-academic references

Accenture, 2013. *The UN Global Compact-Accenture CEO Study on Sustainability 2013*. Architects of a Better World. 13-1739 / 02-7088.

Commitment 2050, 2016. *The Finland we want by 2050 – Society's Commitment to Sustainable Development*. Commission on Sustainable Development, 20.4.2016. Taken 22.2.2019. <https://commitment2050.fi/> and [https://kestavakehitys.fi/documents/2167391/2186383/FINAL+Kest%C3%A4v%C3%A4n+kehityksen+yhteiskuntasitoumus+20+4+2016\\_eng-GBs\\_Final+-+kielenhuolto\\_EN\\_rev+%282%29.pdf/e057e638-507e-464c-a3dd-d3f0826f8950/FINAL+Kest%C3%A4v%C3%A4n+kehityksen+yhteiskuntasitoumus+20+4+2016\\_eng-GBs\\_Final+-+kielenhuolto\\_EN\\_rev+%282%29.pdf.pdf](https://kestavakehitys.fi/documents/2167391/2186383/FINAL+Kest%C3%A4v%C3%A4n+kehityksen+yhteiskuntasitoumus+20+4+2016_eng-GBs_Final+-+kielenhuolto_EN_rev+%282%29.pdf/e057e638-507e-464c-a3dd-d3f0826f8950/FINAL+Kest%C3%A4v%C3%A4n+kehityksen+yhteiskuntasitoumus+20+4+2016_eng-GBs_Final+-+kielenhuolto_EN_rev+%282%29.pdf.pdf)

PAM (2019). Palvelualojen ammattiliitto. *Kiinteistöpalvelualan työehtosopimus. Palkkataulukot 1.2.2018 – 31.1.2020*. Taken 25.2.2019. <http://netpaper.lonnberg.fi/pam/tes-fi/kiinteistopalvelualan/mobile/index.html#p=17>

SOL Responsibility Report 2018. *Everyday acts*. Taken 12.2.2019. <https://www.yumpu.com/en/document/read/60951105/sol-responsibility-2018-en>

SOL (2019). *SOL official internet page*. Taken 12.2.2019. <https://www.sol.fi/en/>

Talouselämä (2018). *Talouselämä 500 Suomen Suurimmat Yritykset*. Erkkä Felt. 21/2018. pp. 38-60 & 93-96.

## Appendices

### 1. Appendix A: Question pattern for semi-structured interview in Finnish 15.1.2019 (first interview)

Kokonaisuus	Osa-alue	Kysymykset
Taustat		<ul style="list-style-type: none"> <li>- Mitkä ovat työtehtäväsi?</li> <li>- Oma roolisi SOL:lla?</li> <li>- Esimiehesi?</li> <li>- Alaisesi?</li> <li>- Vastualueet?</li> </ul>
SOL vastuullisuusraportti		<ul style="list-style-type: none"> <li>- Mikä on vastuullisuusraportin tausta?</li> <li>- Ketkä raportin on tehnyt ja oliko johtoryhmä mukana tekemässä vastuullisuusraporttia?</li> <li>- Kuka vastuullisuusraportin ympäristövastuu-kohdan on luonut ja koska?</li> <li>- Monta vuotta raportti on ollut olemassa tämänlaisena?</li> </ul>
CSR strategia	Tietoisuus	<ul style="list-style-type: none"> <li>- Minkälaisilla tavoilla pyritään lisäämään henkilöstön ympäristöosaamista?</li> <li>- Koulutukset, materiaalit, lähiesimiesten esimiestyö?</li> <li>- Mitä ympäristöosaaminen terminä kattaa?</li> <li>- Miten ympäristötietoisuutta pyritään lisäämään?</li> </ul>
	Toiminta	<ul style="list-style-type: none"> <li>- Mitä nämä SOL:n ympäristönkökohdat ovat?</li> <li>- Miten SOL näkee ympäristömyönteisen käytöksen?</li> <li>- Miten henkilöstön tulisi näitä huomioida toiminnassaan?</li> </ul>
	Koulutus	<ul style="list-style-type: none"> <li>- Mitkä asiat kattavat vastuullisella tavalla työskentelyn ja ympäristöasioissa toimien parantamisen?</li> <li>- Mitä ovat ne ympäristönäkökohdat, joita tulisi tunnistaa ja huomioonottaa työ ja vapaa-ajalla?</li> <li>- Miten koulututaan ja neuvotaan? Materiaalit, lähikoulutus, esimiesvalmennus?</li> </ul>
	Seuranta ja toteutuminen	<ul style="list-style-type: none"> <li>- Jos miettii edellisiä läpikäymiämme asioita, niin onko näissä selviä tavoitteita, joita seurataan?</li> <li>- Miten seurataan näiden tavoitteiden onnistumista yksilö- ja lähiesimiestasolla?</li> <li>- Mitä tapahtuu jos ei noudata ohjeita / koulutusta? Onko seuraamuksia? Pystytäänkö huomata jos näin käy?</li> </ul>
Oma toiminta		<ul style="list-style-type: none"> <li>- Miten te itse toteutate vastuullisuusstrategiaa päivittäisessä työssä?</li> <li>- Miten te itse seuraatte omia alaisianne tähän liittyen?</li> <li>- Mikä on oma suhteenne ympäristöasioihin?</li> </ul>
CSR visio ja strategia		<ul style="list-style-type: none"> <li>- Miten vastuullisuusraportin mukaanottaminen näkyy isossa kuvassa yrityksen visiossa ja toiminnassa</li> <li>- Miten kokonaisuudessaan vastuullisuusstrategia on jalkautettu ja kerrottu kaikille</li> <li>- Mikä on muuttunut siihen kun ympäristöstrategiaa ei vielä ollut?</li> <li>- Miten mitataan ja miten seurataan?</li> <li>- Miten vastuullisuusstrategia näkyy yrityksen tuloksessa?</li> <li>- Onko vastuullisuuden esiintuominen vaikuttanut asiakassuhteisiin tai muihin kohderyhmiin, ja menestykseen?</li> <li>- Onko mikään oikeasti muuttunut? Vai onko vastuullisuus ikäänkuin strategiaan päälleliimattu, tehty koska on ollut pakko?</li> </ul>



2. Appendix B: Question pattern for semi-structured interview in Finnish 18.1.2019  
(second interview)

<b>Kokonaisuus</b>	<b>Osa-alue</b>	<b>Kysymykset</b>
Taustat		<ul style="list-style-type: none"> <li>- Mitkä ovat työtehtäväsi ja oma roolisi?</li> <li>- Kuinka kauan olette olleet SOL:lla?</li> <li>- Esimiehesi?</li> <li>- Alaisesi?</li> <li>- Vastuualueet?</li> </ul>
CSR strategia	Ympäristöperehdytys ja koulutus	<ul style="list-style-type: none"> <li>- Minkälaisen perehdytyksen te saatte liittyen ympäristöasioihin? Mikä näistä on jäänyt vahvana mieleen?</li> <li>- Mitkä asiat ovat kohdekohtaista koulutusta teillä tässä kohteessa?</li> <li>- Millä tavalla ja mitä koulutatte eteenpäin palveluvastaaville?</li> <li>- Minkälaista materiaalia ja koulutusta saatte? Koetteko sen riittävänä?</li> <li>- Miten koulutatte / autatte jokapäiväisessä lähiesimiestyössänne henkilöitä työskentelemään vastuullisella tavalla?</li> <li>- Onko koulutuksissa tai perehdytyksissä painotettu vastuullista toimintaa myös vapaa-ajalla? Jos on: mitä nämä asiat ovat?</li> </ul>
	Jätteiden lajittelu	<ul style="list-style-type: none"> <li>- Miten koulutetaan tunnistamaan erilaisia jätelajeja?</li> <li>- Miten varmistetaan lajittelun onnistuminen?</li> </ul>
	Perehdytys	<ul style="list-style-type: none"> <li>- Minkälaisen ympäristökoulutuksen uudet työntekijät saavat?</li> <li>- Miten varmistetaan että he ymmärtävät nämä asiat?</li> </ul>
	Seuranta	<ul style="list-style-type: none"> <li>- Miten seurataan ympäristökoulutuksen toteutumista palveluvastaavien käytännön työssä?</li> <li>- Onko selkeitä ympäristöön liittyviä tavoitteita tai mittareita joiden toteutumista seurataan?</li> <li>- Entä miten ympäristötietoisuuden lisääminen on näkynyt teillä?</li> <li>- Mitä tapahtuu jos ei noudata ohjeita / koulutusta? Onko seuraamuksia? Pystytäänkö huomata jos näin käy?</li> <li>- Miten raportoitte esimiehille asiasta? (Tai raportoitteko ollenkaan?)</li> <li>- Onko ympäristökoulutus lisääntynyt tai muuttunut työskennellessänne SOL:lla? Jos kyllä, niin miten se on muuttanut käytännön työtä?</li> </ul>
Oma toiminta		<ul style="list-style-type: none"> <li>- Miten toimitte itse ympäristönäkökohdat huomioiden ja ympäristömyönteisesti? Miten nämä näkyvät työssänne?</li> <li>- Kiinnitättekö ympäristöasioihin itse huomiota työssänne?</li> <li>- Huomaatteko että onko ympäristöasioiden huomioonottaminen töissä lisääntynyt vuosien varrella?</li> <li>- Vaikuttavatko ympäristöasiat omaan käyttäytymiseenne myös vapaa-ajalla?</li> <li>- Mikä on oma suhteenne ympäristöasioihin?</li> </ul>