

The societal impact of governmental voluntary sustainable development programs: Case "the Commitment 2050"

MSc Degree Programme in Creative Sustainability

Master's thesis

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2016

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Title of thesis The societal impact of governmental voluntary sustainable development programs: Case “the Commitment 2050”		
Degree Master of Science in Economics and Business Administration		
Degree programme Creative Sustainability		
Thesis advisor(s) Armi Temmes and Mikko Jalas		
Year of approval 2016	Number of pages 99	Language English

Abstract

This thesis aims at understanding the content and potential societal impact of governmental voluntary sustainable development program through a case entity “The Finland we want by 2050 – Society’s commitment to sustainable development”, focusing on business participants. Existing literature has focused mostly on evaluating issue or industry specific voluntary environmental or social programs. However, all-encompassing governmental voluntary programs that are open for all societal actors and cover all sustainability aspects are a new phenomenon that set a new ground for research.

The research is an evaluative single case study that combines both qualitative and quantitative data and analysis methods. The primary data is collected from the program’s database containing 170 individual commitments out of which 42 were company commitments. The research is complemented by official documents and interviews with three company representatives, two representatives of the FNCSD and one third party representative. Individual operative commitments were analysed using an evaluation matrix.

The findings in the study points out that the program is most likely to cause positive impact on society. However, due to insufficient information provided by the participants, the absolute impact couldn’t be measured. Majority of the participants used internally measurable indicators that could not be used for evaluating societal impact. This lead to suggestion that voluntary programs should have better indicators in order to measure societal impact.

The study also showed that one third of the commitments did not have any impact through the program. This was caused by two types of commitments: those that existed before the participant joined the program and those that pledged to carry on business-as-usual activities as their commitment. In addition, the participants interpreted some of the program criteria and objectives differently. This caused variation in quality and difficulties for evaluating the impact of the program. The suggestion is that criteria for participants should be clearer in order to avoid openness for interpretation.

The commitment 2050 proved capabilities in attracting SMEs to take public CSR actions instead of only including large companies that are traditionally more visible in CSR. Nevertheless, the commitment program attracted mostly companies that were already active in the field of CSR or sustainable development.

Keywords governmental voluntary programs, voluntary programs, corporate social responsibility, sustainable development, impact evaluation

TABLE OF CONTENTS

1. Introduction	1
1.1 Motivation for the thesis.....	1
1.2 Research objectives and research questions	3
1.3 Structure of this paper.....	4
2. Literature review.....	6
2.1 Definitions of sustainable development	6
2.1.1 Worldviews and sustainable development	9
2.2 Corporate social responsibility	11
2.2.1 What is not CSR?	12
2.2.2 Complications of CSR.....	13
2.2.3 CSR in SMEs and large companies.....	14
2.3 Steering CSR through voluntary policies	16
2.3.1 Why voluntary policies are used?.....	17
2.4 Voluntary agreements as policy instruments.....	18
2.4.1 Two types of voluntary agreements.....	20
2.4.2 Downsides about voluntary agreements	21
2.4.3 What kind of companies join voluntary programs?.....	22
2.5 Analytical framework.....	24
2.5.1 Evaluating the impact of a political program	24
3. Methodology.....	27
3.1 Research strategy	27
3.2 Research design	28
3.2.1 Single-case design	28

3.2.2 Evaluative case study.....	29
3.2.3 Mixed method approach	29
3.3 Data collection.....	31
3.3.1 Commitment database	31
3.3.2 Interviews	32
3.3.3 Observations	33
3.3.4 Documents	33
3.4 Data analysis.....	34
3.4.1 Analysis of the data extracted from the commitment database	34
3.4.2 Analysis of the interviews	36
3.4.3 Analysis of the observations.....	36
3.4.4 Analysis of the documents.....	37
3.5 Objectivity and trustworthiness of the study	37
4. Case: ‘The Finland we want by 2050 – Society’s commitment to sustainable development’	39
4.1 Road to current national strategy on sustainable development	39
4.2 The strategy phase of the Commitment.....	42
4.3 Operational phase of the Commitment.....	44
4.4 The commitment 2050 as a voluntary agreement.....	45
5. Findings	49
5.1 Composition of the commitments.....	49
5.2 Composition of company commitments.....	54
5.3 Future prospects.....	58
5.4 Quality of company commitments	61
6. Discussion.....	68
6.1 SMEs and the Commitment.....	68

6.2 Large companies in the commitment.....	70
6.3 Environmental performance of the companies.....	72
6.4 Consumer focused companies in the Commitment.....	73
6.5 Companies from R&D intensive and concentrated industries.....	73
6.6 General discussion about the Commitment.....	74
6.7 General discussion about the company commitments.....	76
6.8 Discussion about the growth of the commitments.....	78
6.9 Societal impact of the commitments.....	78
6.10 Different impacts of company commitments?.....	80
7. Conclusions.....	85
7.1 Main findings.....	86
7.2 Practical implications.....	89
7.3 Limitations of the study.....	90
7.4 Suggestion for future research.....	91
References.....	93
Appendices.....	97

LIST OF TABLES AND FIGURES

Table 1: Semi-structured interview themes	32
Table 2: Evaluation matrix and its sections	35
Table 3: Most popular sustainability issues by different commitment groups.....	53
Table 4: General composition of companies	54
Table 5: The distribution of objectives of the commitments.....	57
Table 6: The different impacts of all the company commitments.....	81
Figure 1: Traditional Input-Output model of how voluntary bilateral agreements are formed on a societal level.....	46
Figure 2: Input-Output model of policy process of the Commitment 2050	47
Figure 3: Commitments registered at the commitment database between 2014 and 2015 .	50
Figure 4: Objectives of the commitments, all objectives excluding companies	51
Figure 5: Industry breakdown of companies in the Commitment 2050	56
Figure 6: Primary objectives by companies in the Commitment 2050	56
Figure 7: The monthly progress of all commitments	59
Figure 8: The monthly progress of commitments by companies	60

1. INTRODUCTION

1.1 MOTIVATION FOR THE THESIS

“Business is the problem and it must be a part of the solution. Its power is more crucial than ever if we are to organize and efficiently meet the world’s needs”
(Hawken, 1993, p. 17).

Corporate Social Responsibility (CSR) has been traditionally understood as a way for businesses to integrate social and environmental concerns into their business routines on a voluntary basis (Steurer, 2010). The reason for businesses to practice self-regulation comes often from the pressure of different stakeholder groups such as customers or employees who value the responsible efforts of business, and thus affecting the business performance of a company. Even though governments have steered environmental and social aspects of business through traditional “hard” instruments, such as economic and legal ones, recently there has been a growing interest by governments to “regulate self-regulation” and promote CSR (Steurer, 2010; Wurzel et al., 2013). This has resulted in a whole new policy area of voluntary approaches where governments take an active role in fostering CSR and sustainability instead of relying on traditional regulatory instruments (Karamanos, 2010; Steurer, 2010). This has been delivered through voluntary agreements, campaigns, programs, certifications, labels and stewardships in order to involve key stakeholders to tackle societal and environmental challenges collectively and voluntarily.

One of the countries to use such instruments for years has been Germany. In German context voluntary policies have occurred in the form of bilateral voluntary agreements between governmental actors, such as the ministry of the environment, and business associations (Töller, 2013). These agreements have been described as gentlemen’s agreements without legal obligation in the shadow of hierarchy because the motivation to form such agreements has been the fear of governments taking legally binding regulative actions.

There have also been numerous examples around the world of governmental programs that voluntarily encourage and guide companies to report about their sustainability (UNEP, 2014). In the United States the Environmental Protection Agency has implemented several voluntary programs such as 33/55 and Climate Wise Program that invited companies to reduce their usage of toxic chemical and greenhouse gasses (Delmas & Terlaak, 2001). In Sweden there has been a national program called Global Ansvar, which aimed at turning Swedish companies into ambassadors of human rights, decent labor conditions, environmental protection and anti-corruption using mainly informative and educational tools (Steurer, 2010). The literature of voluntary policies show that there has been numerous voluntary policy initiatives in numerous countries but these all have had a certain concrete focus area in terms of sustainability and participants.

Like all policy instruments implemented by the government it is crucial for policy-makers to observe the effectiveness of the policy in order to evaluate whether the implemented policy has been successful or not, cost-effective or implemented correctly. Thus, efficiency evaluation is concerned about the ratio of inputs in relation to outputs, such as how much resources are poured into a program and what has been achieved with those resources. However, since the purpose of governmental voluntary programs ultimately is to change the current status quo in the society, it is also crucial to measure the real impact of the program rather than effectiveness.

In many environmental and social programs comparing the outcomes of participants versus non-participants has delivered successful results in determining the real impact of the program. In these cases, however, the scope of the program has been very specific and narrow such as CO₂ emission abatements to a certain level by a specific industry or nutrition program where a different food program is applied with a specific group of people compared to the rest of the population. However, what happens when a government decides to launch a new national voluntary sustainable development program that allows everyone from the society to participate; gives freedom for participants to define their own goals, timeframe and strategy; and to define the scope and area of action? What kind of movement and action does it invoke, by whom, and most importantly, does it have any societal impact?

When a voluntary program has an aim to foster sustainable development through action within society in general, without having a focus on any specific issue or area of sustainability, this creates a rather unique case for research to study the impact and outcomes of such program. Nevertheless, this is also an opportunity to study how this type of program, which invites the whole society to do something for the common good, attracts businesses to participate and extend their self-regulation towards regulated self-regulation. In addition, according to the members of the Finnish National Commission of Sustainable Development, this program is simultaneously an operational continuum of the national sustainability strategy in Finland making it one of a kind in the world.

1.2 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

The main objective for this thesis is to understand what kind of societal impact is potentially going to be fostered by a new national sustainability strategy called “the Commitment 2050” implemented by the Finnish government, and what can be concluded after two years the program has been active. Since the scope of the participants in this program spreads from individual persons to governmental agencies and multinational corporations, this thesis focuses on the participation and impact of the companies that participated the program, thus the interest is to study the impact of businesses instead of all societal actors. When only the business dimension is studied, this thesis attempts to shed light in the research domain of government-business relations, voluntary policy programs and role of CSR in terms of governmental sustainability strategy.

In order to achieve the objectives of the study, deeper understating about the case is needed and an evaluation of the potential impacts is to be studied. The main research question for this thesis is:

How successful has the new Finnish national sustainable development strategy been in creating potential environmental and social impact through businesses and what kind of action is going to be invoked among participating companies?

Before answering the main question three sub-questions need to be answered:

1. What is the composition of the participants and their operational commitments?
2. How well have companies followed the criteria for participating the program set by FNCSD?
3. What societal impacts does the program generate through companies?

By examining these questions the paper attempts to build a better understanding about novel sustainability policy implementation and how such policies take off after the strategy has been implemented. Thus, it is desirable that this thesis will help private and public actors to understand what kind of challenges occur in the implementation phase and how to tackle them in the future.

1.3 STRUCTURE OF THIS PAPER

This thesis is divided into two main parts: theoretical and empirical. The first part is going to present background literature about voluntary policy programs, policy evaluation, impact analysis, sustainable development and corporate social responsibility. Analytical framework for the analysis is also presented. The first part will end up with a methodology chapter where details about the research methods are presented.

The second part will begin with introducing the case, its brief history and the way it operates. The case introduction is supposed to give a holistic understanding about the whole case, its stakeholders and relationship with present governmental voluntary agreements. After introducing the case, findings and observations about the empirical material are presented in chapter 5. This chapter will present the findings and key themes that have emerged from the data in a concise matter.

Chapter 6 is the discussion part where empirical findings are put into the context of theoretical framework and previous literature.

The last chapter of the paper will conclude key themes, findings, practical implications and future research.

Interview questions and other relevant material will be presented in the Appendices section after References.

“there is no contradiction between social and environmental aims and commercial ones. In fact, they are mutually reinforcing, and the future profitability of business depends on integrating social and environmental values into the core of our business strategies. So screwing business as usual fundamentally recognizes that doing good is good for business.” (Branson, 2013:xii)

2. LITERATURE REVIEW

This chapter will present previous literature that builds ground for the discussion part of the thesis, and will present the central concepts and definitions that are used throughout the text. Firstly, the concept of sustainable development (SD) and corporate social responsibility (CSR) are discussed from various perspectives. In order to understand the dynamics behind the case and the theme of this study, it is crucial to stress what is meant when speaking of SD and CSR in the context of this study. Secondly, voluntary policies and their contribution to CSR and sustainable development are presented. These policy forms serve as the background framework for understanding the policy choice taken by the Finnish government to steer sustainability in society. Thirdly, the analytical framework for impact evaluation is presented.

2.1 DEFINITIONS OF SUSTAINABLE DEVELOPMENT

After 1972 it has been claimed that there are over 60 different interpretations of the concept sustainable development (Iacob, 2014). Although there are concrete interpretations of the definition, there certainly isn't a single one that would satisfy every scholar or cover all the relevant aspects of sustainability as a whole. However, the positive side is that there is a consensus on the overarching themes that build the core for SD. Thus, when speaking about SD it creates at least some kind of similar associations to different people. Academics and policy-makers have agreed that SD should include elements from justice, inter-generational and intra-generational equity, trade-offs between anthropocentrism and ecocentrism, and a time-related component. For the past years SD has become a much-supported idea among many governments and societies but very few can actually tell what it means (Byrch et al., 2007).

The first occasion that crystallized the definition of sustainable development was Brundtland's Report *Our Common Future* in 1987. It was published by the World Commission on Environment and Development, where the Norwegian Prime Minister Gro

Harlem Brundtland worked as a chairman. According to the report *sustainable development* is:

“development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED, 1987, p. 41)

Politically speaking this definition was the most influential of the existing equivalents and is still used and perceived as the most popular definition of *sustainable development* (Paul, 2008).

However, usually when speaking about SD only the above-mentioned paragraph is used. The complete definition continues as following:

“It contains within it two key concepts. The concept of “needs” in particular the essential needs of the world’s poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organisation on the environment’s ability to meet present and future needs.” (WCED, 1987, p. 41)

Brundtland’s definition has two key themes: It has a focus on needs instead of wants or demands, and it’s based on the idea of limited resources. The attempt was to incorporate human needs and actions into environment’s capacity to carry and absorb the impact of our behavior. It also reflects the dimension of time that we have to plan our operations, not only for us but for the future generations as well (Byrch et al., 2007).

“sustainable development is a normative concept.” (Byrch et al., 2007)

Byrch et al. (2007) stress that one of the peculiarities of sustainable development is that it is normative in nature. This means that SD is always a statement of how things should be. It’s not proven or demonstrated but rather asserted (Byrch et al., 2007). In this meaning Byrch et al. stresses that SD is commonly presented as “a statement of values or moral principles”, thus making it a vision for the future. Normativity means that the definition is

very personal and depends highly on personal beliefs, values and opinions, which influence the way individuals perceive the world.

“Another way to define sustainable development is in what it specifically seeks to achieve” (Kates et al., 2005).

What can be interpreted from Kates et al. (2005) definition is that in some occasions a more practical approach is taken to define sustainable development such as defining specific goals and time-frame. For instance in September 2000 the UN General Assembly adopted around 60 goals regarding peace, development, environment, human rights, the vulnerable, hungry and the poor (Kates et al., 2005). By setting those goals, the UN clarified the content of sustainable development and its true real-life meaning for its members.

“sustainable development is in how it is measured” (Kates et al., 2005)

There have been ambitious efforts to define sustainable development through its indicators. A clear picture about sustainable development can be achieved when defining what needs to be sustained, what needs to be developed and for how long. However, the indicators are usually set by different stakeholder groups and thus the list is usually very long, for instance the indicators set by the UN Commission on Sustainable Development (Kates et al., 2005). Therefore, it is evident that sustainable development means different things to different groups and people.

Finally, sustainable development can also be defined through practice since in the end goals, indicators and values lead to action, which is the only element that fundamentally tells what sustainable development is. Kates et al. (2005) state that sustainable development includes also the development of social movements, organizing institutions, crafting sustainability science and technology, negotiation of compromise between those who are principally concerned with nature and those who value economic development, and those who are dedicated to improve human conditions.

2.1.1 WORLDVIEWS AND SUSTAINABLE DEVELOPMENT

In sustainability literature SD seems to have a strong relationship with the worldview of individuals who reflect it with their life situation and social environment. Businesses, non-governmental organizations (NGOs), governments and individuals give different emphasis on the different aspects of sustainability. For some businesses economic and social aspects are more significant than environmental and vice versa, and some organizations might only focus on some very specific parts of sustainability such as biodiversity. Thus, the understanding of what SD is depends very much from the context and worldviews where it is being used (Byrch et al., 2007).

Research conducted by Byrch et al. (2007) identified three different understandings of SD in three participant categories. The first group of business promoting participants emphasized that healthy economy with strong development and growth as a precondition for social and environmental improvements and wellbeing. Thus, the most important responsibility for businesses is to grow and prosper. Business participants also agreed that environmental issues could be accounted in business language, albeit focusing only on the resource usage of the environmental sustainability since resource depletion and environmental impact from unsustainable resources was seen as a threat to sustainable business.

The second group represented the views of environmentalist promoting sustainability. They perceived SD from a more ecocentric point of view where environment was the precondition for humanity. Humans were part of the ecosystem and not separate from it. Business was not seen as an important goal of SD. Although maintaining the environment was agreed upon, means to achieve it was divisive. Nevertheless, the environmentalist view put more weight on environmental rather than economic indicators, and aimed at reforming the economic system to simulate more of the natural cycles of the ecology.

The last group included participants from different promoters of sustainable business organizations. Their understandings about SD were quite disparate and varied along business and environment axis. Yet, business was seen as a part of sustainable

development but the importance between the environment, social and business spheres was more balanced than in the other two groups (Byrch et al., 2007).

After the Bruntland's definition hundreds of scholars and practitioners have articulated and promoted their own version of the definition based on their own worldview, values and interests. In this respect some have argued that sustainable development is somewhat an oxymoron because the definition invokes so many contradictory interpretations that are impossible to make compatible. Due to the customizability of the definition it might become meaningless in practice or there is a danger that it can be used in greenwashing or environmentally harmful activities. (Kates et al., 2005)

However, the defenders of the ambiguity of sustainable development argue that the definition draws much of its resonance and power from the malleability and openness of the concept since it is as heterogeneous and complex as human societies and ecosystems around the world. The openness of the definition allows different participants and stakeholders to redefine and reinterpret it to fit their own situation (Kates et al., 2005).

Regardless of the ambiguity it is alleged that there is a core set of values based on Brundlandt's standard definition: to meet the needs, now and in the future, for human, economic and social development within the limits of our life support systems of the planet (Kates et al., 2005).

To sum up the main points from sustainable development literature: sustainable development is a normative concept based on the judgment and values of the interpreter. Businesses tend to focus on the economic sustainability of their actions whereas other organizations interpret sustainability from their principles. Brundtland's commissions' definition about sustainable development is used in this thesis when talked about sustainable development.

2.2 CORPORATE SOCIAL RESPONSIBILITY

It has been argued that CSR has been the fitting mechanism for business to contribute to common good (IMPACT project, 2013). Thus, it works as a vehicle for companies to contribute to sustainable development.

Corporate Social Responsibility (CSR) has appeared on the European Union's agenda for over a decade and its first concise European Union (EU) definition was formulated in 2001. However, in 2011 the EU's definition of CSR changed somewhat. According to the new CSR strategy of the EU CSR is:

“The responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;*
- *identifying, preventing and mitigating their possible adverse impacts.”*

(European Commission, 2011)

Whereas the old definition stressed the voluntary nature of CSR and over-compliance, the new definition sees legislation and collective agreements as more equal elements and more weight is put on process, societal impact, strategy integration and the creation of shared value. The new definition does not only stress what CSR is but it also takes a stand on how CSR should be implemented in business. More importantly the new definition goes beyond the previous definition by stating that CSR is about mitigating and preventing negative impacts on society whereas the old version only discusses about addressing societal needs. This fits very well with the argument of Sheehy (2015) that voluntarism as the core

element of CSR is complemented with regulations in order to achieve better societal and environmental impact.

Since the main goal for this thesis is to evaluate whether a governmental voluntary program had societal impact, the EU definition of CSR is taken as a conceptual backbone for the thesis. However, this definition is also complemented with McWilliams, Siegel and Wright's (2006) understanding of CSR as a situation where a firm goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams et al., 2006). The emphasis on voluntarism, beyond compliance and business-as-usual is something this thesis will discuss more in the coming parts where the impact of the Commitment 2050 is being analyzed.

To mention about the terminology in this thesis: corporate social responsibility (CSR), corporate responsibility (CR), societal responsibility (SR) or responsibility in general are all variations of the same phenomenon, which indicates to the responsibility of business and is identical in content (Juutinen & Steiner, 2010). Thus, when some of the terms are used in this study, it refers to the same phenomenon i.e. the responsibility of business for the common good. However, the term CSR is the most common form to appear in this paper.

2.2.1 WHAT IS NOT CSR?

Juutinen and Steiner (2010) also argue that corporate social responsibility is the actions that exceed the requirements of the law and correspond with the expectations of the society and stakeholders. Actions that are external from the business activities such as philanthropy and sponsorships cannot be qualified as corporate social responsibility. Neither can those businesses, who's core business is to generate commercial activity in business sectors such as healthcare, social services or other business areas that are considered as "responsible by nature", propose their activities as corporate social responsibility if they have not listened to their stakeholders' demands. Thus, it can be concluded from Juutinen and Steiner's (2010) argumentation that CSR is something more

than just legal compliance and business-as-usual, but rather something that is part of the company's business operations, and not an external irrelevant dimension of it.

2.2.2 COMPLICATIONS OF CSR

Sheehy (2015) argues that CSR as a definition includes four central complications. These complications make it more difficult to constitute collective perceptions of the concept CSR since different actors have different agendas in understanding CSR.

The first complication comes from business itself. Are businesses only claiming environmental credentials and other social contributions through CSR activities while continuing to generate excessive harms through their business-as-usual activities i.e. greenwashing or is CSR a genuine and serious effort to change behavior of businesses and create public good? (Sheehy, 2015)

The second complication comes from academic attempts to define the concept of CSR. The complication emerges because each academic approach reflects its own perspectives and priorities. These academic definitions usually involve classifications and criteria in order to form a description and thus failing to address the core issue or the nature of CSR. (Sheehy, 2015)

The third complication lies between different political philosophies and agendas between different societal stakeholders. These philosophies are society-wide agendas, for instance public-private divide, role of the government, role of private businesses and political rights. From a political perspective CSR has many diverse understandings based on the values and background of the institution or actor defining it. For instance traditional realist/conservative understanding is strongly affected by Milton Friedman's (1970) definition where "the social responsibility of business is to make a profit". Opposing this philosophical point of view is the liberalist view where CSR is seen as vehicle for delivering just and fairness to society (Sheehy, 2015).

The fourth complication emerges from all three of the previous complications. Even though CSR is mostly the business of businesses, it puts governments into a position where they need to balance between their own political agenda, electorate, businesses, academics et cetera. This sometimes causes governments to find policy solutions that promote CSR in order to tackle social and environmental problems instead of forcing businesses to act responsibly. The motivation for such behavior is to avoid politically more costly solutions and regulations. (Sheehy, 2015)

2.2.3 CSR IN SMES AND LARGE COMPANIES

As mentioned before, CSR is usually understood as the voluntary contribution of corporations to sustainable development (Steurer, 2010). However, it is often referred as an action of large companies (Santos, 2011). Nevertheless, the word "corporate" and "responsibility" hints that CSR is only undertaken by large companies to solve large problems (Jamali et al., 2009). Yet, there are common situations where small and medium-sized enterprises (SMEs) are actually practicing CSR actions but are unaware of the fact that they are doing it. It is also common that SMEs practice business actions that are socially, environmentally and economically responsible but they do not use the term CSR (Perrini et al., 2007). It is also crucial to point out that SMEs are not large companies in a smaller form but instead they share very different traits in relation what comes to CSR (Vázquez-Carrasco & López-Pérez, 2012).

In a study conducted by Perrini et al. (2007), it was revealed that in contrast with SMEs large firms were more likely to address issues such as environmental management, employment, local communities, controlling and reporting strategies, whereas SMEs revealed stronger willingness in focusing to the responsibility of supply chains. However, both large firms and SMEs seemed to neglect community volunteering.

The nature of CSR by large companies is usually systematic, calculated, formalized and measurable, and in most cases it involves economic and strategic perspectives (Vázquez-Carrasco & López-Pérez, 2012). In contrast with the strategic and structured approach of

large companies, where responsibility is integrated into business transactions, SMEs often see CSR as philanthropic separated and independent from economic goals and thus their practices are often materialized in a philanthropic manner. This means that SMEs do not expect any benefits in return from their CSR activities (Jamali et al., 2009). Evidence of SMEs' philanthropic CSR actions is noted also by Santos (2011) where SMEs were most likely to carry out their responsibility by sponsorships and donations. Jamali et al. (2009) also continue that CSR activities of SMEs were often characterized as non-systematic, non-structured and non-formalized operating procedures.

The CSR activities of SMEs were often fragmented and not under a specific theme. The social actions taken by SMEs were usually donations, programs involving the poor, orphans, handicapped, educational programs, scholarships and partnerships with charity organizations. (Jamali et al., 2009) According to Santos (2011) internal social responsibility has significant weight on SME responsibility including workplace health, safety, hygiene and HR management. In contrast to internal responsibilities the interest of forming partnerships with other companies, NGOs, state entities, schools and universities was seen low. Santos also concluded that in terms of environmental responsibility increasing employee awareness, recycling and separation of waste are among the most popular actions taken by SME, whereas saving natural resources and implementing an environmental management system are among the uncommon practices.

Even though SMEs have a low level of setting up partnerships with state entities, a high proportion of SMEs think that the lack of state support is an obstacle in supporting the CSR activities of SMEs (Santos, 2011). The most common stakeholders for SMEs with respect to CSR were usually employees, suppliers and clients. Thus the responsibility practices are often occurred with the closest of stakeholders in relation to the company.

To sum, the following conclusions can be drawn from the literature of CSR: Understanding of the content and implications of CSR for different actors is usually affected by the values, moral judgements and background of the actor. Thus, there is no single understanding about the CSR due to different worldviews. CSR practices of SMEs are often philanthropic, co-operation with state entities is low but more incentives – mostly

informational and economic – are desired from government, the most significant aspect of CSR for SMEs is usually internal social issues, and environmental responsibility is mostly seen as reducing pollution and waste. CSR in large companies is often strategic and structured and integrated to their business activities.

2.3 STEERING CSR THROUGH VOLUNTARY POLICIES

Since the case of this study is a governmental program endeavoring to increase sustainable development within a society through voluntary commitments it is crucial to explain the content and spectrum of voluntary approaches in policy-making.

“the core of regulation is that the state adopts collectively binding rules that can be sanctioned by courts and – if need arises – can be implemented by the use of legitimate force.” (Töller & Böcher, 2013)

Töller and Böcher (2013) state that in relation to traditional regulative policies, voluntary methods – also included in a regulatory toolbox of the government – is creating a lot of confusion since there are “no binding rules, no role for courts and no implementation by force, no state that can give orders and in some cases no public agency”. Thereby voluntary approaches in this context can be defined as “rule structures that seek to persuade firms to incur nontrivial costs of producing positive externalities beyond what the law requires of them” (Töller & Böcher, 2013).

The definition of voluntary approaches covers different types of voluntary policies under its umbrella, for example soft-law, self-regulation and co-operative regulation. The common factor for all these different voluntary policies is that they are all established, implemented and complied with on a voluntary basis that goes beyond the compliance of law. Especially in the environmental policy arena voluntary agreements, eco-management-schemes, certification schemes, green label schemes and reporting programs as well as

overall CSR promoting activities are used as voluntary instruments for policy makers to accomplish certain desired outcomes. (Töller & Böcher, 2013)

2.3.1 WHY VOLUNTARY POLICIES ARE USED?

In terms of businesses and governments, voluntary policies according to Töller and Böcher (2013) have emerged because of globalization, which has caused a difference of power between business and collective interests. Because of the mobility of firms and capital, governments have more limited instruments to steer such issues because there is a fear of dislocating production elsewhere. This interpretation is derived from Olsonian wisdom where voluntary regulation is only a symbolic event that makes organizations appear ethically solid without real commitments such as greenwashing. On the positive side however, Töller and Böcher (2013) also mention that voluntary approaches such as CSR is also seen as change in company attitudes where businesses can create shared value for society at the same time as making profits, improving their products and polishing their image.

Advocates of voluntary policy approaches have stressed that compared to traditional regulatory policies voluntary approaches are more flexible, less antagonistic, less costly and faster to adopt and enable even collective learning. The problem with regulatory laws is that they require a lot of knowledge, and in the case of complex problems such as improving sustainable development throughout society, simple regulations would not work as a single and only policy instrument (Töller & Böcher, 2013). Thus other instruments such as voluntary ones are needed.

On the downside, voluntary policies have been accused of giving too much power for one or few stakeholders in a preparation process. This might cause governments losing power whereas other stakeholders might have the possibility to exert considerable influence over the agreement. Another remarkable downside is that voluntary policies cannot be sanctioned in courts, which might make them less effective (Baggot, 1986).

One peculiar characteristic of voluntary approaches in policy making has been that they are born more from practice than textbooks. Töller and Böcher (2013) describe that command-and-control policies are better suited for solving a simple problem in the short term, and economic policies are better off when solving long term problems. Thus, voluntary policies come in handy in such situations where other instruments cannot be used such as intergovernmental agreements.

2.4 VOLUNTARY AGREEMENTS AS POLICY INSTRUMENTS

As mentioned before, one of the forms of voluntary policies used by governments are voluntary agreements. Usually the term voluntary agreement (VA) has referred to voluntary environmental agreements since voluntary agreements or policies have been most commonly used in environmental context and literature. However there are also numerous examples where voluntary agreements have been used on other areas as well, for instance pharmaceutical industry and corporate governance (Töller & Böcher, 2013). In this thesis voluntary agreements and voluntary environmental agreements share the same fundamentals and thus they are being used uniformly. Töller (2013) defines voluntary agreements as:

“agreements between businesses (usually represented by business associations, sometimes by major companies) and the federal government (usually represented by the Ministry for the Environment, although other ministries or agencies and even the Chancellery may also be involved) to accomplish environmental objectives.” (Töller, 2013)

This definition has been used in context of German environmental politics and thus there are variations between different nation states and governments. For instance in some countries voluntary agreements can be private legal contracts that are legally binding, such as in the Netherlands, in contrast with other countries where voluntary agreements do not have any legal validity (Töller, 2013).

It is possible that voluntary agreements are agreed unilaterally where for example industry sector actors agree on certain issues without governmental involvement, but the most common form of voluntary agreement is bilateral negotiations where business and governmental bodies are involved in the process of making an agreement (Töller, 2013).

Mol, Lauber and Liefferink (2000) characterizes voluntary agreements as:

“by a low degree of force (as opposed to statutory obligation) and a high degree of interaction between societal and governmental actors (as opposed to pure self-regulation).” (Mol et al., 2000)

In their definition interaction between participants and the government is stressed in contrast to self-regulation i.e. companies’ self-directed actions where companies are internally accountable of their own objectives.

Baggot (1986) emphasizes the general dynamics between the regulator and participant in his definition:

“any agreement between the government (or one of its agencies) and a section of the community (or its representatives) whose main purpose is to establish a degree of regulation over the specific activities of the latter, and which involves a non-statutory regulatory procedure or code of practice, or both, which the latter is committed to follow under the terms of the agreement.” (Baggot, 1986)

Baggot (1986) also sets up certain criteria for voluntary agreements in order to make differentiation from other voluntary approaches such as self-regulation and common understanding i.e. consensus seeking. First, voluntary agreements are formalizations of consensus. In other words regulatory processes emerging from voluntary agreements are formal whereas agreements that emerge from common understanding are informal agreements of certain issues. Second, voluntary agreements usually involve either a code of practice or a formal regulatory procedure. Third, government or its agent should endorse or agree on an agreement done by private actors. Otherwise it is just defined as a private

agreement. Fourth, a successful voluntary agreement requires a high level of consensus and co-operation. Fifth, demand for regulating something by voluntary agreements does not have to come from governments. Sixth, voluntary agreements are non-statutory (although there are some examples where voluntary agreements are quasi-legal). And finally, voluntary agreements can substitute or complement policies in a policy mix.

Baggot (1986) also mentions that voluntary agreements are more likely to be successful in specific areas or issues compared to statutory policies because some detailed issues might be almost impossible for legislation to cope with.

2.4.1 TWO TYPES OF VOLUNTARY AGREEMENTS

Delmas and Terlaak (2001) have pointed out that there are two types of voluntary agreements: negotiated agreements and public voluntary programs. In the first, regulatory agencies and businesses negotiate the targets that companies or participants have to reach. They are usually legally non-binding and it is the moral obligation of each company to fulfill the targets. These agreements are usually an alternative to command-and-control policies or a way to grant flexibility to the existing regulatory framework.

The second form of VA is a public voluntary program. Instead of negotiating targets and framework with participants, the regulators usually establish the frame and the basic requirements for participation without going through negotiations and preparations with each and every participant. The idea is based on exchange where the participating organization pledges to set targets that are beyond legal compliance, and in return it will get R&D subsidies, technical assistance or PR benefits for the company. Public voluntary programs are supposed to co-exist with existing regulatory framework. (Delmas & Terlaak, 2001)

In the study of analyzing different environmental voluntary agreements, Delmas and Terlaak found out several prominent issues, which were present in several different voluntary agreement instances. First, regulatory benefits are likely to be achieved when

participating in negotiated agreements. This means that participants may benefit from greater flexibility, preemption of existing regulation and anticipation of future regulations. However, with respect to public voluntary policies this is not the case since these programs cannot usually offer any regulatory benefits. It is more likely that regulatory intensive industries participate in negotiated agreements rather than public voluntary policies.

Second, in order to foster innovation and innovative new solutions, linkages to technological information and complementary assets must be established. It is also crucial that exchange of knowledge is facilitated between the participants in order to improve collaboration. However, most importantly if the voluntary agreement does not set targets that challenge companies to improve their behavior, collaboration between partners might be non-existent and no innovations are developed. On the contrary, if participants are allowed to set their own targets it might lead to targets that are already achieved before entering the voluntary agreement, or they are met by following business-as-usual path (Delmas & Terlaak, 2001). On the other hand, Delmas and Terlaak mention that even if programs where participants set their own goals fail to foster innovation they are likely to raise environmental awareness and share best practices.

Third, the most important benefit from public voluntary programs is the public recognition. The participation in such programs can be used to signal consumers about the sustainable performance of the company. Nevertheless, as Darnall and Sides (2008) contemplate, many firms use voluntary environmental program (VEP) participation as a vehicle to communicate their previous environmental improvements in an effort to gain external social and economic rewards. In absence of VEP, there is no way for companies to communicate their previous environmental improvements.

2.4.2 DOWNSIDES ABOUT VOLUNTARY AGREEMENTS

Several common reasons for diluting the effectiveness of voluntary agreements have been detected. Delmas and Terlaak (2001) state that free-riding and confidentiality concerns are such behaviors that might erode the foundation for possible benefits from voluntary

agreements. The free-riding problem occurs when some of the participants find it easier to fulfil the targets whereas other participants have to make more significant efforts in order to reach their own targets. Thus, there is a possibility that some participants have the opportunity to enjoy the same benefits from the program with less or no effort whereas others have to make considerable amounts of investments. This behavior might cause inequality among participants and erode the credibility of the voluntary agreement. Nevertheless, if voluntary agreements are more attractive for such companies that experience the participation level lower than for others, there is a risk that only certain types of companies from certain industries participate in the voluntary agreements.

The second concern with voluntary agreements is confidentiality problem. Transparent disclosure of knowledge and information might cause a company to lose its competitive edge compared to its rivals (Delmas & Terlaak, 2001). This is the case in such commitments where confidential information needs to be shared with the regulator or among the program participants and it is being used to dilute the competitive edge of a certain company.

The third case is costs. Voluntary policies usually have low negotiation costs since they are based on a “take it or leave it” principle in contrast with negotiated agreements. On the other hand companies need to put resources on monitoring and reporting about their performance. (Delmas & Terlaak, 2001).

2.4.3 WHAT KIND OF COMPANIES JOIN VOLUNTARY PROGRAMS?

Alberini and Segerson (2002) present several statements about the characteristics of companies who participate in voluntary programs and especially environmental voluntary programs. First, large companies are more likely to participate in voluntary programs since they have lower marginal costs for abatements, experience greater benefits from environmental stewardships, have greater ability to influence regulators through over compliance and be more exposed to liability because they have more money. Even though

there is compelling evidence according to Alberini and Segerson, the evidence in their minds is not conclusive.

Second, companies that have already poor environmental performance are more likely to participate in voluntary environmental program. This statement is however in a slight contradiction with the arguments of Delmas and Terlaak (2001), since they propose that companies who already fulfill the standards for voluntary policy might be prone for free-riding since little effort is required for them to gain the same benefits from program participation compared to companies that have lower environmental performance in the beginning. The contradiction between these two arguments is even stronger as Alberini and Segerson (2002) suggest that companies who have done improvements before the program do not free ride.

The third assumption is that companies that produce products that are more focused or visible to consumers are more likely to participate in voluntary programs. This is because consumer-visible companies might gain brand benefits from joining voluntary programs.

The fourth finding is that R&D intensive industry members are more likely to join voluntary programs. This is most likely in such agreements that require technical innovation and efforts in order to reach a certain environmental goal. Thus companies that have advanced R&D basis have a lower threshold to enter such programs (Arora & Cason, 1996).

The following conclusions can be drawn from this: It has been argued that mostly large companies, companies that have poor environmental performance, consumer product oriented companies and R&D intensive companies are most likely to participate in voluntary programs. However, even though such evidence exists, there are also instances where these findings are not valid. Therefore, the likelihood for different companies to participate in voluntary programs is sometimes case sensitive (Delmas & Terlaak, 2001).

2.5 ANALYTICAL FRAMEWORK

Since there is no existing framework for evaluating the impact of a governmental voluntary program that is open for all societal actors, does not set any specific quantitatively measurable goals (except carbon neutral society until 2050), and does not address a specific sustainability issue or area, the analytical framework for this study needed to be tailored from the literature of impact evaluation, governmental policy evaluation, CSR impact evaluation and literature of voluntary environmental policies and agreements.

Because the case itself is very broad, the analytical framework needed to be framed according to the goals this thesis desired to achieve, which lead to the following boundaries and suggestions in analysis. Firstly, this thesis is an attempt to reveal the potential societal impacts of a governmental voluntary policy. Secondly, only the impact of companies participating the program is evaluated. Therefore, the aggregated impact of individual commitments is the impact of the governmental program. Thirdly, only the direct primary impact of each commitment is registered, so no indirect impact is taken in to account such as a change in peoples' attitudes or awareness. Lastly, individual operational commitments are considered as means of corporate social responsibility by the participating companies.

In line with this framing, this thesis' aim is to shape an understanding of the potential direct societal impacts of a governmental voluntary policy "the Commitment 2050". Besides this primary goal, this thesis also strives to shed light in the literature of public voluntary policies, what kind of companies they attract, from what kind of industries and what kind of themes emerge from this kind of voluntary program.

2.5.1 EVALUATING THE IMPACT OF A POLITICAL PROGRAM

Ferraro (2009) describes that it is often understood that evaluation is simply the act of taking a careful look at the monitoring data. If an improvement is observed from the

indicator, then the program is considered as “working”. However, this is not the case because actual impact evaluation is to contrast changes in an indicator to some estimate of the counterfactual change in the indicator, which in this context is the change that would have happened without the program.

Like the Commitment 2050, governmental policies and programs are typically designed to change outcome and create change. However, in order to evaluate whether a program had any societal impact, measuring inputs and outcomes through indicators is not enough. In impact evaluation it is crucial to find causal relationships between the program and its outcomes. (Gertler et al., 2011)

This means that the main element in impact evaluation is to estimate the counterfactual i.e. the outcome if the participants would have chosen not to participate in the program. The basic formula of this evaluation follows the same principle as Gertler et al. (2011) has formulated:

$$\alpha = (Y | P = 1) - (Y | P = 0)$$

This formula states that the causal impact (α) of a program (P) with an outcome (Y) is the difference between the outcome with the program and without the program (Gertler et al., 2011, p. 34). The counterfactual in this case is a hypothetical situation where the participating companies decided not to participate in the commitment. Because the actual comparison groups were impossible to form in this case, evidence for the counterfactual situation was needed. If a company already had a similar sustainability target that was copied to the commitment, then $(Y | P = 1) - (Y | P = 0) = 0$.

The other counterfactual situation that would negate the impact was if a company participating the program committed to continue their business-as-usual activity. For instance if a company’s participation was based on a commitment to have a sales target of a certain product –that was considered as sustainable in some terms– it would negate the impact of the commitment since the company would have sold the product as actively as possible regardless of participating the commitment since it was the core business of that company. In this situation the impact would have been the same regardless of participating

the commitment since the presumption is that the company would have just continued its normal business-as-usual scenario if no program existed.

When these two counterfactual situations were subtracted from the estimated outcome of individual commitments, it was possible to estimate the real impact of the commitments. In other words, when commitments that had no actual impact based on the counterfactual thinking were put aside, the real impact of the program was the commitments that generated novel action and were not business-as-usual by nature.

3. METHODOLOGY

This chapter will present and discuss the research strategy and design, data collection and analysis method in detail. The dataset and the methodological challenges will be also discussed under this chapter.

3.1 RESEARCH STRATEGY

“A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.” (Yin, 2009, p. 18)

According to Yin (2009), a case study is an all-encompassing method that covers the logic of design, data collection techniques and specific approaches to data analysis, thus making it a comprehensive research strategy. Yin also states that the need to use case studies as a research strategy arises from the desire to understand complex social phenomena. Case studies are usually used when answering “how” and “why” questions (Yin, 2009), which makes it a suitable research strategy for this study as it tries to understand the actual impact of a governmental program on society and environment.

At the core of the research is a data evaluation matrix created specifically for this research to evaluate the quality, success and impact of the Commitment. This matrix is also used for analyzing the content of the Commitment to gain a better holistic understanding of the case. Both qualitative and quantitative analysis i.e. mixed methods is used to build a broader understanding about the impact and nature of the Commitment. Statistical methods are also used in order to show predominant features of the data and to create prospects about the future prospects of the case.

3.2 RESEARCH DESIGN

The initial research question and the purpose of the study dictate the design of the study (Creswell, 2014). Commonly research design is understood as “a logical plan from getting from here to there” (Yin, 2009). Creswell (2014) also stresses that a solid research design is crucial because it guides the method decisions the researcher makes during the study and sets the logic by which interpretations are done in the end of the research. Thus design can be understood as a blueprint of the study that contains different steps between the initial research questions and the findings.

This research is a single-case evaluative case study where the case entity is Finland’s new national sustainable development strategy called “The Finland we want by 2050 – Society’s commitment to sustainable development” and more accurately its implementation/operative phase “the Commitment 2050”. The case is an empirical example of how the Finnish government is creating novel and yet more advanced strategy to increase society’s sustainability through encouraging private and public actors to contribute on sustainable development nationwide. The Commitment is coordinated by the FNCSD, which creates an interesting case where a governmental joint project attempts to attract private players to follow a national sustainable development agenda with a voluntary basis (FNCSD, 2015a).

3.2.1 SINGLE-CASE DESIGN

Although there are several different case study designs from multiple to comparative designs (Yin, 2009), this thesis will rely on a single-case design since it attempts to gain understanding about a social phenomenon. The rationale behind choosing a single case relies in the fact that the Commitment 2050 is a unique example of promoting and advancing sustainable development within society through governmental action. Thus, according to Yin (2009) each unique single case is worth to be documented as it contributes new knowledge to the existing literature.

The type of the case study is intensive rather than extensive because the ambition is not to compare the case itself with other similar or dissimilar cases but rather to gain deeper insights about the case. Although Eriksson and Kovalainen (2008) define intensive case study to provide thick, holistic and contextualized description of the case, it needs to be stressed that this study strives to be as holistic as possible within the boundaries of the empirical evidence and in relation with the research problem.

3.2.2 EVALUATIVE CASE STUDY

As the research question of this thesis indicates, studying the success of the Commitment 2050 is going to need a tool of evaluation in order to answer the question. Yin (1993) argues that case studies suit the needs of many evaluations due to two reasons: First, it has the ability to incorporate an investigation of the context, which satisfies an evaluation's need to monitor and assess both intervention and the intervention process. Second, a case study is not limited to either qualitative or quantitative data but can incorporate both varieties for evidence (Yin, 1993).

This study aims to answer two different elements where one of them falls under the umbrella of evaluation study: what has been the impact of the Commitment and what can be concluded from the participating companies. The first dimension includes an assessment of the Commitment's potential impact on society and environment, whereas the latter dimension seeks to find out emerging themes among participants to understand better what kind of companies participate this type of programs.

3.2.3 MIXED METHOD APPROACH

According to Bryman (2012) mixed method research is a research approach that integrates both quantitative and qualitative research within a single project. In line with his definition Creswell (2014) argues that studies tend to be more qualitative than quantitative or vice versa and thus these two ends should not be viewed as opposites or dichotomies. Thus,

mixed method sits in the middle of these two approaches since it incorporates elements from both qualitative and quantitative approaches.

Creswell also states that mixed method research involves collecting quantitative and qualitative data, integrating them, and using distinct research designs in analyzing and interpreting the findings. The advantage of using mixed method research is that it provides a more complete understanding of a research problem than using only quantitative or qualitative approaches. (Creswell, 2014)

Since this study involves both quantitative and qualitative data, a mixed method approach is chosen. Leaving out one of the data elements would leave more black spots in the research and thus it is important to combine these both elements. Eriksson and Kovalainen (2008) also agree that there are no controversies in a case study combining both qualitative and quantitative empirical data.

Because most evaluations of different political programs involve a combination of performance measurements and value assessments, it is justifiable to use both qualitative and quantitative research methods in evaluation study (Schalock, 2000). Bamberger (2012) also suggests that mixed methods strengthens the reliability of data, validity of the findings and recommendations, and broadens and deepens our understanding of the processes of the case. However, as Bryman (2012) states, there is no point of collecting data on the basis of 'more is better'. The rationale for using mixed methods design needs to be obtained from the research question.

There are two reasons out of five formulated by Greene (in Bamberger, 2012) why this study uses mixed methods instead of single-method approach. First, triangulation of evaluations: the information received from different forms of data enhances the validity and credibility of findings through convergence. If the findings from both data elements are consistent a better validity and credibility is reached. Second, complementarity: results from different methods extend the comprehensiveness of the findings, and broaden and deepen the understanding of the researched subject.

Creswell (2014) mentions that there are different types of mixed method research which all have different research purpose in relation to the design and the research problem. This study embeds and nests quantitative form of data and data-analysis into qualitative case study, where the quantitative data takes the role of complementary data.

3.3 DATA COLLECTION

As mentioned earlier the data of the study consists of multiple sources and includes both qualitative and quantitative data. Extensive use of different data sources is essential in order to have an adequate base for evaluation and understanding the phenomenon (Bryman, 2012).

3.3.1 COMMITMENT DATABASE

Much of the main data used in this study is extracted from the Commitment's main database found at <https://sitoumus2050.fi/>. The data consists of operational commitments registered to the database in 2014 and 2015. The last data extraction date was the 7th of December 2015 meaning that commitments registered to the database after this date are not included in this study. The dataset includes both quantitative and qualitative data; hence mixed methods are needed in order to analyze the data.

By the time of analysis 170 commitments were registered, out of which 42 were made by companies and entrepreneurs. Based on the criteria set by FNCSD, each single commitment was to include the following information: when it was made, which of the national sustainable development objectives does the commitment address, what is the aim of the commitment, what is the time span of the commitment, and how the commitment is going to be implemented. However, due to the inconsistent quality of the commitments some commitments lacked certain data, and this issue will be addressed later in the thesis.

3.3.2 INTERVIEWS

Six semi-structured interviews were conducted in order to gain comprehensive understanding of the case, its goals and content (Table 1). A total of six people were interviewed (Appendix A). Through semi-structured open ended questions (Appendix B) it was possible to gain understanding about the attitudes and values each interviewer had in relation to the case (Bryman, 2012). The interviews were used as a complementary way of collecting data and support the argumentation in the analysis.

Table 1: Semi-structured interview themes

Interviewee group	Interview themes
FNCSD (2 interviews)	<ol style="list-style-type: none"> 1. General information about the Commitment 2050 2. Experiences about the Commitment so far
Companies (3 interviews)	<ol style="list-style-type: none"> 1. General understanding of CSR and sustainable development in business 2. Experiences about the Commitment 2050 and the process of making the commitment
Third party (1 interview)	<ol style="list-style-type: none"> 1. The process of forming the national strategy 2. Stakeholder dynamics 3. Pros and cons of the process

Two of the interviewees were representatives of the Finnish National Commission on Sustainable Development and three were representatives of private companies that participated the program. The sixth interviewee was a third party member who was in a central position when the Commitment was drafted. The representatives of the FNCSD received different questions than the representatives of private companies since their goal and role in the Commitment was different and thus the questions were customized according to the background of the interviewee. The interviewee who attended the drafting process of the national strategy answered a completely different set of questions than the five other interviewees. The knowledge gained from that interview was used to form a better understanding of the process of how the national strategy was developed and formed.

The interviews were 30 minutes to 90 minutes long. The company representatives gave shorter interviews since their time for the interview was very limited. The total length of the interviews was approximately 6 hours.

The interviews generated roughly 40 pages of transcribed text. Some parts of the interviews were transcribed accurately from word to word if it was relevant to the context and some parts were concentrated into footnotes.

3.3.3 OBSERVATIONS

In addition to database and interviews, a workshop was also attended where representatives from different governmental offices gathered together and developed new ideas on how to drive forward sustainable development within their organizations. The parts of the workshop attended included the opening ceremony of the Commitment and one occasion where the Commitment was introduced to an outside audience. Through these observations insight was gained on how different stakeholders perceived the Commitment and what kind of discussion it awoke. As Bryman (2012) states, observations help researchers to see the world as others see it.

3.3.4 DOCUMENTS

Secondary data was also used such as official records from the FNCSD, e-mail threads including stakeholders who attended the strategy formulation process, newsletters sent by the FNCSD and other marketing and media material used by the FNCSD in the communication of the commitment.

3.4 DATA ANALYSIS

Since this thesis is an evaluative case study using mixed methods to answer the research question, a clarification of the different analysis methods used in the thesis is needed.

3.4.1 ANALYSIS OF THE DATA EXTRACTED FROM THE COMMITMENT DATABASE

First, the raw data was extracted from the commitment database and put into a Microsoft Excel format. The raw data was in a disorganized form and thus needed to be put into an analyzable form where empty cells and other unnecessary data were removed. This meant that 170 individual commitments were put into spreadsheet where they could be more easily analyzed. Out of the total amount of commitments 42 individual commitments made by companies and entrepreneurs were extracted to another spreadsheet for the impact assessment of the business sectors' commitments.

Second, in order to measure impact i.e. evaluate whether a governmental program made a difference compared to either no program or an alternate program (Schalock, 2000), it was essential to build an evaluation matrix where the individual commitments would be assessed against the qualifications set in the matrix. As Schalock (2000) points out, an absolute requirement to evaluate impact is to have a comparison group or conditions, which are used as counterfactuals to compare the significance of the results. These conditions i.e. criteria for evaluation are presented in Table 2.

Table 2: Evaluation matrix and its sections

Evaluation section	Evaluation criteria
General information about the company	<ol style="list-style-type: none"> 1. Company size (revenue and personnel) and industry (QUANT) 2. Commitments main goal (QUAL) 3. Most significant potential impact on society (QUAL) 4. Reports systematically about sustainability (0-1) 5. Has other sustainability commitments or goals? (0-1)
Compliance with the criteria set by the FNCSD	<ol style="list-style-type: none"> 1. Aligned with the Commitment 2050's vision? (0-1) 2. Promotes one or several objectives of the commitment? (0-8) 3. Follows the principles of sustainable development? (0-1) 4. Commitment is concrete and specific? (0-3) 5. Has time frame and how long? (0-1) 6. Is measurable and observable? (0-4) 7. Is completely new goal or practice? (0-2)
Quality of the commitment	<ol style="list-style-type: none"> 1. Relevance to company's most obvious societal or environmental impact (0-2) 2. Has an action plan? (0-2) 3. Has set up milestones? (0-1)
Impact of the commitment	<ol style="list-style-type: none"> 1. Potential external impact on society or environment (0-3) 2. Potential internal impact (0-3) 3. Is the commitment business-as-usual scenario for the company? (0-1)

The evaluation matrix and its criteria are derived from the basic model of S.M.A.R.T. criteria (Specific, Measurable, Aggressive yet attainable, Relevant, Time-bound), mentioned originally in business management literature by George T. Doran (1981) and from Bertelsmann Stiftung's (2013) evaluation criteria in the study of Winning Strategies for Sustainable Future. The evaluation criteria use a conversion, which "quantizes" qualitative data into numerical codes, which helps the coding process (Bamberger, 2012). This way individual commitments can be fluently assessed and analyzed. Basic statistical methods and regressions analysis is used in order to bring out emergent themes in the data.

The third phase analyzing the data from the database was to calculate the development of the commitments from the past two years and make future projections based on the current growth rate of the individual commitments. Other basic statistical comparisons in the data are also included in this section.

3.4.2 ANALYSIS OF THE INTERVIEWS

After the interviews were transcribed, each interview went through several stages of thematic coding. In the context of the study an inductive-oriented coding method was applied. Eriksson and Kovalainen (2008) state that inductive-oriented strategy is useful if the researcher is interested in themes, categories, activities and patterns emerging from the natural variation of the empirical data.

The first stage of thematic coding involved categorization of emerging themes under the pre-set questions. This meant that all irrelevant information was removed and the data was formed into a more consolidated form. The second stage required iteration in order to find emerging themes from the consolidated data. In the last phase, each interview was reflected with each other in order to compare the emergent themes from different respondents and form an understanding of their perceptions about the case.

3.4.3 ANALYSIS OF THE OBSERVATIONS

Notes were made from each observation session, which were used to gain more knowledge about the case. This data was reflected with the other sources of data in order to formulate a solid baseline for the case. Observations were only used in order to gain better understanding about the case, not directly for the main analysis.

3.4.4 ANALYSIS OF THE DOCUMENTS

Documents were also in a central role when formulating the findings of the case. Official reports by FNCSD helped to understand what kind of topics were discussed in the FNCSD meetings and how that differed or converged with their other external communication such as newsletters and social media status updates. The information received from the reports was also reflected with the findings from the interviews and the commitment database, which assisted to get a more holistic understanding of the case.

3.5 OBJECTIVITY AND TRUSTWORTHINESS OF THE STUDY

For a social researcher it is desired that the personal feelings, values and beliefs stay away from the research process. However, it has been accepted that such conditions are nearly impossible to reach and thus there are various situations where bias and an intrusion of values may occur. (Bryman, 2012) Therefore it is important that these pitfalls are recognized and the role in construction of knowledge is understood. In line with the postmodernist view on reflexivity, a researcher is involved in the process of constructing knowledge through their assumptions in relation to study object and through the ways how knowledge is transmitted to the audience in the form of text (Bryman, 2012).

A pragmatic example where objectivity of the study was affected by personal values and preferences was the choice of the case and the method. The case was chosen due to personal interest in CSR and sustainable development and also because the topic was offered by the FNCSD.

The other example where personal interest was present was in the selection of methods. The method of an evaluative mixed method case was chosen because in line with personal judgment and other methodological literature, it was the most efficient and comprehensive way to evaluate the success of the Commitment 2050. Also the academic background

influenced the focus of the study, which is businesses' responsibility in society and thus the study investigates the case focusing only on business to government relations.

4. CASE: ‘THE FINLAND WE WANT BY 2050 – SOCIETY’S COMMITMENT TO SUSTAINABLE DEVELOPMENT’

This chapter will present the case, as well as more detailed information about the formulation process of the Commitment and its purpose. The chapter will also put the case into a broader societal context in order to illustrate its linkages with previous literature about voluntary programs and policies.

4.1 ROAD TO CURRENT NATIONAL STRATEGY ON SUSTAINABLE DEVELOPMENT

The Finnish government adopted its first Government Program for Sustainable Development in 1998 (Rouhinen, 2014). The program was supposed to work as a general guideline for advancing ecological sustainability within the Finnish society. It also gave guidelines for setting economic, cultural and social preconditions that would contribute to the overall progress of sustainability within the society. The main idea was that this program was supposed to serve as a framework for other governmental organizations and interest groups when they formulated their own respective SD strategies. This program functioned as an early step towards national strategy on sustainable development compiled in 2006. The original strategy was revised because there was a need to fit the strategy with the EU’s SD strategy, and a broader scope was needed since the first program was mainly focusing on environmental issues. However, the strategy from 2006 had some fundamental drawbacks, which were recognized and put under scrutiny.

Because the initial idea was that individual organizations and institutions would formulate their own strategies following the main national strategy’s framework, over 100 different strategies were implemented after 2006 in different governmental organizations. What made it even more complicated was that the themes of sustainability at corresponding organizations were steered through other strategies instead of specific SD strategy. This caused several administrative problems such as losing direction and inability to monitor the progress of the individual strategies although they were supposed to find synergy from

the national strategy. This resulted in “silo-typed” policies within different ministries and organizations that seldom contributed to the original strategy as it was mentioned in the interview with the FNCSD. (Rouhinen, 2014; Bertelsmann Stiftung, 2013)

Another problem with the 2006 strategy was its inefficiency to strive results. According to a FNCSD member the document was regarded as too long that nobody would read. The inefficiency to attain results was partly a cause from the fact that the strategy did not have any law binding authority beyond EU and international policies but mainly because the key stakeholders were not able to set any concrete and reasonable quantitative targets since it was not considered as a political negotiation process. An external evaluation made in 2009 commissioned by the Finnish Ministry of the Environment states that the national SD strategy has lost rather than gained ground as a governing instrument. (Bertelsmann Stiftung, 2013)

Based on the shortcomings of the previous strategy, there was a need for a revised strategy that would actually lead towards better results through better target setting, monitoring and governability. The external evaluation suggested that a more concise document, a clear vision about SD, central targets and monitoring indicators were needed. After these core issues were handled, stakeholders could then execute their own SD strategies in their own programs with a linkage to this compact national SD framework (Rouhinen, 2014). In 2012 when FNCSD’s mandate was ending, the secretariat of the FNCSD and an external advisory organization started to review the situation of SD in the Finnish society as a whole. The review focused on two stages. The first was to figure out how the FNCSD was going to look like in the future and what was its role and organization structure. The second stage was to examine what would be the best way to revise the SD strategy and what would be its final form (Rouhinen, 2014; Bertelsmann Stiftung, 2013).

The outcome was that the current form and role of the FNCSD was satisfactory but it needed an expert panel to support and challenge the Commission’s work. The most important task according to a FNCSD member for such panel was to monitor the work of FNCSD and its progress. If no progress was made, the expert panel could work as an external resource and assist the Commission with its problems.

Although FNCSD did not experience any radical changes in its future role, function nor organizational structure, the national strategy on sustainable development part was going to be changed completely. The German Advisory Council for Global Change's "social contract for sustainability" inspired the new shape of the strategy and what would be its final form. This social contract model aims to bind together strategies, programs and policies from governmental bodies as well as other players in society. (Bertelsmann Stiftung, 2013)

In December 2012 a strategy group was formed and it consisted of several societal stakeholders. The new SD strategy group was consisted of the following participants: Ministry for Foreign Affairs; SAK, confederation of 21 trade unions in industry, the public sector, transport, private services, and cultural and journalistic branches; Ministry of Social Affairs and Health; Kela, the Social Insurance Institution; Väestöliitto, the Family Federation of Finland; Ministry of Finance; Kepa, the umbrella organization for Finnish civil society organizations; Tekes, the Finnish Funding Agency for Innovation; Prime Minister's Office Finland; EK, Confederation of Finnish Industries; Sitra, the Finnish Innovation Fund; Kuntaliitto, the Association of Finnish Local and Regional Authorities; Ministry of Employment and the Economy; Ministry of Agriculture and Forestry; Ministry of Education and Culture; University of Turku; Ministry of the Environment; and The Finnish Association for Nature Conservation.

After several workshops and discussions, the group came to a conclusion that it would be most likely that the new SD strategy would take the form of a social contract. However, as told by a FNCSD member in an interview, after some consideration it was thought that in Finland "commitment" as a term would be more attractive than contract because the word "contract" would sound too burdensome for some stakeholders. In 2013 the strategy group agreed upon a new national strategy on sustainable development, which would be called "The Finland we want by 2050 – Society's commitment to sustainable development" and its operational program "the Commitment 2050" (Rouhinen, 2014; Ministry of the Environment, 2014).

4.2 THE STRATEGY PHASE OF THE COMMITMENT

“The Finland we want by 2050 – Society’s commitment to sustainable development” – later referred to as “the Commitment 2050” or just “the Commitment” – can be divided into two separate elements. The first one is the strategy document, which functions as the frameset for different societal agencies, departments and organizations in following and formulating their own strategies with respect to sustainable development. It also functions as a framework for the Commitment 2050’s implementation program discussed later.

As a result of the FNCSD’s strategy group, the Commitment 2050 was a seven page document stating: The vision of how Finland is going to look like in 2050, what are the current most significant sustainability challenges for Finland, what is required to promote sustainability within the society, what are the concrete objectives of national sustainable development strategy, what are the principles of sustainable development, how the Commitment 2050 is going to be established and monitored on an operational level, and what is the Commitment’s relationship to other programs and strategies (Ministry of the Environment, 2014).

The vision of the new strategy states that:

“Vision: A prosperous Finland within the limits of the carrying capacity of nature. In 2050, every person in Finland will be a valuable member of society. Finland will be an affluent society that lays the foundation for sustainability and provides its citizens, communities and companies with the conditions they need to operate sustainably. The carrying capacity of nature is not exceeded and natural resources are used in a sustainable manner. Finland will promote peace, equality and justice, and offer practical and sustainable solutions to the world’s problems.” (Ministry of the Environment, 2014)

To achieve this vision, FNCSD formulated eight objectives based on the principles of sustainable development: global responsibility, cross-generational thinking, the limited carrying capacity of nature, co-operation, and the creative utilization of knowledge and expertise. Hence, the eight objectives of the commitment were:

1. Equal prospects for well-being
2. A participatory society for citizens
3. Sustainable work
4. Sustainable local communities
5. A carbon-neutral society
6. An economy that is resource-wise
7. Lifestyles that respect the carrying capacity of nature
8. Decision-making that respects nature

Each objective contains a more detailed explanation of what is meant by each of the objectives. The majority of the objectives are qualitative by nature although some of them have elements that are convertible into quantitative objectives such as carbon-neutral society by the year 2050 and Finland being the best test market and operating environment in the world for environmental innovations and sustainable economy, and to stop the loss of biodiversity by 2020 (Ministry of the Environment, 2014).

In order to accomplish these objectives, FNCSD decided to create a program of operational commitments that would attract administrative sectors and other societal operators, such as companies, municipalities, organizations, educational institutions, local operators and even private persons to make their own concrete commitment that would support one or more of the eight objectives mentioned above. This operational or implementation phase is the second part of the Commitment and as a unit of analysis, also very different from the strategy formulation phase.

To clarify the research object i.e. the case of this study, the analysis will focus on the operational phase of the commitment where the success of the program is assessed. However, some references to the strategy phase will be made since some of the

characteristics and outcomes are originated from the strategy phase. The operational phase will be presented below.

4.3 OPERATIONAL PHASE OF THE COMMITMENT

After the strategy was encapsulated into a concise document, it was agreed that concrete actions i.e. operational commitments would be the method of choice to fulfill the objectives of the strategy mentioned in the previous section. In this phase the general secretariat of the FNCSD was responsible of implementing and managing the program of operational commitments.

At the time of implementation in the beginning of 2014 there were two people working fulltime at the General Secretariat: Secretary General Sauli Rouhinen (counselor of the environment) who's task was on the governance side of the commitment, and Deputy Secretary General Marja Innanen who was responsible of the implementation of the strategy and the operative commitments program. A few months later after the commitment program was opened up, the General Secretariat hired a third person to assist with the tasks involved with the Commitment.

Operative commitments' (referred as the Commitment in the thesis) functionality builds upon an online platform and database where private persons, governmental and non-governmental organizations, societal actors, entrepreneurs and companies; and theoretically all societal actors can give their own commitment to support one or more of the objectives of the sustainable development strategy. The database is open for the public and each commitment needs to meet the criteria set by the secretariat general. There is also functionality where participants can challenge other actors or organizations to make a commitment.

According to the interviews with FNCSD, each commitment should fulfill these six criteria: be in line with the vision: *A prosperous Finland within the limits of the carrying capacity of nature*; promote one or several of the eight objectives of the commitment; comply with the principles of the sustainable development; be concrete, how and in what time something is done; be measurable and traceable: starting value, target value, schedule and progress and progress stages need to be presented. Both, quantitative and qualitative indicators are accepted; create something new: existing targets or commitments are not acceptable. (Ministry of the Environment, 2014)

The General Secretariat requests participants to give a progress report twice a year where participants need to present their current situation and progress of their commitment. The Secretariat also provides support for the participants and potential new participants in formulating their commitment.

The progress of the commitment process is discussed in the FNCSD meeting twice a year where the General Secretariat will present the current state of the Commitment and the expert panel (external body of experts assessing and commenting the work and progress of the Commitment and the Commission) and the Commission will give their comments and feedback on the current situation (Ministry of the Environment, 2014).

By the end of 2014, the Commitment's first active year, the program attracted 103 commitments, of which 25 were made by entrepreneurs and companies. By the end of 2015, the amount of commitments grew to 170, which included 42 commitments from entrepreneurs and companies.

4.4 THE COMMITMENT 2050 AS A VOLUNTARY AGREEMENT

Even though the Commitment shares many similarities with the characteristics of voluntary agreements, it is still appropriate to scrutinize how well the Commitment fits into the pattern of voluntary agreements. Drawn from the literature of voluntary

agreements and other policy forms, they most likely share quite similar formulation processes.

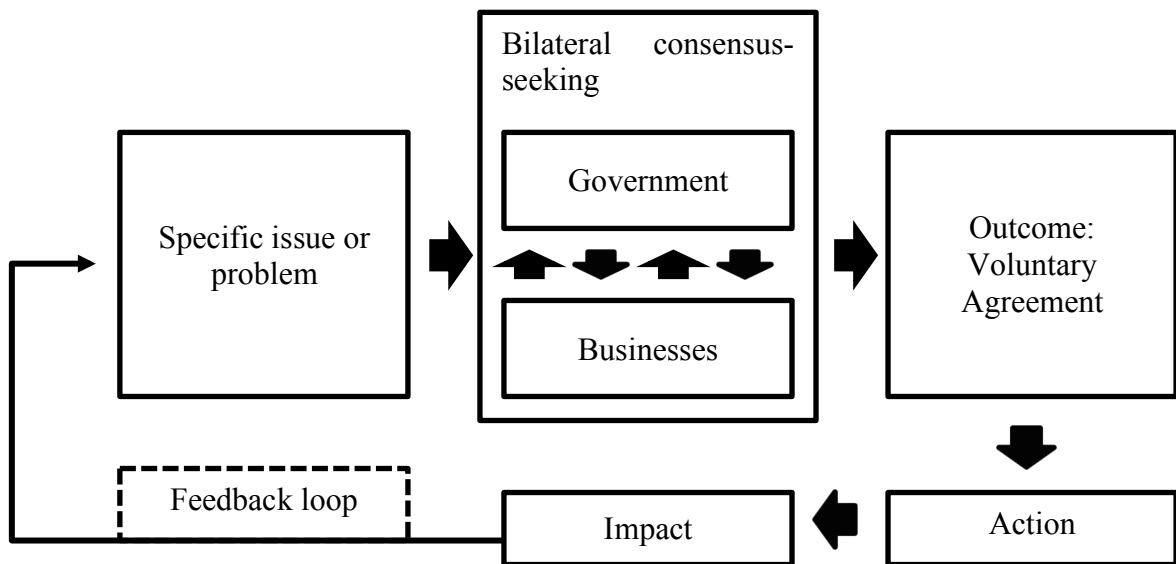


Figure 1: Traditional Input-Output model of how voluntary bilateral agreements are formed on a societal level. Based on the literature of Baggot, 1986; Töller & Böcher, 2013; Töller, 2013; Steurer, 2010.

Figure 1 is a visualization of the literature around voluntary agreements presenting the pattern of how voluntary agreements are usually established. According to this literature, voluntary agreements are most likely to: involve governmental actors and business representatives from business association or big corporation, be bilateral, aim to accomplish a certain objective, involve low degree of force and high degree of interaction and consensus seeking, involve a non-statutory regulatory procedure and/or code of practice. (Baggot, 1986; Mol et al., 2000; Töller, 2013; IMPACT project, 2013)

Thus in short, a certain issue, event, or trend invokes a need for policy adjustments and in case of voluntary approaches the agreement is negotiated between governmental and business representatives, which leads to voluntary agreements between the participants. The agreement leads to action, which leads to societal, economical or environmental impact. The impact in turn affects new policies through input-output loop. Impact can also be negative or neutral which also affects future policies through input-output loop.

In contrast with the common pattern of how bilateral voluntary agreements are made, the Commitment indicates to have taken a slightly different path. The Commitment 2050's design can be argued to be quite similar with the definition of Delmas and Terlaak (2001) of public voluntary programs where regulators establish the frame and the basic requirements for participation. However, as it was presented previously vast spectrum of different societal stakeholders was present in the strategy formulation phase. The actors agreed on the general terms of the strategy and the fact that the strategy would be implemented through operational commitment program aka. the commitment model. This model was then put into action by the General Secretariat.

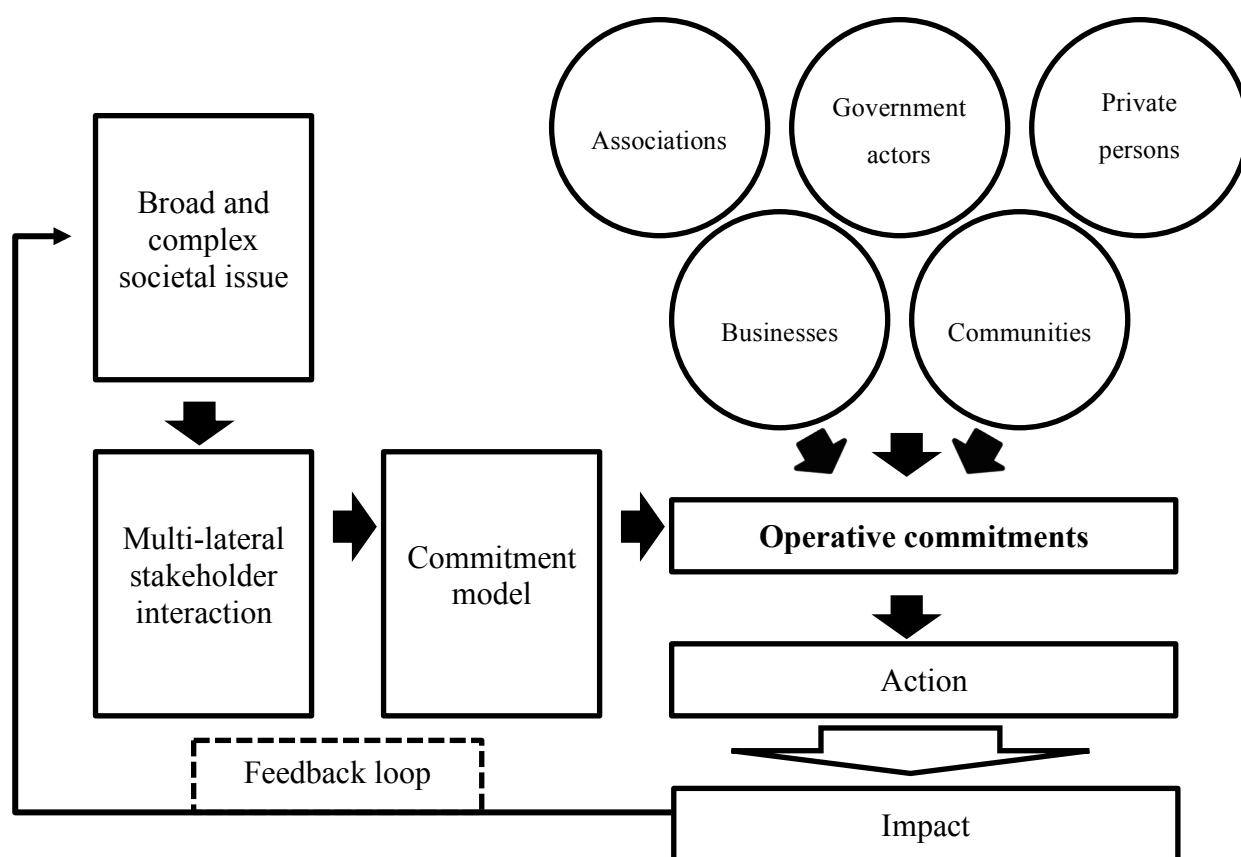


Figure 2: Input-Output model of policy process of the Commitment 2050.

Figures 1 and 2 visualize the process of how the policy process of the commitment progressed versus how bilateral voluntary agreements usually progress. The most peculiar

characteristics of how the Commitment differs from traditional voluntary agreements are as follows: Firstly, the commitment was formed through multi-lateral policy-making process, which included ministries, trade association, industry association, governmental and non-governmental organizations, university, and innovation fund and agency. Secondly, the commitment did not aim to tackle one specific societal or environmental problem but rather a very broad and complex problem, which is sustainable development of the Finnish society. Lastly, the Commitment did not tie down automatically the participants who negotiated the form of the agreement but rather aimed at attracting actors from respective parties to commit to common goals.

Thus the Commitment differs somewhat from the traditional way of voluntary agreements, and it has brought voluntary community work or bee characteristics to the policy table. Thus, it is not purely a political agreement but rather a public voluntary program that tries to attract societal actors to make voluntary commitments. Once an actor has done a commitment, it works as a pledge that needs to be kept but without legally binding conditions.

5. FINDINGS

Following the structure of the main research question and the sub-questions, this chapter will present the findings and answer all the sub-questions. First, composition of the Commitment will be presented. Second, future prospect of the Commitment is discussed. Third, individual commitments by companies are reflected with the criteria set by FNCSD; and finally results from the impact evaluation are presented.

5.1 COMPOSITION OF THE COMMITMENTS

First, a general breakdown of all commitments will be presented because a broader view of the Commitment as whole is needed in order to answer the research question. Second, the composition of the commitments made by companies is assessed because the focus of this study is on the impact and quality of company commitments. By December 7, 2015 the breakdown of all commitments registered at the commitment database is illustrated in Figure 3.

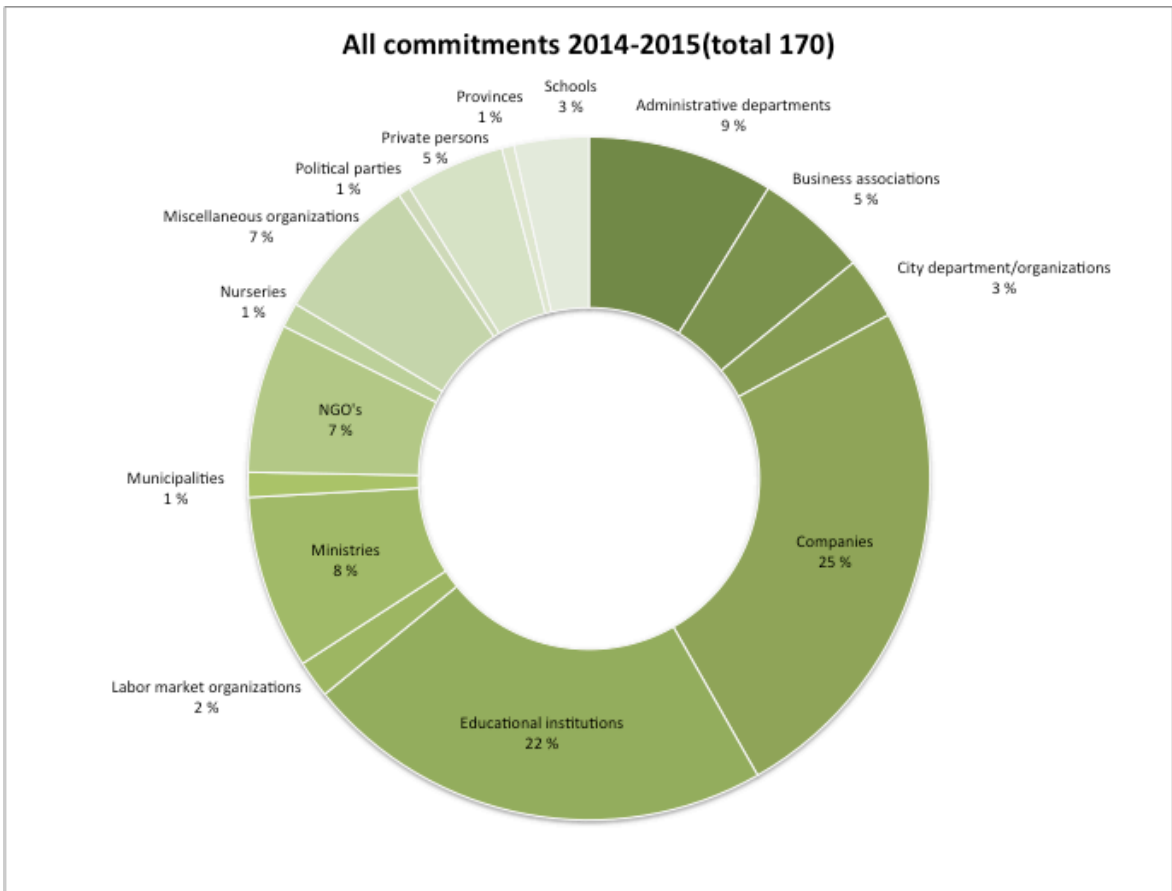


Figure 3: Commitments registered at the commitment database between 2014 and 2015

By the end of 2015, 47 percent of all commitments were done by companies and educational institutions such as universities, high schools and various academies. The next biggest groups were governmental administrative departments, ministries and NGOs. However, the total amount of individual actors and organizations that had registered a commitment was 146 since some of the organizations have done several individual commitments.

It was also detected that some of the individual commitments contained one or several sub-commitments, which could have been registered as individual commitments but these were calculated as one registered single unit in order to avoid misconceptions. Because of these sub-commitments, some commitments were very wide-ranging and contributed to several of the Commitments' eight objectives. That made it problematic in some cases to see

whether the commitment's ultimate goal was to contribute to environmental, social or economic sustainability.

The organization categories are derived from the official categorization set by the FNCSD. However, when the data was explored, some flaws in the data regarding a few commitments were noticed that were not in line with the official categorization. Thus, personal judgments about the fitting of these commitments were made. However, because there were so few of these cases their impact on the final result would have been minimal.

Of all commitments, companies formed the biggest group (25 percent), which meant 42 different commitments. Five of these companies registered two commitments per company thus making the total amount of companies registered in the commitment 37. Among the educational institutions there were two organizations that made seven individual commitments meaning that 33 individual educational institutions made a commitment.

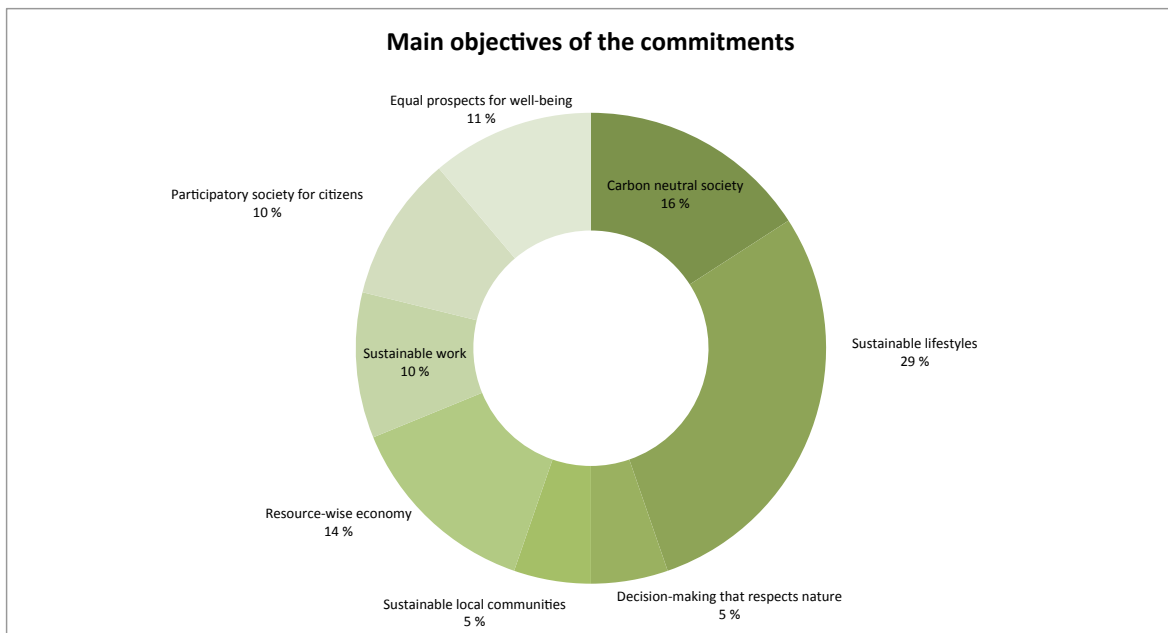


Figure 4: Objectives of the commitments, all objectives excluding companies

Of all commitments (excl. companies) the most popular objective for a commitment was to improve sustainable lifestyles, which covered roughly one third of the commitments. When reflected with the traditional tripartite sustainable development pillars the commitments

that had purely or mostly an environmentally related objective comprised 67 percent of all commitments. From the remaining 33 percent roughly three quarters were such commitments that aimed to improve sustainability within their organization or society in general and thus covered all environmental, social and economic aspects.

It was noticeable that almost half of the educational sectors commitments were related to the education sector's Sustainable Development Certificate and sustainability program granted by OKKA, the foundation of teaching and education sector (OKKA Foundation, 2015). Their goal was either to acquire the sustainable development certificate or improve and focus on certain sustainability issues if the organization already had the certificate. Challenging educational institutions to join the certificate was also OKKA Foundation's own commitment. Thus, the commitment was clearly serving as way for OKKA to challenge its organizations to acquire the certificate.

Around 5 percent of all commitments had only or mainly social objectives and the remaining 2 percent focused on improving the economic sustainability in Finland. However, dividing commitments into different categories was somewhat ambiguous since the majority of them had other than just one sustainability aspect. Thus, if other interpretation criteria was used, somewhat different results might have occurred but overall the main ratio would have stayed more or less the same i.e. environmental dimension being the biggest proportion of all commitments and the mixed objectives the second.

Table 3: Most popular sustainability issues by different commitment groups

Group (number of commitments)	Were most likely to	Three pillars of sustainability
Business associations (9)	support carbon neutral and sustainable society	Environment
City Departments/ Organizations (5)	support carbon neutral society	Environment
Companies (42)	support sustainable lifestyles and carbon neutral society	Environment
Educational institutions (38)	support sustainable lifestyles, equal prospects for well-being and participatory society	Mixed
Labor market organizations (3)	support sustainable work	Social
Ministries (14)	support participator society, resource-wise economy, sustainable social communities and sustainable lifestyles	Environment
Municipalities (2)	support sustainable local communities	Environment and mixed
NGO's (12)	support participatory societies and resource-wise economy	Environment
Day care center (2)	support sustainable lifestyles and participatory society	Environment
Miscellaneous organizations (12)	support sustainable lifestyles, resource-wise economy and equal prospects for well-being	Environment and mixed
Political parties (1)	support equal prospects for well-being	Mixed
Private persons (8)	support sustainable lifestyles and resource-wise economy	Environment
Provinces (1)	support resource-wise economy	Environment
Schools (6)	support sustainable lifestyles	Environment

Table 3 shows what type of commitments each group has done. From each group the most prevalent objectives are presented as well as which element of the three pillars of sustainable development it seeks to influence. Some of the groups included only one or a few commitments and therefore the themes and the focus of the commitment was influenced mostly by the single organization that made the commitment. For instance there was only one political party and province. Therefore the themes of the commitment

reflected the values and issues that are relevant for that specific organization rather than for several political parties and provinces.

5.2 COMPOSITION OF COMPANY COMMITMENTS

As mentioned before, the biggest group in the Commitment was companies. This group included all organizations that were registered as enterprises, private entrepreneurs or co-operatives in Finland. All publicly traded, private limited companies and government owned companies were included in this group. The group consisted of 42 commitments made by 37 companies. One company could not be categorized to either micro, small or medium sized company because no information about its revenue or employees was found. However, it's likely that it belongs to the group of SMEs since there is no evidence that it would be large company. General composition of companies is presented in Table 4.

Table 4: General composition of companies

Aggregated revenue of all companies		22 367 862 986,00 €*			
Total number of employees		91669*			
Size of the companies	Size	Number	% of total amount	% of revenue	% of employees
	Large	12	33	99,78	99,33
	Medium	2	6	0,1	0,48
	Small	5	14	0,1	0,15
	Micro	17	47	0,03*	0,03*
	Industry	Number	% of total amount	% of revenue	% of employees
	Retail	6	16,22	73	66
	Food	4	10,81	9	17
	Engineering	1	2,7	6	5

*There was a limited amount data available about micro businesses and thus the real amount of revenue and employees might be slightly more than announced

Quantity-wise the majority of commitments came from SMEs (24 companies and 69 percent of commitments). Large companies were only one third of the total amount of companies but their share in both revenue and employees of all participants was drastic.

The share of large companies in terms of revenue and employees can mainly be explained because two retail giants, K-Group and S Group, participated in the Commitment. Together they constituted 73 percent of the total revenue and 66 percent of all employees. They are also the reason why the retail sector is the biggest sector in the Commitment. There are other businesses as well in the retail sectors but their share is less than a half percent since they are mostly micro businesses.

Food industry is the second biggest sector due to the participation of Fazer. The only company from the engineering sector was Outototec but due to its size it formed the third biggest sector in the commitment by revenue and amount of employees. However, in terms of participating companies from a specific industry, consultancy and professional services was the second biggest by five companies. The breakdown of industries based by the number of companies in each industry can be seen in Figure 5.

Five of the companies are traded in Helsinki OMX Stock Exchange meaning that the majority of the companies are public limited companies or owned by a mother company or capital investment firm outside Finland.

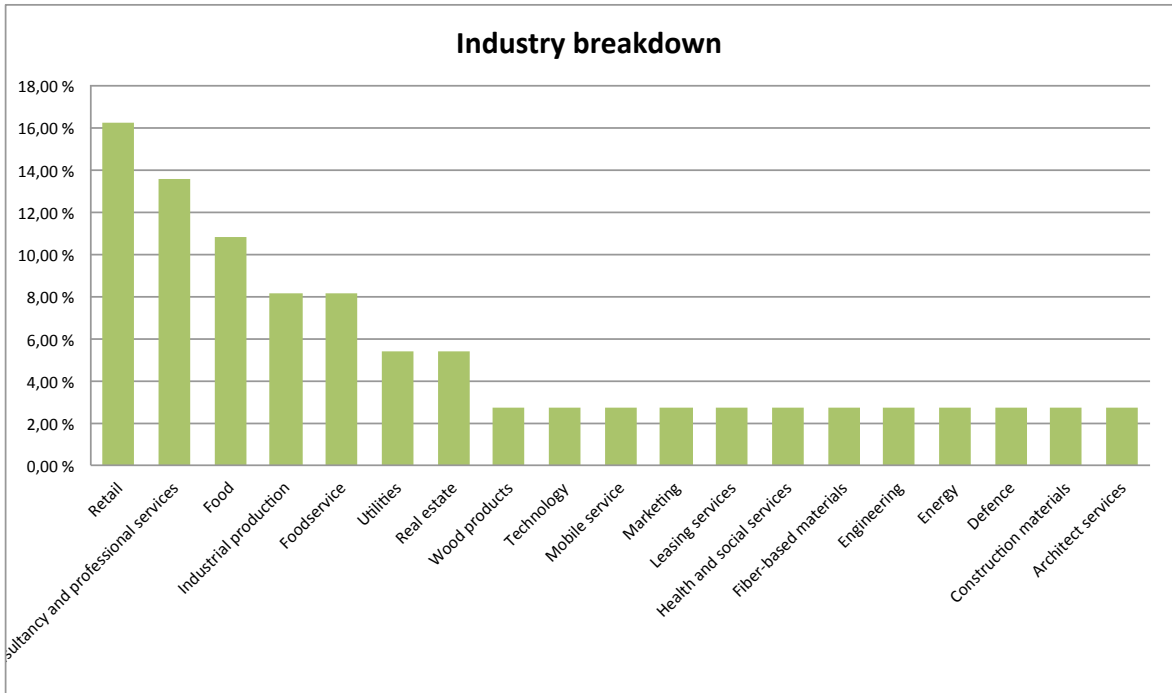


Figure 5: Industry breakdown of companies in the Commitment 2050

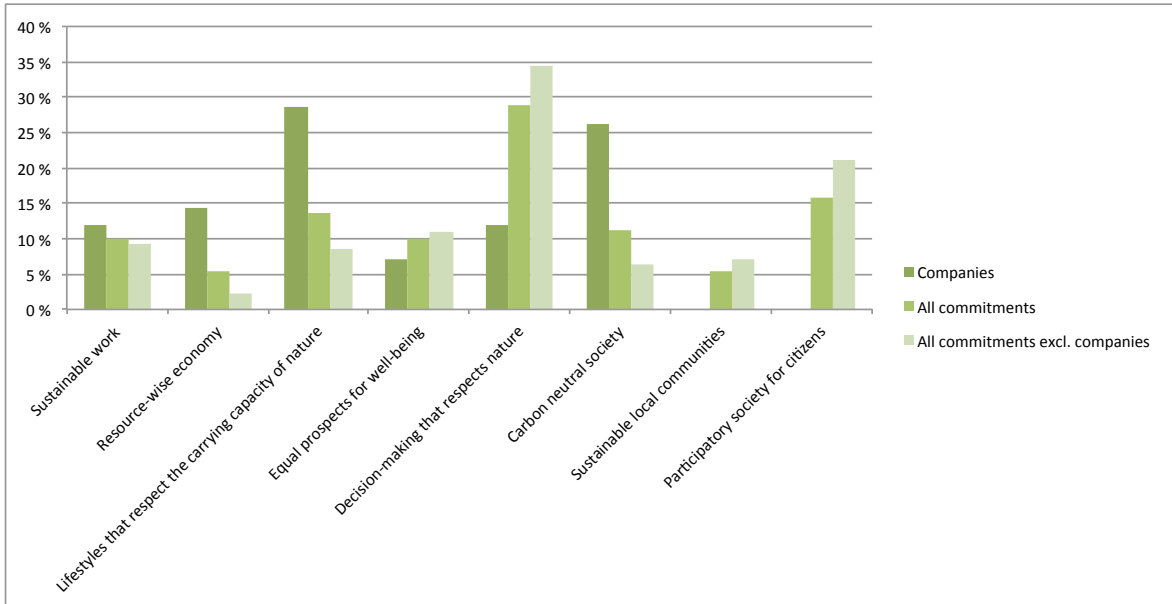


Figure 6: Primary objectives by companies in the Commitment 2050

When comparing the primary goals set by companies with the rest of the commitments' primary goals, some emerging peculiarities can be detected. These differences are presented in Figure 6. First, none of the companies made a commitment that had a primary

objective to improve sustainable local communities or participatory society for citizens. Second, more than half of the commitments focused on sustainable lifestyles and carbon neutral society.

When company commitments are excluded from the rest of the commitments few patterns appear between company commitments and the rest. Resource-wise economy, sustainable lifestyles and carbon neutral society are relatively popular among company commitments in contrast with the rest, where the respective objectives were not as popular. Decision-making that respects nature, participatory society and sustainable local communities were the objectives that were mostly supported by the other than company participants.

Table 5: The distribution of objectives of the commitments

Size	Most popular objectives	Environmental, social or economic
Large	Carbon neutral society and economy that is resource wise	Environment (75 %), social (19 %), mixed (6 %)
Medium	Sustainable lifestyles	Environment (100 %)
Small	Sustainable lifestyles and carbon neutral society	Environment (100 %)
Micro	Sustainable lifestyles and carbon neutral society	Environment (70 %), social (24 %), mixed (6 %)
Industry	Most popular objectives	Environmental, social or economic
Retail	Sustainable work, resource-wise economy and sustainable lifestyles	Environment (67 %), social (33 %)
Consulting and professional services	Sustainable lifestyles	Environment (80 %), social (20 %)
Food	Carbon neutral society and sustainable lifestyles	Environment (100 %)
Total	Sustainable lifestyles, carbon neutral society and resource-wise economy	Environment (76 %), social (17%), mixed (7 %)

Table 5 shows what were the most common sustainable development objectives by company size and industry sector. As per size of the company, sustainable lifestyles was the most popular objective in the SME sector, whereas carbon neutral society and resource-wise economy were prominent in large companies. Environmental goals were the

most popular among all groups, especially medium and small companies where all commitments targeted to improve environmental sustainability.

When examining the most prominent themes and objectives by the three biggest industry sectors more disparity was present. Retail sector's most popular objective was sustainable work. Consulting and professional services were most likely to choose sustainable lifestyles and food industry carbon neutral societies. Regardless of these differences environmental goals were still the most prevalent when dividing the commitments according to the three-pillar division.

38 percent of the companies report or publish some kind of responsibility information on their website. Majority of these are large firms with a few medium sized and small companies also publishing some sustainability information to the public.

The average length for a commitment was approximately six years and the median length three years. 74 percent of the commitments were five years long or shorter and the most common length for a commitment was two years (24 percent). Other than company made commitments had an average length of 4.3 years and their median length was three years as well. 78 percent of them were five years or less long and one third of the commitments were two years long. There is no remarkable difference in the lengths between company and other commitments. However, the reason why company commitments are longer on average is due to higher proportion of longer 10, 15 and 25-year commitments.

5.3 FUTURE PROSPECTS

According to the interviews with FNCSD, there were no concrete quantitative goals for the program. Deputy Secretary General had set her own personal goal for the first year, which was 250 registered commitments by the end of year 2014. This was however not accomplished as the program achieved to attract around 100 commitments by the end of 2014.

The long-term goal for the Commitment was to create action and movement that would make substantive societal impact through operational individual commitments. FNCSD representatives described that the Commitment was supposed to work as a vehicle to spread awareness about sustainable development so that everyone would assimilate their own role in front of the collective sustainability challenge. There was an understanding that in order to achieve societal change, the program should attract tens of thousands of commitments, which meant that the quantity of commitments was an important factor in achieving the goal. After the first year of being active, it was also stated in at the FNCSD meeting that the amount of commitments should be multiplied in the coming years (FNCSD, 2015b).

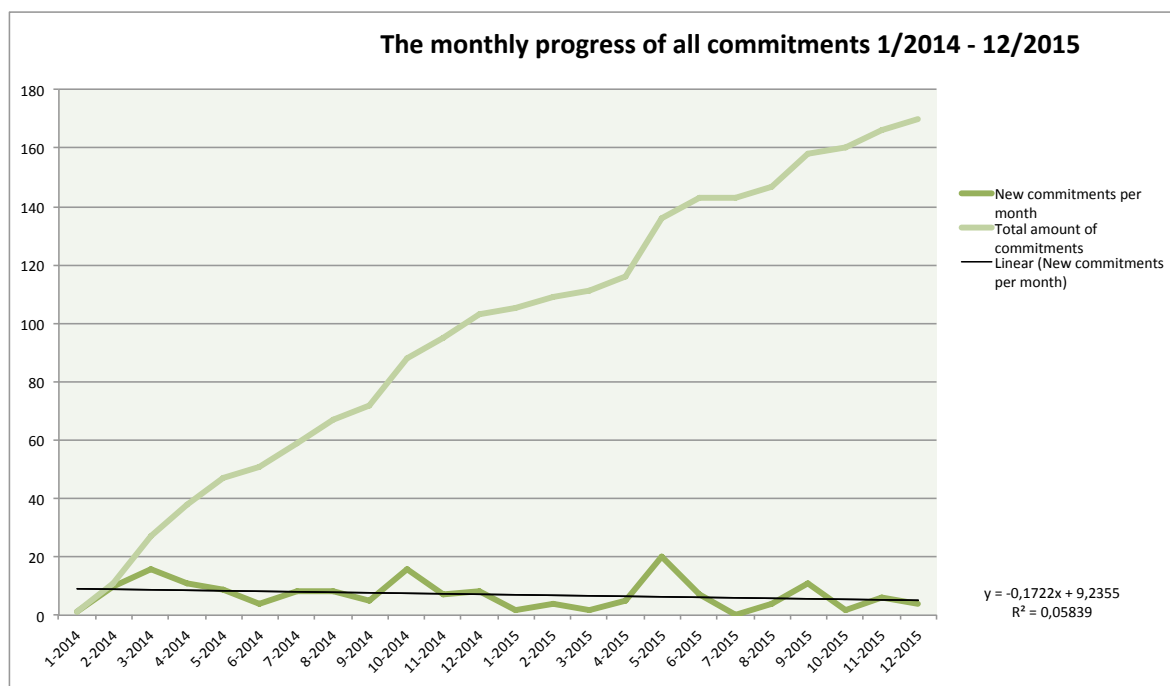


Figure 7: The monthly progress of all commitments

The monthly growth rate for commitments so far has been 25 percent meaning that the total amount of commitments in the database has been growing by 25 percent every month on average (Figure 7). However, if the monthly growth rate is observed in detail and a trend line is calculated from the sequence of new commitments per month, one can see that the actual slope is negative. This means that the pace of growth is actually getting slower and every month less commitments are registered in the database. If the current trend

continues steadily, the growth will stop after two years meaning that no new commitments are registered after two years.

The reliability of this forecast is however relatively low since R^2 is 0,05839 meaning that there is a very low fit with the trend line in relation to the actual data due to high variance in amount of monthly new commitments. In other words, the amount of commitments is growing, and in theory the growth cannot be negative meaning that organizations would withdraw their commitments, but the monthly variance in monthly new commitments is so high that predictions become challenging. The only conclusion that can be drawn from the data is that the commitment database is growing with a current average rate of 25 percent a month but it is difficult to tell if the pace is slowing down, staying steady or increasing.

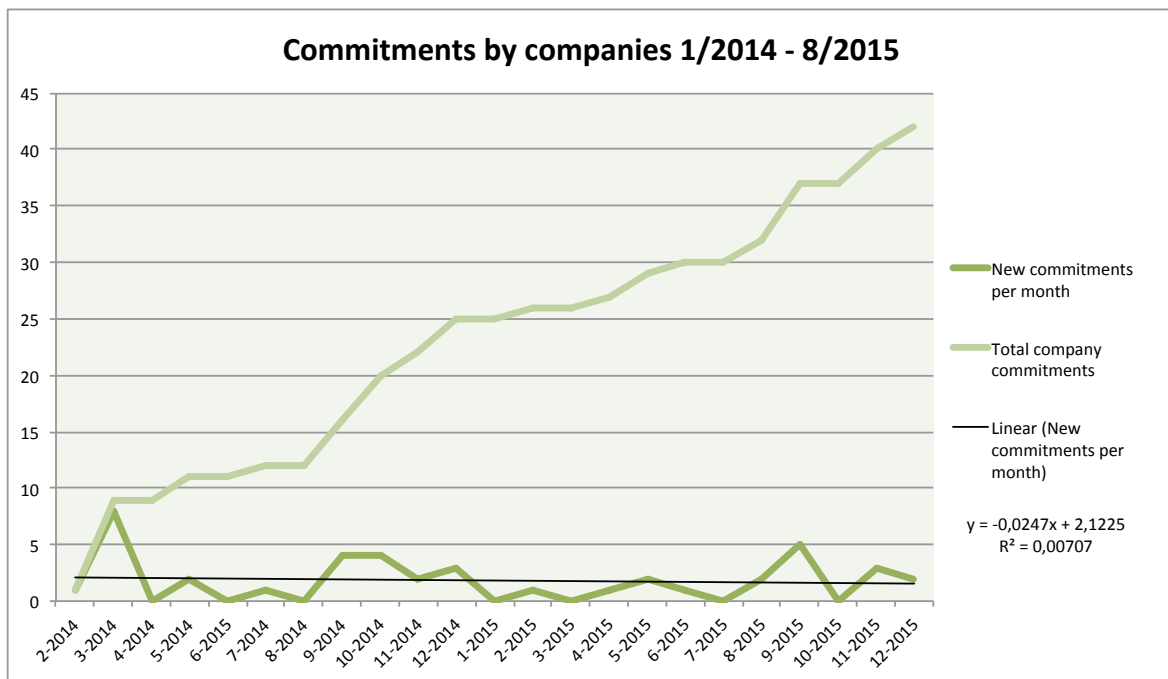


Figure 8: The monthly progress of commitments by companies

The average growth rate for company commitments was 18 percent meaning that each month the total amount of commitments would grow 18 percent (Figure 8). A regressions trend line shows the same pattern as with total commitments, meaning that in two years' time, due to the negative growth rate, no new commitments would be registered by companies. However the R^2 value for new commitments is a very minimal 0,00707

meaning the trend line is quite unfit for making future forecasts. In the first year 25 company commitments were registered compared to 17 commitments registered during second year.

The regression analysis of the monthly growth rate is not reliable enough to draw solid future forecasts since the data values are too disperse for calculating any trends. On the other hand, it can be concluded that the growth of the commitments has a high volatility rate and no clear patterns emerge. Thus, it seems that that the pulse of new commitments is very random and no anticipation about how new commitments are poured in can be made.

5.4 QUALITY OF COMPANY COMMITMENTS

This section will present data of how well the commitments done by companies match the criteria set by the General Secretariat of FNCSO. As stated previously, a new commitment must fulfill all six different criteria set by the FNCSO:

1. Be in line with the vision: *A prosperous Finland within the limits of the carrying capacity of nature.*
2. Promote one or several of the eight objectives of the commitment.
3. Comply with the principles of the sustainable development.
4. Be concrete; how and in what time something is done.
5. Be measurable and traceable; starting value, target value, schedule and progress and progress stages need to be presented. Both, quantitative and qualitative indicators are accepted.
6. Create something new or improve existing objectives: existing targets or commitments are not acceptable.

In the analysis all 42 company commitments were evaluated using the criteria set by FNCSO. Because the database is open for everyone and there are no technical restrictions when making a commitment – except filling mandatory fields such as heading, primary

objective of the commitment and duration – participants have the freedom of not following all of the preset criteria and still get their commitment published to the database. This means that in theory a participant can register a commitment to the database only announcing its heading, starting date, ending date, and which of the eight sustainable development objectives it links to. Therefore it's not definite that every commitment would fulfill the criteria because there is a possibility to ignore some of the criteria.

In the following a detailed analysis is presented of how the commitments fulfilled the requirements set for the commitments by FNCSD in order to see the quality of the commitments:

1. Be in line with the vision: *A prosperous Finland within the limits of the carrying capacity of nature.*

When evaluating all 42 commitments, it was noted that all of them intended to improve sustainability in one way or another. Thus, it can be argued that all commitments were somewhat in line with the main vision and there is no reason to give interpretation that some of the commitments would not share the same vision. Therefore to make the argument that all of the commitments support the main vision, it was enough that the commitment stated a clear action that had an intention to improve sustainability within society.

2. Promote one or several of the eight objectives of the commitment.

Because the registration form requires every participant to fill the primary objective field, all commitments had a primary objective and majority had several secondary objectives. On average, commitments had two secondary objectives per commitment.

3. Comply with the principles of the sustainable development.

Principles for sustainable development were global responsibility, cross-generational thinking, limited carrying capacity of nature, cooperation and creative use knowledge and expertise. Like the vision for society's commitment to sustainable development, these principles work as an ideological framework for what sustainable development is and what

are the principles of it. In other words, every commitment should follow these principles but since their function is to describe a certain type of thinking, it is problematic to evaluate whether all commitments follow these principles and whether a participant has adopted these principles in their own thinking.

4. Be concrete; how and in what time something is done.

It is specified in the criteria that it is not enough to state that a commitment will promote some sustainability issue. It must be mentioned how it is being promoted and in what schedule. In the evaluation, the commitments were divided into three categories; those who did not have any concrete action, those who had, and those who had listed several actions that would help them to achieve the goal of the commitment. Concreteness in this context means that a commitment should clearly state what the main action of the commitment is. Thus, the requirement was that action was clearly written on the commitment description.

Of all company commitments 45 percent had stated a concrete action and 55 percent more than one concrete action in order to achieve the objective. None of the commitments were considered as not being concrete in this matter. To fulfill the requirement for this indicator it was enough for a participant to state what the commitment was about. However, when studied in more depth, there were significant differences in the accuracy and detail levels of the commitments but that will be discussed along the next criterion.

5. Be measurable and traceable; indicators for measuring progress, starting value, target value, schedule and progress and progress stages need to be presented. Both, quantitative and qualitative indicators are accepted.

This evaluation criterion was divided in three different evaluation stages. The first one evaluated whether a commitment had announced any indicators at all, had one or several qualitative indicators, or had one or several quantitative indicators. The second stage was to evaluate whether a participant had announced a starting value for the commitment. This meant that a commitment was supposed to include a clear statement what was its current starting point. The third stage was to evaluate if a commitment included an action plan, but also the level of detail on how comprehensively it was announced.

7 percent of commitments did not have any measurable indicator. These commitments did not announce any concrete goals that could be measured qualitatively or quantitatively. These commitments stated that they strive to advance or promote sustainable development in general through their actions but did not state how it was going to be measured and what was the indicator for ‘advancing’ and ‘promoting’. The content of these commitments was mostly general descriptions of what sustainability issues were addressed by the commitment but they lacked concreteness and measurability in their actions.

10 percent of the commitments contained one qualitative indicator. This meant that these participants stated the goals that were either attained or not. The commitments were focused on specific issues such as food waste reduction or improving material recycling that could be measured and monitored. For instance, a participant whose commitment was to reduce food waste announced that it would set restaurant specific objectives (grams per customer) to its restaurants. This can be perceived as a qualitative indicator since the participant did not set a specific quantitative goal (such as percentage) but it still can be measured and observed.

17 percent of the commitments included several qualitative goals. The requirement for this criterion was the same as for the previous qualitative indicator but these commitments included several actions or goals that led to the main commitment.

33 percent of the commitments had one quantitative indicator. This required that a participant stated the goal of the commitment in a concrete numerical form such as percentage, CO₂, MWh et cetera. These commitments included goals such as keeping the domestic content at least in 50 percent, generate zero percent food waste or reduce energy consumption from production to 165 MWh in three years.

The remaining 33 percent of the commitments included several quantitative indicators. The criteria were the same as for having one quantitative indicator but in this case there were more than one operational aspect within one commitment.

The next stage was to evaluate whether a participant stated a clear starting value or condition in the commitment. Here, both qualitative and quantitative values or conditions were accepted. To evaluate whether a qualitative commitment had a starting value, a participant had to clearly announce what was their current situation and how the commitment would improve this. Nevertheless, presenting a clear linkage between the current situation and the commitment was required. It appeared that 50 percent of the commitments included a starting value, out of which 10 percent were qualitative statements and 40 percent quantitative.

The third stage was to evaluate whether participants had announced a clear action plan or concrete measures in order to achieve the goal in their commitment. This evaluation stage was divided into three categories; no action plan or measures, has an elementary action plan or measures, or has a detailed description of actions and measures to be taken.

The evaluation showed that 17 percent of the commitments did not mention any kind of concrete actions on how the goal of the commitment would be achieved. 38 percent of the commitments showed at least an elementary description of what actions or measures are needed in order to reach the targets. In this case it was enough if a participant had announced that it would do measure A and B in order to reach a goal C. The remaining 45 percent had a detailed description or milestones of how the commitment would reach its objectives. This required that a participant had an extensive list of concrete actions, which showed that the process of achieving the target was thought carefully through.

6. Create something new or improve existing objectives: existing targets or commitments are not acceptable.

The last criteria set by FNCSD was the novelty value requirement that each commitment should create. This meant that every commitment should be new for the participant, or improve or set even more ambitious goals to existing targets. According to the General Secretariat this criterion had considerable importance since the purpose of the Commitment 2050 was to create concrete action. Keeping the main question of this study

in mind, this criterion is an important part in answering the question about the societal impact of the Commitment 2050.

Each commitment and participant was analyzed in order to find evidence about the novelty value of the commitment. If such evidence were found that proved the participant of using already existing commitments or targets, such commitment would not have any novelty value. The results of this evaluation criterion were divided into three categories: no novelty value, improves existing targets or commitments, and creates full novelty value meaning that there is no evidence to support that the commitment is not new.

When the participants were studied, it appeared that 19 percent of the commitments did not fulfill the requirement for novelty value. Some of the companies stated exactly the same goals, targets and maneuvers they had one or several years before making their commitment. Some of the companies also stated clearly in the commitment that they have had the same aim for some time before the commitment.

16 percent of the commitments were commitments that existed already before the Commitment 2050 but were on some level improvements from the existing ones. Majority of these commitments committed to an existing goal, which already existed on the company's agenda before the commitment, but in addition they added something more to it.

The remaining 65 percent were commitments that were arguably new and no evidence to prove otherwise was found. These commitments were designed exclusively for the Commitment 2050.

To summarize the findings when reflecting the commitments with the criteria set by FNCSD, there were several themes that emerged from the data. Firstly, all commitments seemed to have no problems at meeting the requirements one, two and three. Thus, it can be argued that all company participants at least on some level understood the meaning and the objectives of sustainable development and the Commitment 2050.

Secondly, all participants managed to formulate a commitment that was concrete and clear in its objective. Therefore, it can be deduced that all companies had a clear vision of what is a commitment in general.

Thirdly, the criteria that divided different commitments the most were the fifth criterion of indicators and traceability. Even though the majority of the commitments included an indicator that was traceable, there were still some companies who did not fulfill this criterion. There was an even bigger division in stating a starting value for the commitment, which meant that half of the commitments did not have any starting value or situation described. In addition, even though all commitments were considered as concrete, it appeared that it was more challenging for the participants to announce the actions that would be undertaken in order to achieve the goal of the commitment.

And finally, the last criteria of novelty value also divided the commitments whereas 19 percent of all commitments did not have any novelty value. In impact evaluation this criteria has a lot of weight since the already existing commitments or goals reduce the societal impact of a governmental program. These inconsistencies reduce the overall quality of the commitment 2050, since a great proportion of the commitments did not fulfill all the requirements set by the FNCSO.

6. DISCUSSION

This chapter links the findings from the previous chapter to the existing literature. Firstly, the emerging themes from the commitments' content analysis are reflected with the previous findings in voluntary policies. This is followed by a discussion where the results from criteria and impact evaluation are put vis-à-vis with the previous arguments about the success and impact of voluntary agreements in steering sustainable development.

6.1 SMEs AND THE COMMITMENT

As it was presented in chapter 2.2.2, CSR has mostly been presented as responsibility of large companies whereas small and medium sized companies have often been ignored in literature and overall discussions about the responsibility of companies. However, it is stressed in the literature that SMEs have shown evidence of being socially and environmentally responsible, but in a somewhat different manner than larger companies. The CSR of SMEs has sometimes been referred to as “sunken CSR” or “silent CSR” because small firms often fall outside the national sphere of regulation (Russo & Tencati, 2009). Nevertheless, as it was pointed out, SMEs have traditionally had a low level of participation in governmental partnerships.

Against this backdrop, it was revealed that roughly two thirds of the company commitments came from SMEs rather than large companies. Even though their aggregate revenue and employment power was only a fraction of the participating large companies, it can be argued that the Commitment 2050 attracted more SMEs than large companies to make a societal commitment. However, when put into national perspective, the large companies that participated in the commitment were 2 percent of the total amount of large companies registered in Finland, whereas SMEs participating the Commitment attracted 0,001 percent of all SMEs in Finland, excluding agriculture, forestry and fish industries (Yrittäjät, 2015). In that sense the commitment was more successful in attracting a share of

large companies rather than SMEs. Thus, it is a matter of what point of view is taken when observing the composition of the participating companies.

On the other hand, the Commitment has shown that SMEs are willing to participate in government's voluntary programs if they are given the opportunity to do so. Thus, the Commitment has been a tool for filling the gap between SMEs and the lack of state support in terms of CSR. Even though the magnitude has not been huge, at least there has been evidence that SMEs are able to commit to CSR activities.

Another peculiar theme from the literature has been that SMEs usually exert CSR through philanthropic measures that have no connection to the company's business transactions. In addition, no returns of any kind are expected from these activities. The most common forms have been charities, sponsorships and donations. This has however not been the case with the participating SMEs. None of the commitments done by companies involved any kind of evidence of philanthropy. All commitments were somehow relevant to the companies' business activities that had environmental or social impact.

Hence, this evidence also sheds light to the argument that SMEs would be non-systematic, non-structured and non-formalized in CSR operating structure. Even though this evidence is not generalizable due to low participation rate compared to the total amount of SMEs, it gives a signal that SMEs are able to make CSR related commitments that are linked to their business activities and think of CSR as a strategic instrument in their business. Although one individual commitment does not give proof that a SME thinks of CSR as a strategic element of its business, it shows that making individual strategic actions is possible.

In the literature, it was also prominent that CSR activities of SMEs are usually related to the company's internal functions such as employee safety and wellbeing. If environmental actions are taken, they are mostly focused on fortifying employer awareness, preventing pollution or increase recycling. However, in contrast those companies that participated in the Commitment were mostly focused on environmental issues. There were only three commitments that had purely social goals and few commitments that included social,

economic and environmental together. Against the backdrop of pollution and waste reduction, less than half of the SMEs had commitments that were focused on internal process improvements such as recycling, waste separation or energy reduction. Almost a third of the commitments were rather focused on raising awareness of sustainability through their services or influencing sustainability directly through their products. This showed that instead of only focusing on internal responsibility, SMEs also gave attention to external stakeholders by influencing their sustainability.

However, it needs to be noted that the majority of the SMEs participating in the Commitment were companies where sustainability clearly played an important role either directly in their product or core business. For the majority it made sense to participate in the Commitment because their business was already build around sustainability and for some it made sense because the product or service they sold was aimed at improving environmental or social sustainability. SMEs that participated in the program were small bakeries focused on local ingredients, restaurants focusing on organic and local food, organic grocery stores, cleantech enterprises, professional service companies focused on sustainability business and recycling companies. In that sense the SMEs participating in this commitment program were early adopters or “activists” that were already motivated and active in improving sustainability within society through business.

6.2 LARGE COMPANIES IN THE COMMITMENT

It was argued in the literature that CSR exerted by large companies was usually systematic, calculated, formalized and measurable; and involved economic and strategic perspective (Vázquez-Carrasco & López-Pérez, 2012). Whereas it cannot be directly proven that large companies' commitments were systematic and calculated, in the interview with FNCSD it appeared that large companies required a lot of time for deciding and making their commitments. This was also evident in the interview of a large company representative. According to the interviewee making a new sustainability commitment requires time and effort, and it needs to be accepted the by the leadership team in order to happen. This is

usually a very long process that involves a lot of consideration and judgment. Likewise, it can be argued that all large company commitments were strategic in a sense that they were all relevant to the company's own business operations and the impact they make.

As it was evident with SMEs, large companies were also more likely to commit to environmental goals. In contrast with SMEs, large companies tend to make commitments that lead to different types of sustainability programs or are part of bigger programs that have sustainability goals. As it was presented in a study by Perrini et al. (2007), large companies were likely to address environmental management, the evidence from the findings suggest that this was also the case with the commitment companies as the majority of them linked their commitment to a specific internal sustainability program.

Even though it was presented by Alberini and Segerson (2002) that large companies are more likely to participate in voluntary programs since they have lower marginal costs for abatements, they experience greater benefits from environmental stewardships, have greater ability to influence regulators through over compliance and be more exposed to liability because they have more money, this was not the case with the Commitment. Of those large companies that participated in the Commitment, it was more important for them to gain trust in the society through committing to common sustainability goals. It was also evident according to the company interviews that it was internally important for large companies to set a public commitment that would motivate them to develop their internal processes.

However, a large company CEO stated in the interview that their motivation was to gain influence over decision-makers through the commitment by showing that they are responsible partners because their industry was relatively highly regulated. In a study by Kähkönen (2004) it also appeared that the reason for some companies not to join the commitment was simply because they did not see any added value in it, or there were too many other voluntary initiative in the market that were considered as more beneficial for them.

Thus in contrast with the arguments stated by Alberini and Segerson (2002) there was no evidence that large companies would be more likely to join the Commitment. A more important aspect for large companies is how they value the benefits from a commitment because it takes time and effort to make the commitment, and also other voluntary CSR initiatives on the market might be more attractive depending on the issues that are relevant for the companies.

6.3 ENVIRONMENTAL PERFORMANCE OF THE COMPANIES

As it was mentioned earlier, the majority of the companies that participated the Commitment were such companies that were already oriented towards sustainable development and considered as early adopters or forerunners in terms of sustainability. A big portion of the large companies had already a promising responsibility track record and some of them were recognized as one of the most responsible companies in Finland and even in the world (Mustonen, 2014; Carbon Disclosure Project Europe, 2015; Isoviita, 2014). In addition, the majority of the SMEs were companies that included sustainability as part of their core business, products or services, meaning that it is more likely that these companies had relatively good environmental performance compared to rest of SMEs. Thus it can be argued that opposed to the findings of Alberini and Segerson (2002), it is more likely that environmentally responsible companies participate in governmental voluntary programs rather than poor performance companies in the case of Commitment 2050.

In addition the claim that CSR actions of large companies are usually measurable does not entirely match with the results in the Commitment 2050. Even though all of the goals were observable only two thirds of them were measurable by quantitative indicators. In contrast with SMEs, it is actually surprising that a higher proportion of SMEs included quantitatively measurable goals in their commitment compared to larger companies. Roughly 80 percent of small companies presented quantitative indicators. However, few

companies among SMEs did not give any observable or measurable goals, thus supporting the argument that SMEs have more unstructured ways of carrying out CSR in practice.

6.4 CONSUMER FOCUSED COMPANIES IN THE COMMITMENT

In the case of the Commitment 2050, over half of the companies who participated were purely or partly business-to-business companies. In fact, only one third of the companies were only consumer product oriented companies. This finding contradicts with the empirical findings of the previous literature (Alberini & Segerson, 2002). Therefore, it can be stated that the Commitment was able to attract mutually both companies from business-to-business sector and business-to-consumer sector, thus proving by example that voluntary policies are not necessarily interesting mostly for consumer oriented companies.

6.5 COMPANIES FROM R&D INTENSIVE AND CONCENTRATED INDUSTRIES

In the study with the available information it was not possible to measure the R&D intensity of each individual firm, as it would have been out of the scope of this study. However it was possible to compare each firm's industry sector against the EU's overall top 15 R&D intensive industries by industry sectors (Hernández et al., 2014). As a result, one third of the participating companies were from industries among the top 15 R&D intensive industries in Europe. Thus, based on the findings it cannot be argued that the findings in the previous literature match the findings in this case.

The concentration level of industries was problematic to evaluate in this case due to the lack of information. However, one example of highly concentrated industries was retail where K-Group and S Group dominated the market together with 79 percent market share (Kesko, 2016). There were other large companies who were the main players in their field in Finland but since they competed mainly on foreign markets, these industries were not considered as concentrated.

6.6 GENERAL DISCUSSION ABOUT THE COMMITMENT

According to the interviews with FNCSD representatives, the Commitment's goal was to attract societal actors from every part of the society to join the Commitment and create a movement of sustainable development in Finland. Thus, according to their goal, it cannot be judged whether the Commitment has attracted the right actors and organizations or not. However, the role of companies in sustainable development has been emphasized by the FNCSD and noted that without a considerable amount of commitments from companies the whole program is going to be government's internal practice and no societal change is achieved, as it came out in the interviews. In that matter, there is an internal desire to attract more companies to join the Commitment i.e. increase the ratio and amount of commitments done by companies.

What can also be interpreted from the Commitment was the fact that two thirds of all commitments were focused on contributing to environmental sustainability. The rest of the three pillars of sustainability; social and economic contributed only a margin of all commitments. Thus it can be argued that the majority of the organizations and individuals experienced that environmental concerns was the most significant theme on how they could commit to sustainable development. Only educational institutions, political parties and labor market organizations had relatively more goals from other areas of sustainability than the environment. Whether this is affected by the fact that FNCSD's General Secretariat sits under the Ministry of the Environment or that the commitment platform is under the Environment-section at the Ministry of the Environment's website is only a speculation. However, this has been noted by the FNCSD and plans to move the Secretariat under the Council of State is currently taking place.

Another theme emerging from the data was that organizations and individuals understood differently the content and meaning of the eight objectives of the Commitment. For instance, among educational institutions there were many similar commitments that had a goal of achieving a sustainable development certificate for their operations. However, there was a difference in how these institutions saw which of the eight objectives their

commitment would primarily contribute to. For instance the majority of the commitments concerning the certificate tagged their commitment to contribute to sustainable lifestyles whereas some understood their commitment to contribute to sustainable work or participatory society. The same difference in understanding what was the right objective for the commitment was noticeable among sustainable lifestyles, carbon neutral society, sustainable local communities, decision-making that respects the carrying capacity of nature and resource wise economy. Carbon neutral society on the other hand was more specific and included commitments from a narrower and more specific perspective with commitments that only focused on reducing energy consumption and lowering emissions. Sustainable lifestyles, sustainable local communities and resource-wise economy embodied a broader variety of commitments and thus worked as umbrella objectives for many of the commitments.

It can therefore be said that there was a lot of overlapping among commitments where similar commitments with similar goals chose divergent objectives thus making it difficult to categorize certain commitments under certain objectives because it was reliant of the perception and interpretation of how a participant understood the impact of its commitment. Nevertheless, participants were able to choose freely as many secondary objectives as they wanted leading to 4 percent of all commitments including all of the eight objectives. In fact, 92 percent of all commitments included more than one objective. This finding can be reflected with the definition of CSR and its ambiguous nature (Kates et al., 2005). As it was mentioned in the literature the openness of the definition of CSR allows different participants and stakeholders to redefine and reinterpret it to fit their own situation. In the case of the Commitment 2050, it was evident that each participant had its own interpretation and impression on what areas of sustainable development are going to be advanced by their commitment, even though other participants might have chosen completely different objectives.

6.7 GENERAL DISCUSSION ABOUT THE COMPANY COMMITMENTS

Among companies, resource-wise economy and carbon neutral society attracted only environmentally oriented commitments. Decision-making that respects nature contained partly environmental commitments, but also commitments that had mixed goals. Sustainable work was also divided between social and environmental goals. Overall, it was noted that commitments made by companies were more in line with the chosen primary objectives and not as much dispersion occurred as it happened with other commitments. However, as with all commitments, sustainable lifestyles was taken as a more general objective and it included a variety of different goals such as energy savings, waste reductions, development of more environmentally friendly policies and processes, whereas material-wise economy contained mostly commitments related to resource usage; and carbon neutral society commitments were mostly about energy savings.

The logic of why different participants chose different sustainability objectives although their commitments had similar goal leads to two suggestion. First, the background, societal role and motivation of the participant affects the selection of what the goal of the commitment is, as it is argued by Kates et al. (2005). For instance, a governmental administrative organization might want to reduce their paper usage. Although their ultimate goal is to reduce material consumption that has impact on emissions and resources, the organization decided to choose sustainable local communities as its primary objective. In contrast to a company that might have exactly the same goal and commitment, they chose resource-wise economy, sustainable lifestyles, decision making that respects nature or even sustainable work as the primary objective, since they have a different background and values compared to a governmental organization. Thus it's only a matter of perception, motivation and role of the organization how they choose the primary objective.

The second argument of disparity is that it is difficult to choose from objectives that are overlapping with each other, and thus only the one that is closest to the values and background of the organization is chosen. This primary objective is then complemented with additional secondary objectives.

As it was stated by Delmas and Terlaak (2001), voluntary programs are more likely to create innovation and change only if the commitment challenges the participants to reach a certain goal that is ambitious. In case of the Commitment 2050, it is up to every participant to choose the ambition level of the commitment. Thus, if the argument by Delmas and Terlaak is going to hold its position, the commitment 2050 is less likely to create new innovations.

To round up the discussion about the composition of the commitments, it can be concluded that the eight objectives formulated by the FNCSD were not mutually exclusive although they were collectively exhaustive. The objectives were focused on covering all sustainable development aspects within the Finnish society, but when individual participants had to choose what the primary objective of their commitment was, overlapping was detected among the objectives. In theory, when an organization, or be it a program in this context, is run by objectives that are mutually exclusive and collectively exhaustive, it is running at its full efficiency, since there are no duplicate objectives (Morrison, 2015).

The implications from the lack of being mutually exclusive in this context cause unclarity in seeing the actual impact of the commitments. For instance, if a participant commits to improve energy efficiency by updating to a newer technology that uses less energy, it could choose between five alternative objectives such as sustainable local communities, carbon neutral society, resource-wise economy, lifestyles that respect the carrying capacity of nature, and decision-making that respects nature. Thus, it is questionable whether the current objectives create any value for the program due to the nature of being very general, and what is the benefit of categorizing commitments through these objectives that might not give any direction.

Against the argument of ambitious goals creating innovation, two of the interviewees commented that the confederation of Finnish industries and the Ministry of Employment and the Economy were against quantitative concrete objectives in the fear of negative economic impacts on the Finnish society. Hence, there is a contradiction with the more conservative view of the Confederation and the Ministry compared to some of the participating companies who experience the challenge as positive to their business.

6.8 DISCUSSION ABOUT THE GROWTH OF THE COMMITMENTS

Compared to the initial target of getting 250 commitments during the first year, the current pace seems to be slower than expected. The fact that the second year attracted even less company commitments than the first year indicated that this directions was not desired. Nevertheless, in the 2015 progress report it was stated that the amount of commitments was to be multiplied in the coming years (FNCSO, 2015b). When looking at the monthly growth of company commitments, it can be stated that their average growth was slower than the overall growth of commitments. Thus, if the current trend continues, the ratio of companies in the commitment will be reduced, which is not a desired outcome since companies play an important part in the program according to the interviews with FNCSO. Overall, if the goal is to create societal impact, exponential growth of commitments is needed. The current trend is not supporting this goal.

6.9 SOCIETAL IMPACT OF THE COMMITMENTS

In order to evaluate whether an individual commitment had societal impact and how much, the following questions needed to be answered first: Was the commitment new? Was the commitment a business-as-usual scenario for the company? What are the expected outcomes from the commitment? Here the impact of all individual company commitments is assessed in order to formulate a better understanding of the total impact of the commitment program.

As it was presented earlier 19 percent (8 commitments) did not have any novelty value in their commitments. Due to the hypothetical counterfactual situation that they would have done the same procedures regardless of participating the commitment, their causal impact from the commitment is negated to zero. Concerning those companies who had existing goals and action plans but did some improvements or additions through the commitment, the impact was total impact subtracted by the already existing goal or action.

19 percent (8 commitments) of the company commitments were defined as business-as-usual scenario. These commitments were such commitments that directly stated a sales target or a growth target of the company as their commitment. However, these commitments were in line with the vision, principles and objectives of the Commitment 2050 because the products and services they offered were considered as environmentally and socially responsible. A logical similarity behind the business-as-usual commitments was the following: an already existing product or service (A) is environmentally or socially a more responsible choice than other products or services (B) offered in the market, thus creating a positive environmental or social impact (C) is achieved when B is substituted by A. Therefore the commitment is to sell as much A as possible in order to create C. In other words if the amount of B is being substituted by A, or when the amount of A on the market increases, C is achieved. Thus, the company commits to sell as much A to make a change in society. Because these products and services existed already before participating the Commitment, committing to sell as much of these products and services does not offer any novelty value. Therefore the causal impact of these commitments is also counted to zero.

Because there were three commitments that were both in the business-as-usual category and did not have any novelty value, the total percentage of commitments having no causal impact was 31 percent (13 commitments). It needs to be stressed however, that even though these commitments create zero impact through the commitment program, this thesis does not argue that they do not have any impact at all in general. On the contrary, these commitments were mainly quite ambitious and have a potential to improve many societal sustainability aspects, but since they were not “created” exclusively for the commitment, their impact is not counted as the impact of this specific voluntary program.

6.10 DIFFERENT IMPACTS OF COMPANY COMMITMENTS?

Table 6 presents a holistic summary of the potential impacts of the company commitments. Since only three participants announced an absolute value in their commitment, it was not possible to tell the aggregate impact of all commitments. In the rest of the commitments the indicator only indicated the internal impact of the commitment. For example, these indicated a percentage or change that would be done in the company without announcing the absolute starting value. The main impact of each commitment is molded into a single table. Impacts of the same kind are combined with each other and presented in a single cell if possible.

Table 6: The different impacts of all the company commitments

Absolute quantitatively measurable impacts			
11 more traineeship positions	20 MWh less energy consumption		
Quantitatively measurable internal impacts			
Improve company's energy efficiency by 3 %	Reduce average CO ₂ emissions of its leased cars by 21 g/km	Reduce energy consumption in production by 10 %	Have 4,25 accidents less out of one million working hours
Reduce amount of bio-waste generated by 20 %	Reduce work related car travel by 40 %	Increase the ratio of energy waste to landfill waste 10 % from the current level	Reduce food waste by 3 %
Increase the amount of cars that use renewable fuels in the fleet to 10 %	Increase the amount of buildings using renewable energy by 525 %	Increase the usage of led lights by 1900 %	Keep the level of renewable purchased energy above 50 %
3 sick leave days less			
Qualitatively measurable impacts			
Water, energy, waste and material reduction	Improve coffee producers to adapt to climate change	Improve sustainability of suppliers and value chain	Increase domestic content in production, materials and ingredients
Educate youth for work life	Improve wellbeing and health of the customers	Improve living safety for 20.000 homes	Create new knowledge about mining and material sustainability
Reduce landfill waste	Increase the employment of partly fit for work persons	Reduce CO ₂ emissions	Create more jobs to Finland
Reduce food waste	Promote sustainable consumption and resource-wiseness	Increase biodiversity	Improve livelihoods in developing countries
Increase ingredient transparency	Use only certified ingredients		

The categorization of commitments was divided into absolute quantitatively measurable impacts, internally measurable quantitative impacts and qualitative impacts. Absolute measurable impacts were such impacts that could be directly determined to have quantitatively measurable impact on society. This meant that these commitments stated their targets as absolute values that could be directly added or subtracted from society's total value. For instance creating 11 traineeship positions is an absolute value since those can be directly added to society's total employment figures. 20 MWh reductions in energy consumption is also an absolute value since it can be directly subtracted from society's total consumption.

As it came out, only few commitments presented such goals that could be qualified as absolute impact. Absolute quantitative societal impacts were such impacts that could be directly or indirectly calculated from the commitment. The central feature in these commitments was that the absolute impact the commitment would have on society was possible to calculate.

The second category included quantitatively measurable internal impacts. These commitments usually stated a relative value that showed only the internal scale of the commitment's impact on the company itself. These were usually presented directly or indirectly in percentage or in average values.

The societal impact of these commitments could not be evaluated since no absolute value could be derived from information stated by the participant. Nevertheless, they were not comparable values with each other because they could not be summed up to formulate the total impact. Thus, these commitments could only be used to monitor the commitment's internal impact for the company.

A speculation could be done of the potential real absolute impact if these relative values were compared to the size and estimate externalities the companies create, but these would be too unreliable and prone to serious interpretation bias. However, these impacts could be converted into absolute impacts if more information was available for example the total energy consumption of the participating company. This would however go beyond the

available time resources of this thesis. Less than half of the commitments had qualitatively measurable internal impacts.

The third and the biggest category was qualitative impacts, which could not be measured in numbers. These commitments were measurable per se but the impact they created internally or externally could not be derived from the commitments goal. The action these commitments committed to deliver were usually measured by an indicator ‘realized or not realized’. Thus, these commitments focused to deliver an action that would have further societal impact but the impact was presented on a vague level such as increase or reduce something. Therefore the measurability of these commitments were on the operational dimension, not impact dimension.

Like with the previous group, these impacts could only be speculated against the size of the company and the potential the company has on society but no accurate impact could be defined. For instance, a participant that would commit to reduce food waste, reports the development by stating: “goal is realized or not realized”, which does not give any indication of the scale of the impact and the total value is only kept in the knowledge of the participant.

Even though absolute impact could not be defined from the majority of the commitments, this does not mean that the commitment does not have any potential impact on society. On the contrary two thirds of the commitments have a certain impact, but with the information available for this study it was impossible to evaluate the absolute scale of these commitments.

Another notable issue is that this evaluation does not take into account the spillover effect of these commitments, or the awareness increase in the society. A good example is those commitments that aim at promoting or creating new knowledge about sustainability. On awareness and behavioral level these commitments might have a considerable impact on society that cannot be measured and it takes time for those outcomes to turn into actual absolute impacts. For instance it takes time before more sustainable behavior is adopted within society, which in turn transforms into real reductions in waste, CO₂ emissions and

energy consumption. The spill-over effect also levels the chances of smaller companies to have a great impact versus big corporations because successfully delivered commitments might gain bigger momentum through new stakeholder involvement.

7. CONCLUSIONS

The aim of this thesis was to gain understanding about the societal impact of a governmental voluntary sustainable development program “the Commitment 2050”. In addition of evaluating the impacts of the program, a deeper understanding about the participants and the program was gained when participants and the individual commitments were studied in more detail. The primary data used in this research was mainly from individual commitments registered at the commitment’s database, which was evaluated using various criteria and thematic coding. These findings were reflected with the previous literature of voluntary agreements and policies to discover how “the Commitment 2050” compares to previous cases. Finally, the results from the data were evaluated and compared with results in previous literature in order to get a better understanding about the actual direct impacts of the voluntary program.

Since this case has been considered unique in the world according to the interviews with FNCSO representatives, no other government has previously implemented such national strategy on sustainable development, there was a lack of previous literature and cases that would share the same characteristics as this study. Thus, this thesis had to rely on existing literature about voluntary environmental and social policies in order see the peculiarities of this unique case. In the evaluation phase counterfactual evaluation logic was used.

This chapter will present the main findings of this thesis, as well as the main discussion themes that emerged from the findings. Secondly, limitations for this study will be discussed due to the data and the method used in this thesis. Finally, recommendations for future studies will be presented.

7.1 MAIN FINDINGS

The main research question for this thesis was: *How successful has the new Finnish national sustainable development strategy been in creating potential environmental and social impact through businesses and what kind of action is going to be invoked among participating companies?*

The sub-questions for this thesis were:

1. What is the composition of the participants and their operational commitments?
2. How well have companies followed the criteria for participating the program set by the FNCSD?
3. What societal impacts does the program generate through companies?

The quantity of SMEs participating in the Commitment was higher than the quantity of large companies. It seems that the Commitment can offer an opportunity or a tool for SMEs to interpret their CSR activities to the public. Thus, there is a niche for the Commitment to fill the gap between “silent CSR” and public CSR where SMEs can cost-effectively communicate their responsibility through the Commitment 2050. Even though SMEs have been argued of being inactive in participating governmental programs, there has been a need for better support from the government for sustainability issues. Thus, FNCSD has a unique opportunity to involve SMEs to the national strategy and fulfill the needs of SMEs.

Even though companies are given the freedom to choose the way they would contribute to sustainable development, they are more likely to contribute to environmental issues over economic and social. The dynamics and variables behind this argument are for now to remain unclear. However, the goals of the individual commitments were relevant to the main societal impacts of the companies, which showed that both large, medium and small companies were able to think their CSR activities strategically. Nevertheless, there was no

evidence that SMEs would commit to philanthropic activities that were external from their business transactions and not give any benefits in return.

The objectives of the national strategy on sustainable development as commitment criteria serve little purpose for categorizing different commitments because they are not mutually exclusive. Duplicate commitments can be found under different categories, thus questioning the added value of such categorization. For example it can be interpreted from the data that 29 percent of the companies committed to support the objective “lifestyles that respect the carrying capacity of nature” and 12 percent chose the objective “decision-making that respects nature”. Since these objectives are not mutually exclusive meaning that they can both include similar commitments with similar goals, it becomes an insufficient and ineffective way to categorize commitments, thus making it complicated to see what the real impact and content of the commitments is.

The companies seemed to follow well the criteria for participating the program. However, the biggest variance and disparity was in the criteria of measurability and novelty value. In terms of evaluation and impact, these were the most important criteria of the Commitment because they were required to see how much and what impact did an individual commitment have. Thus it can be concluded that companies in general understood well the goal of the commitment program and were able to make such commitments that were relevant for their business transactions, but shared different understanding about the accuracy, indicators and content of the commitment, and how to communicate it.

Against the previous arguments that SMEs’ CSR actions are more unstructured than large companies, the case study showed that SMEs were able to make as structured and detailed commitments to sustainable development as large companies. SMEs even showed to use more quantitative goals than large companies. On the other hand large companies tended to make more detailed action plans than SMEs. In general however, there were no significant differences in the structure and strategic qualities of SME commitments and large company commitments.

The absolute impact of the Commitment could not be evaluated since the majority of the goals in the individual commitments were internal relative indicators or qualitative statements about future procedures that would be implemented without stating the absolute impact of the commitment. After filtering the commitments that had real impact, it can be stated that the Commitment 2050 has societal impact. However, the amount of impact is impossible to evaluate with the existing indicators since the majority of the companies did not publish any absolute values. Surely there will be action towards sustainability, but the magnitude and impacts are impossible to measure. Nevertheless, the percentage of no-impact commitments was 31 percent, which is quite notable, and which lowers the effectiveness of the program. However, there is little suspicion that these companies would free ride in the commitment because there is room for different interpretations about the novelty value criteria.

Novelty value was explained in detail in the interview by FNCSD, but when reading the criteria at the official instructions, the novelty value is explained in a broader form: create new course of action, innovation, solutions and co-operation. Whether the companies understood this criterion correctly is questionable since it leaves room for interpretation. Even though some companies had existing goals and strategies before the commitment, they still could have interpreted them as “new solutions or innovations”. Likewise a business that is selling a new product that would help customers to reduce food waste might think it is a new solution, and in many terms it is. However, in this case the commitment did not cause the company to create something new; the new product or solution was already created before the commitment.

When comparing the total amount of company participants in the program with the total amount of companies registered in Finland, only a fraction of the Finnish SMEs and a few percent of Finnish large companies have done a commitment. Put into society wide perspective, the magnitude of current potential impacts is not very significant. Also, the company ratio in the Commitment 2050 is decreasing, thus meaning that the role of companies in the commitment is diminishing against the ambition of the FNCSD.

7.2 PRACTICAL IMPLICATIONS

There are three implications that can be extracted from this research to real life practice. Firstly, the objectives of a voluntary program should be challenging, concrete and mutually exclusive in order to create new innovations and practices. This becomes even more crucial if objectives are used in categorization of participants. If the objectives do not challenge the participant and are too general, there is a danger that the program fails to foster any real change.

Secondly, in order to foster societal impact, strict terms of agreement before participation are needed because there is a risk of unintentional free riding and openness to interpret criteria in various ways, which lowers the efficiency and credibility of the program. Especially if the goal for the voluntary program is to create new innovations and solutions, this should be a term that each participant understands and follows.

Thirdly, participants in a voluntary program should be required to announce the impact of their action in absolute value so that program administrators can measure the impact of their program and make better efficiency evaluations for the future. Without concrete and measurable future impacts, it is problematic for the program administrator to evaluate the effectiveness and the real impact of the program.

Regarding the Commitment 2050, if the amount of commitments starts to grow drastically, it will become more time consuming to make annual reports if the structure and criteria of the registration form is kept unchanged, thus causing inconsistency in the quality of the commitments. Nevertheless, getting reliable and useful information from the database needs more effort. In order to avoid this, a better design for the registration form is needed so that participants would insert the required data correctly already when participating the Commitment. If the criteria, objectives and database are more solid, room for interpretation and overlapping is reduced. This could be achieved by setting stronger frames, restrictions and guidelines for new participants. This would help the program administrator to extract

more reliable and solid data from the database with less time resources and other resources in order to make better reports in the future.

FNCSD should rethink how the objectives are incorporated in the commitment process and whether there should be other criteria since with the current model it is challenging to get a reliable picture of the true composition of the commitments and what areas of sustainable development they are affecting. In other words the categorization by objectives fails to be mutually exclusive but succeeds in being collectively exhaustive as all types of commitments can find a place under some of the objectives.

7.3 LIMITATIONS OF THE STUDY

The first and foremost biggest limitation for this study was the time and resources available. The data drawn from the database was enough to give an overview of the commitment and its potential future impact but it lacked depth in order to gain better understanding about the different commitments in the case. The time restriction was mainly caused due to researcher's duty to return back to work within a limited time frame, and thus restricted the researcher from using more data sources.

The second limitation was the methodology used in the analysis. Because the data received from the database was very diverse and contained a lot of qualitative data, coding and evaluating this data left space for personal interpretations. Even though criteria for evaluation were set, this did not completely remove the interpretation bias.

The third limitation was that only the company aspect of the Commitment was researched. Thus conclusions regarding the total impact of all commitments were not assessed in this paper.

Fourth limitation was the lack of previous literature and the absence of similar cases in history. Previous arguments and findings were collected and reflected with the case and in some occasions the comparability between these arguments might have been low.

Fifth limitation was the formulation of the evaluation matrix and coding scheme that was mostly inspired by technical impact evaluation and management literature. However, because the case was unique and the data limited, a very customized matrix was created. Indicators and criteria for the evaluation matrix were chosen by relying on personal judgements and valuations of what was considered as relevant.

7.4 SUGGESTION FOR FUTURE RESEARCH

Several questions arose from the findings of this research. Firstly, the role and behavior of SMEs in relation to CSR would need more research especially in Finland in order to understand what is the best way to engage smaller companies in CSR. Because the Commitment program attracted SMEs to make public commitments, it would be interesting to gain more understanding about this phenomenon.

Secondly, it would be interesting to find out what is the motivation of different companies to participate in this type of voluntary program in order to understand company behavior. In addition, understanding those companies that did not participate would contribute even more and help the program administrators make better decisions for the future.

Thirdly, more research about the real impacts of similar voluntary programs in different countries and contexts is needed. This would help governments to share best practices with each other, and help them improve their programs. Also a framework or universal model for evaluating these types of programs would be needed. A big question emerging from this case study is that is the Finnish way the right way to make societal change in terms of sustainable development or should it be achieved through other alternative ways.

Fourthly, as this study only studied the potential impacts of the program, because the time frame for the operative commitments was several years, it would be valuable to make a study in the future that would evaluate the actual impacts from the program when they are realized.

Fifth, as a post study of the program, it would be interesting to study how different parties experienced their participation in the program and what are the benefits they experienced from it.

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APPENDICES

APPENDIX A: INTERVIEWEES

The Finnish National Commission on Sustainable Development (FNCSO)

Marja Innanen is a Senior Adviser at the Finnish Ministry of the Environment and the Chief Operating Officer of the Commitment program. She is responsible of the operative side of the Commitment process. At the time of writing she has one assistant who does several operational tasks. There are no other persons involved in the day-to-day operations of the Commitment and it is mostly Innanen who also plans the future of the Commitment. She started her task two years ago when the Commitment entered the execution phase.

Sauli Rouhinen is an Environment Counselor at the Finnish Ministry of the Environment. He has been responsible of the early stages of the Commitment's development and planning of the broader policy framework. He's work also includes internationalization of this campaign through different peer networks and workshops.

Company representatives

Tommi Tervanen is the CEO of Kotipizza Group that owns the Finnish franchising chain Kotipizza Oy.

Jorma Kangas is the CEO of Sita Finland, which is part of the global Suez Environment Group. Sita Finland's core business is recycling, transportation and recovering of waste.

Nina Elomaa is the Corporate Responsibility Director at Fazer Group. Fazer is the leading Finnish sweets and food producer in Finland and is currently operating in several countries.

Also one interview and another free discussion with two third party members who were in a central position during and after the Commitment strategy process was conducted but on behalf of their request they should stay anonymous in this research.

APPENDIX B: INTERVIEW QUESTIONS

Questions to FNCS D

General questions about the Commitment

1. How did the Commitment get started? What are the primary and secondary goals and motivations? Are they concrete and materialistic goals or promoting awareness? How was the introductory done in practice? How were involved?
2. How were companies communicated with during the designing phase of the Commitment?
3. Why did you choose this method from all other possible courses of action such as a sustainable development strategy?
4. What are the usefulness, benefits and weaknesses of the campaign compared to other alternatives?
5. How have you communicated the campaign, its benefits and goals to companies? Has the communication been successful?
6. How can the goals of the Commitment actually be achieved?
7. Is the number of people working on the Commitment or the ambition of the commitments high enough for the goals to be reached in 2050?
8. How is the execution of the commitments being monitored? Are there any sanctions on delays or failures? How are the companies being motivated?
9. What is the general atmosphere in the corporate world towards sustainable development?
10. What is the general atmosphere in companies when it comes to managerial responsibilities in sustainable development? Who does the leading and how should it be lead?

Program experiences

1. What were your expectations while working on the campaign and in what way have they realized so far?
2. How would you describe the governance of sustainable development by the state/Ministry of the Environment? What is legislation's take on voluntary agreements? Are there any notable changes to previous courses of action? New Governance? If change has happened, why do you think that is?
3. What would be the best and most efficient way to promote/lead sustainable development and what would be the best way to get companies involved?

4. What have been the biggest challenges/problems so far? When it comes to FNCSD and companies?
5. How have these challenges been addressed? Is there any improvement to be noticed?
6. Approximately ten companies have done a commitment, is that a satisfactory or poor number? What about the quality of the commitments?
7. In what way have companies been attracted to participate? What has been the way to contact them?

Questions to company representatives

Company and responsibility

1. Who are you and how do you understand sustainable development and responsible business in your industry/company?
2. How is responsibility lead in your company and how does it fit in the business strategy? Actions and contribution of staff and management?
3. Have there been any challenges or difficulties related to responsibility in your company and how have they been faced?
4. Do you feel responsibility gives commercial benefit in today's actual market/competitive situation?
5. How is responsibility being lead and should be lead in the whole society? What is the relation between companies and governmental actors?
6. How is responsibility being lead and should be lead in companies?

The Commitment 2050

1. Are you a part of any other voluntary agreements or commitments?
2. Why did you participate a voluntary commitment? What do you feel were the main reasons for participating the Commitment 2050? What are the benefits?
3. What kind of commitment did you give and why did you end up in it?
4. Were the rules and objectives of the Commitment easy to understand? Where did you face the most difficulties? What was especially good?
5. Where did you hear about the Commitment?
6. How/in what way did the processing of the commitment proceed in your company?
7. Were there any obstacles or other challenges?
8. How will the commitment be put into action in your organization?
9. In what direction should the Commitment be developed?