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**DEVELOPMENT OF CSR REPORTING IN FINLAND ON THE
EXAMPLE OF SELECTED COMPANIES**

Bachelor's thesis

Programme International Business Administration, specialisation Finance and Accounting

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Tallinn 2019

I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors has been properly referenced and the same paper has not been previously presented for grading. The document length is 11,114 words from the introduction to the end of conclusion.

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ABSTRACT

The purpose of this bachelor's thesis is to find out whether corporate social responsibility reporting has developed in Finland during the years 2014 to 2018. The three companies chosen for this research are listed on Helsinki stock exchange also known as Nasdaq Helsinki. All the companies are Finnish companies. The development of CSR reporting is determined by studying five aspects chosen by the author. The aspects are studied and searched from companies' annual reports. CSR related theory is presented in the first part of the thesis.

Annual reports from the chosen companies are used as the material in determining the development of CSR reporting in Finland. The research is conducted from the sample of three companies, chosen by the author. The research is descriptive by its nature. Author finds, that CSR reporting has developed in Finland during the time period of 2014 to 2018. Social aspects of CSR reporting are found to have developed more compared to the environmental aspects of CSR reporting.

Keywords: Corporate social responsibility, CSR reporting, CSR reporting development, CSR Finland.

INTRODUCTION

Corporate social responsibility can be presented in both qualitative and quantitative format. Often companies utilize both forms of data, as depending on the matter, one could be more beneficial in order to present a clear and understandable picture for the stakeholders. In Finland, government has set rules for certain types of companies to publish a report of their CSR related activities in the Accounting Act amendment approved in 2016.

Author chose this topic as CSR reporting's importance has increased constantly and stakeholders of corporations have increasing interest in the matter of CSR reporting. This demand for CSR has increased corporations willingness and incentives to publish more detailed CSR reports in addition to the increased governmental rules requiring them to do so. Identifying their key stakeholders and communicating with them, which are part of the social aspects of CSR, are important but not easy tasks for modern corporations. Environmental concerns and climate change have further increased corporations motives for reporting their environmental CSR impacts and what are their strategies for these impacts. Environmental management systems such as ISO 14001 standard and EU Eco-Management and Auditing Scheme, abbreviated as EMAS, have become important tools in large global corporations. These two management systems along with environmental targets, represent the environmental aspects of CSR.

The structure of the thesis consists of two parts. First part is the theoretical framework and second part is sample and methodology. In the theoretical framework, overview of CSR, appropriate CSR theory, stakeholder theory of CSR, overall development and history of CSR generally and specific to Finland were presented. Current CSR reporting and factors that determine CSR report as good quality wise, along with the matters required in a modern CSR report are presented in the last section of the theoretical framework.

In the second part, sample and methodology, sample of the three companies that were chosen from Nasdaq Helsinki and methodology used in the research were presented. The research is descriptive

by its nature as the aim of the thesis was to find out whether CSR reporting has developed in Finland, not why it has developed, for this reason, descriptive method was chosen to be used.

Aim of the thesis was to find out whether CSR reporting has developed in Finland and additionally whether there are similarities in the reports of the chosen three companies in the five year period that was studied. The development of CSR reporting was determined by the author according to five aspects which were environmental targets set by the company, ISO 14001 standard, EU Eco-Management and Auditing Scheme (EMAS), stakeholder identification and engagement and social performance of the company measured by social aspects. Development for each individual aspect was found out first and from these individual aspect's development, the total development for CSR reporting in Finland was summarized and found out by the author.

As the number of companies as well as years used in this study were limited, the resulting conclusion of the CSR reporting's development could be affected by the limitations. This study also had limited sample of only large companies, which were considered as leaders in Finnish CSR reporting. This might lead to overly positive results for the study considering the development of reporting.

1. CORPORATE SOCIAL RESPONSIBILITY

1.1. Overview of corporate social responsibility

Corporate social responsibility, which is commonly abbreviated as CSR, is a concept that according to Barnard (1938) analyses economic, legal, moral, social and physical aspects of environment. Corporations have policies concerning corporate social responsibility and they must present a report describing their activities annually. In a global perspective, corporate social responsibility can be described as the relationship between corporations, governments and their citizens. In a local perspective, it concerns the relationship between a corporation and the local society. Additionally, it is possible to define corporate social responsibility as the relationship between a corporation and its stakeholders. (Crowther, Aras 2008, 10)

Perhaps the most influential overview of CSR was given in 1991 by Carroll (2015, 8) in his pyramid of CSR. The supporting idea of the pyramid was to present CSR in a more comprehensible format and to illustrate the nature of it. Corporate social responsibility was categorised as four responsibilities: economic, legal, ethical, and philanthropic. Company's economic responsibility is in line with the view of their shareholders. Ethical responsibility is normative, yet the limits for it are hard to define. Ethical responsibility is not binding. Societal norms drive philanthropic responsibility which is also known as discretionary responsibility. (Jongmoo J.C. *et al.* 2018, 931)

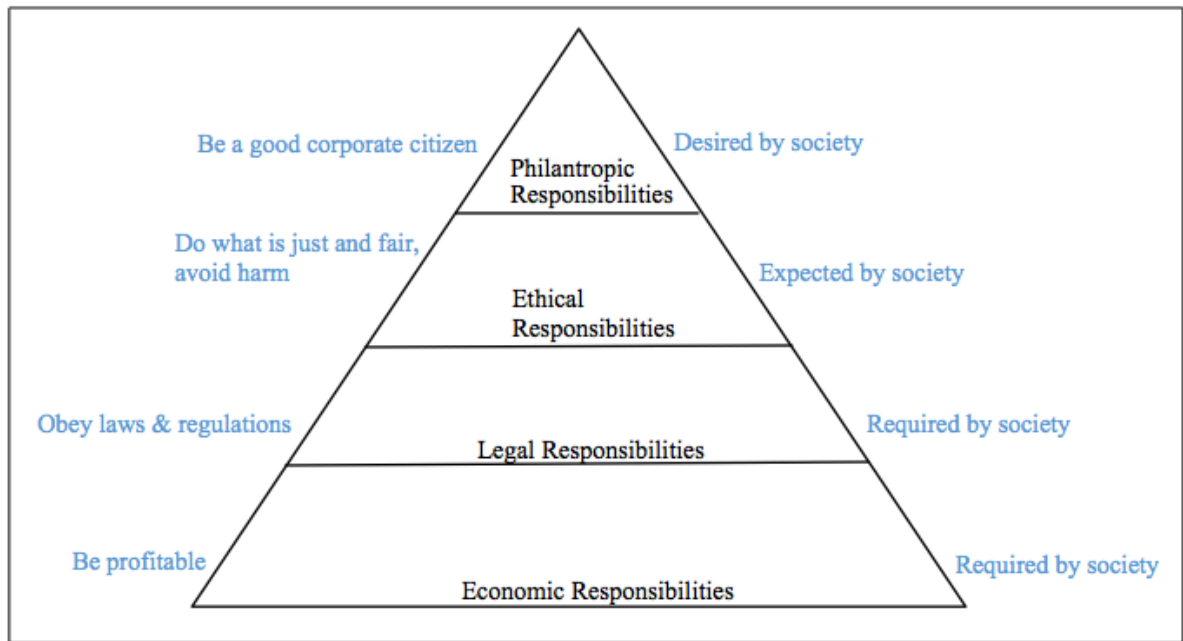


Figure 1. CSR pyramid

Source: Prepared by author based on the information from Carroll (2015, 8)

The main theme of CSR can be described as voluntary initiative by the corporations in forming their CSR policies. This voluntary nature could be applied to all of the Carroll's four stakeholder responsibilities as corporations can decide how they plan on implementing their policies or even if they plan not to focus on them. (Matten, Moon 2009, 337-338)

No matter how CSR is categorized or divided, the main principle for it is, that corporations should act in a responsible way to their surrounding society. Even though this responsible way of thinking and ethical assumptions about businesses are the main principles of CSR, rise of the corporations has created new responsibility issues. Apparent especially in the forms of separation of ownership and control as well as with the power that corporations have within the society. (Knudsen, Moon 2017, 5-6)

Previous authors defined corporate social responsibility as various coordinated actions that aim to increase company's sustainability and stakeholder relations. But is it possible for corporations to have social responsibilities, and should they take these responsibilities in consideration when determining their strategies and future actions?

1.2. Short history of CSR

The focus in CSR changed in the 1950's from the actions of head individuals of organizations to the actions of organizations themselves. As a consequence of this change, social responsibility became more transparent to the social public and the organization's involvement with its environment could be better estimated. (Paetzold 2010, 3) Another notable change in the 1950's was the publishing of the book called *Social Responsibilities of the Businessman* that was published in 1953 by Bowen. Change in terminology followed this publication and the social responsibility of business started slowly to alternate towards the more modern concept of CSR that it is known as today. (Garriga, Melé 2004, 51)

In the 1970's there was a public concern about social performance of businesses as members of society. It was presented that company's accounting should consider impact of the organisation to its external environment. (Crowther, Aras 2008, 11) In the following decade, 1980's, concept of corporate social responsiveness was formed. This was followed by an idea of corporate social performance. (Paetzold 2010, 3-4) During the same decade, Edward Freeman came up with his idea that corporations should extend their mission to also people beyond the shareholders. The resulting idea of fusing this idea and other stakeholder's interests as a new organisational strategy, a more conscious one, was new. Originally corporations were imagined having one stakeholder which were the owners of the corporation. It was in the owners' interest to maximize the return on equity for the company. (Ditlev-Simonsen, Wenstøp 2013, 139)

Concept of corporate social responsiveness developed into corporate sustainability during the 1990's as the awareness regarding environmental concerns grew bigger. During this time, companies were considered to be responsible for their social activeness as opposed to earlier views in which the organisation's management was held responsible for this activity. The term of corporate social responsibility was not defined exactly in itself and there was a large number of terms associated to it. Corporate business responsibility, corporate business citizenship, corporate citizenship, community relations or social responsibility could all be used to describe organisation's corporate social responsibility as all these terms were closely associated with it. (Paetzold 2010, 3-4)

During the beginning of 1990's, social responsibility was seen as new field of work and hence the very first CSR consultancies were found in Sweden. Even the consultants working with CSR had difficulties in defining it. Different labels like sustainability, corporate citizenship and business ethics were used to describe CSR. The consultants selling various CSR services could be divided into following categories:

- accounting consultants;
- management consultants;
- communication consultants;
- ethical investment analysis consultants;
- business ethics consultants;
- environmental-sustainability consultants. (Paetzold 2010, 4-6)

Entering the 2000's, many of CSR's different labels were disregarded and corporate social responsibility remained as the dominant one. The consultants still in many situations demonstrated CSR by drawing it in oval shapes that were connected to each other. As is evident from this process, presented in figure 2, the one clarifying definition of CSR was still under construction in the 2000's. (Paetzold 2010, 6)

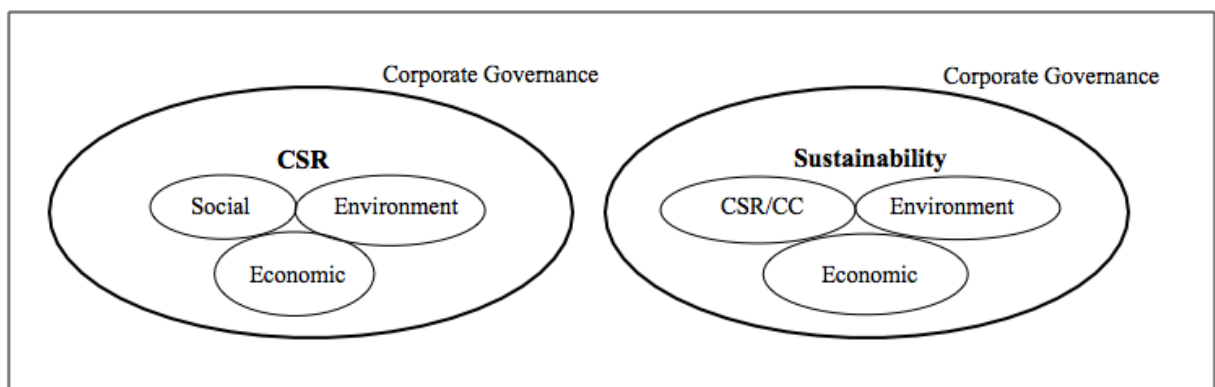


Figure 2. CSR labels drawn by consultants

Source: Prepared by author based on the information from Paetzold (2010, 6)

Panapanaan *et al.* (2003) categorize corporate responsibility into three dimensions, economic, environmental, and social. Economic and environmental have been the main focus of corporate responsibility agenda in the past decades. Thus, they have been covered in various business cases and academic articles. Only recently, in the 21st century has the social dimension become a subject

of interest as the sustainability of businesses and the expectations of stakeholders have increased. In many business areas, the concern of businesses' social responsibility has been a newly introduced subject of interest. (Panapanaan *et al.* 2003, 134)

Globalization, institutionalization, strategic reconciliation with financial profitability and academic proliferation have been connected with CSR since the 1990's. These four themes still continue to be crucial part of CSR in the 2010's. Globalization has happened quickly and CSR has been adopted in both developed and developing countries worldwide. Increased competitiveness in the global arena has presented greater reputational risks for corporations. Stakeholder's expectations and demands can conflict between company's home and host countries. Although the effect of globalization has been considerable, domestic issues of CSR have not been disregarded. Corporate structures have adopted the policies and practices increasingly which has led to institutionalization of CSR. (Carrol 2015, 10)

Strategic reconciliation with financial profitability has brought a twin mandate of social consciousness and financial success together in the minds of business people. The need for balancing economic responsibilities (concern for self) with legal, ethical and philanthropic responsibilities (concern for others) has increased in value from the 1990's to the 2010's. In addition to business peoples approval of CSR related thinking, academic approval has as well progressed considerably in the last twenty years. Theories that are used to implement CSR into corporations strategies and practices are being developed in increasing amounts by scholars worldwide. (Carrol 2015, 11-12)

CSR's roots have been planted long-time ago, yet it has started to become a matter that corporations worldwide cannot risk to ignore just a while ago. No doubt, its importance will further increase in the coming decades.

1.3. Company's motivation for improving CSR

Instead of decreasing the profit of the company, involvement in CSR should be seen as something that can improve the corporation's image, promote social responsibility to society and finally increase the revenues. Thus, corporations would most likely be more interested in developing their CSR if they thought it would affect their profitability positively. (Paetzold 2010, 8) Scalet and

Kelly (2010) argue that people participating in market activities are demanding CSR policy actions from companies. This has led companies to track consumers and investors CSR demands more closely and even to consider it in their financial calculations. Companies possibly consider improving their CSR policy as a way to gain competitive advantage against their competitors. (Scalet, Kelly 2010, 72)

By being more socially responsible, the companies can improve their public image in the consumer market. Being a leader in environmental sustainability can create reputation advantage that increases financial performance. According to empirical studies, positive social reputation can affect the consumers' buying decision. (Paetzold 2010, 8) Pradeep *et al.* (2018) present an survey conducted by Nielsen in 58 countries, which showed that 50% of 29,000 respondents were prepared to pay higher price for the company's product who invested in CSR. Increased social responsibility is also demanded by other stakeholders in the form of changing regulations and standards that are monitored by various independent agencies and consultancies. (Pradeep *et al.* 2018, 206) For example International Organization of Standards initiated a new standard in 2010 after five years of negotiations with various stakeholders called ISO 26000 in order to overcome transparency issues between companies. (International Organization for Standardization 2010)

One reason for a corporation to improve their CSR policy could be a will to obtain CSR rating from an agency that have grown considerably in amount during the 21st century. Large part of this growth comes from the community of socially responsible investors (SRI) and indices such as FOOTSE4good or Dow Jones Social Index. Additionally, one reason for a company to wish to obtain an rating from rating agency is that they could evaluate their social impact and long-term value in a different way than on quarterly performance. (Scalet, Kelly 2009, 70-71)

By consulting the rating agencies, advantages can be derived for both the company itself, and also the stakeholders. Company benefits as they can improve their transparency in CSR and thus improve their stakeholder relations. Additional benefits can be seen as improved public image and accountability. By recognizing their weaknesses, the company can implement the needed correction procedures. External rating agencies provide objectiveness for the end result as the process is carried out by an external party. In case internal groups would be used, the reliability could suffer greatly as the incentive to include personal interests would be included. (Paetzold 2010, 22-23)

Having a better corporate social responsibility might help the company to attract new employees and increase commitment amongst the existing workforce. Ethical commitment improves the climate under the workers. Better profitability can be achieved as employees trust the company more and by being more dedicated to their work. According to Paetzold (2010), a good relationship between the employees and the company will result in increased satisfaction over one's work and higher profitability for the company. (Paetzold 2010, 9) Cooperative norms and improving society by being employed in a company that is publicly seen acting in a responsible way can be seen as a powerful incentive for employees to stay in the company for longer periods of time and to remain satisfied. (Scalet, Kelly 2017, 72)

Increased corporate reputation in the form of improved CSR policies could have a direct effect to company's financial performance as it could result to higher stock price. If investors are confident about the company's reputation, they are more likely to invest into this company. Enhanced reputation can also have an effect to partnerships and strategic alliances because the partner could benefit from the positive reputation as a halo effect from this association. (Crowther, Aras 2008, 61)

Paetzold (2010) present Milton Friedman's differing opinion in his book. Milton Friedman thought that the financial aspects were the ones that companies should focus on. According to Friedman, the company should focus not on the social activities for communities or stakeholders but satisfying the company's shareholders. Even today the importance of financial motive is still to be taken under consideration. By having more liquid assets and financial success, a company can better improve their social responsibility in the long-term. (Paetzold 2010, 8-9) The best way for companies to achieve this nowadays could most likely be to follow the Brundtland reports objective of "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Moratis *et al.* 2018, 1)

Moratis *et al.* (2018) present that they have found little to non-existent level of connection on the positive relationship between CSR and corporate financial performance. A research done by GlobeScan shows that only one in three Western Europeans believe that companies communicate honestly about their CSR activities. According to the research, a considerable information asymmetry exists between the companies and their stakeholders, which includes consumers and

authorities. Instead of increasing company's financial performance, it may even be possible that CSR strategies could decrease it. Earnings management strategy, meaning that the companies would present overly confident financial numbers, may be used in order to cover up some of the negative aspects of the company instead of improving their business. (Moratis *et al.* 2018, 2-3)

As previous authors argued, the incentive to develop CSR policy within a company could be a realistic will to change for the better or it is also possible that the companies only consider it as a strategy in order to increase their financial profitability with little interest in the CSR itself.

1.4. Stakeholder theory

Disciplines such as ethics, strategy, law, economics and theory of organisation are vital building blocks of stakeholder theory. The term stakeholder is not strictly defined and differing opinions on its meaning can be found. (Ditlev-Simonsen, Wenstøp 2013, 139) According to World Business Council for Sustainable Development investors (2002), employees and customers belong to the traditional view of the stakeholders. The modern view makes a distinction between direct and indirect stakeholders that are influenced by the company or they influence the company. Direct stakeholders can be categorised as employees and shareholders. Indirect stakeholders are the likes of customers, suppliers, non-governmental organisations, capital markets and financial analysts to name a few. (Ditlev-Simonsen, Wenstøp 2013, 139)

Stakeholders can be placed in matrix as see on Figure 3. Two axis form this matrix, level of influence and level of interest. The group labeled as focus efforts are to be considered as the primary audience of company's CSR reports. Stakeholders belonging to this group have a high level of interest in the company and they have high influence within the company. In the reports, the company should take this group in notion and describe how their views are taken into consideration. (Heemskerk *et al.* 2002, 16-17)

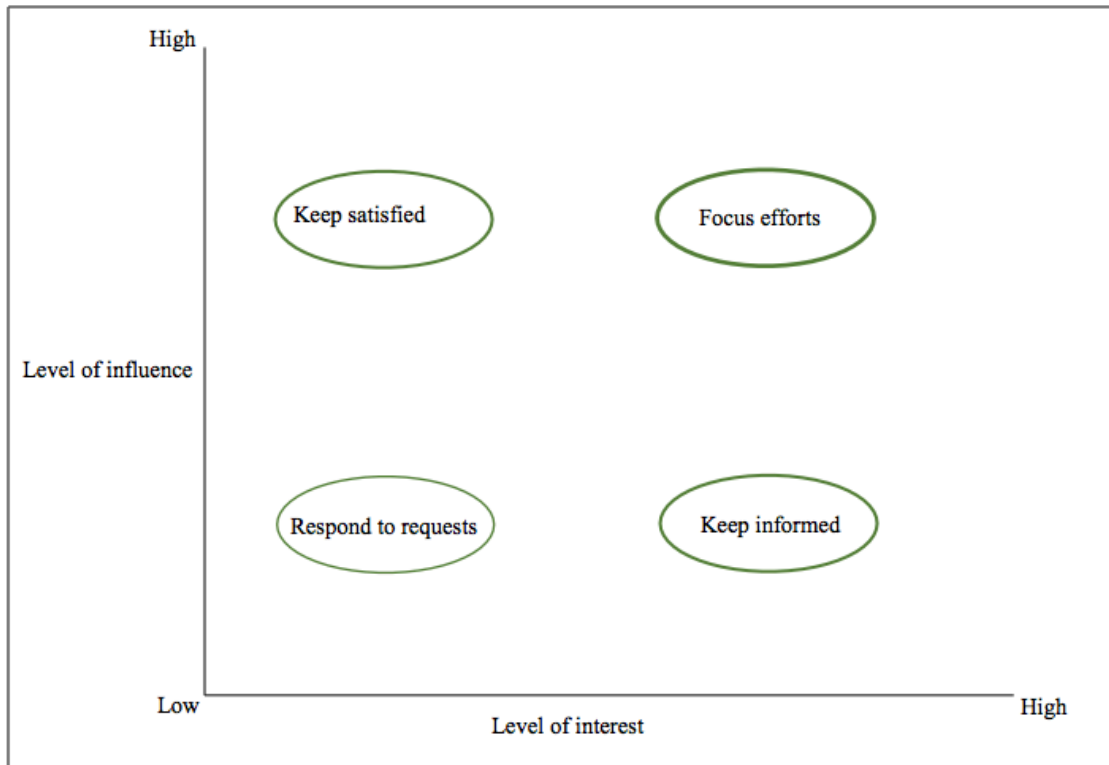


Figure 3. Stakeholder matrix

Source: Prepared by author based on the information from Heemskerk *et al.* (2002, 17)

Companies' values and principles as well as its sector of activity have a considerable effect on the estimated influence of different stakeholders. Highly visible groups considered to be important, can in reality be far less important for the company. For example, mining companies are known to publish site reports for local communities that are near the mines in addition to corporate level reports. (Heemskerk *et al.* 2002, 17)

The main argument of stakeholder theory is that all stakeholders are to be taken in notion in the decision making process. According to the theory, three reasons exist why this should be:

- behaving morally and ethically;
- shareholders receive actual benefits from this;
- it reflects what actually happens in the organisation. (Crowther, Aras 2008, 30-31)

Stakeholder theory states that improved economic performance is seen as a result of stakeholder management or corporate social responsibility. This can be seen as being consistent with ethical reasons for adopting the theory to use. (Crowther, Aras 2008, 32-33)

In stakeholder theory, the groups within the society to whom an organisation might have some responsibilities, are recognised. Criticism against the shareholder theory points out that the theory fails to identify these groups. (Crowther, Aras 2008, 32) Vos (2003) claims that management could face a problem in deciding which groups or persons belong to stakeholders and which do not. This problem stems from the matter that virtually everything could be included in the definition of company's stakeholder. (Vos 2003, 141-142)

Regardless of its downfalls, stakeholder theory, as an approach to managing of an organisation's CSR, is important part in understanding CSR and its implementation in organisational activities. It is important for organisations to understand that CSR cannot be isolated from the other organisational activities but it should be connected to them. (Crowther, Aras 2008, 38)

Stakeholder theory can be seen as a way for a company to include their CSR policies in their financial and strategic decision making. When making these decision, companies should also consider the effects to the various stakeholders, not only to their financial performance. Identifying the key stakeholders should be considered as important task for companies.

1.5. CSR in Finland

1.5.1 CSR progression in Finland

The three phases in the development of Finnish corporate social responsibility represent different time periods and their defining characteristics. (Mikkilä *et al.* 2015, 209) First dimension of CSR began in the early 1900's and was about improving working conditions for industrial and agrarian fields. Second dimension shifted the focus more towards public environmental awareness. It happened during the 1960's and lasted until the 1990's. From late 1990's onwards the third dimension has been the dominant one and the main driver for it has been globalization. (Idowu *et al.* 2015, 8-9)

The change from agricultural to highly diversified industrial society was drastic between the 1930's and the 1970's. This change formed the basis for current welfare state as well as the beginning of the companies CSR policies as the division of functions between society and business

enterprises grew clearer. The industrial sectors and business sectors in Finland have been generally heavily regulated. (Takala 1989, 16) Mikkilä *et al.* (2015) present that the business-related corporate responsibilities in Finland have originated from the definition of Sustainable development by Brundlandt's committee in the 1980's. The three dimensions that were covered in this report are economic, environmental and social responsibility. (Mikkilä *et al.* 2015, 209)

While other dimensions of CSR only became more apparent later, environmental responsibility was adopted by companies in the 1990's and it became more common generally. Some of the first CSR reports in Finland were published in 1998 by Kesko, a grocery store chain and by Stora Enso, a pulp and paper producer. Turning on to the 2000's, the Confederation of Finnish Industries presented an idea that values connected to the welfare of the environment and people should be cherished and considered as a prerequisite for the long-term profitability. (Mikkilä *et al.* 2015, 210) During the 21st century, relatively few companies acquired considerable amounts of power as a result of increased globalization. The situation could be described as paradoxical for these companies as even though they had more power, they were becoming increasingly dependent of their stakeholders. (Juholin 2004, 21)

Researches by Finnish Forest Association (2016) show that 75% of Finland is covered by forests. Of this 75%, two thirds are categorised as productive forest land. (Finnish Forest Association 2017) From economic perspective, the considerable forest sector has been a cornerstone for Finnish economy and exports, and it still continues to be to this day. Taking this into notion, it is not surprising that the annual growth for renewable natural resources such as forests, surpasses their usage in Finland. (Korhonen, Seppälä. 2005, 17)

Environmental and ecological issues have been the key points in Finnish CSR. The reason for this can be derived from the importance of the forestry to the economy as well as the cold climate conditions which have increased the value of domestic fuels and raw materials. The trend of developing other aspects of CSR policies and processes in Finnish companies, has been a recent change. (Korhonen, Seppälä. 2005, 18-19) Overall, development in Finland has followed other Nordic and Central European countries which can be seen from the characterization of corporate responsibility into three phases: industrialization, emerging of environmental awareness and finally globalization which is the current ongoing phase. (Mikkilä *et al.* 2015, 210)

Previous authors raised the environmental factors as the most prominent aspect of Finnish CSR development until this day. This can be seen to stem from the high amount of forests and forest related business in the country. It seems that environmental concerns have been the driving force of CSR development after industrialization during which they were raised in Finland.

1.5.2 Current state of CSR in Finland

Compared to Anglo-Saxon countries, the government in Finland has been closely involved with the economy and the welfare system. According to research done by Panapanaan *et al.* (2003) one simple definition of CSR is hard to come by in Finnish companies. Definition for it can vary from compliance with Finnish law and regulations to doing business correctly, of which the latter stems from high morality and business ethics. Perhaps for this reason, society trusts the institutions highly. (Panapanaan *et al.* 2003, 134) Despite the differing's in defining CSR in Finnish companies, Finland can be considered as a leader in both quantitative and qualitative responsibility reporting in the Nordic and Central European countries. (Mikkilä *et al.* 2015, 212)

Corporate social responsibility in Finland has been heavily affected by the development of environmental management systems. These environmental management systems include EU Eco-Management and Auditing Scheme (EMAS) and the International Standardisation Organisation's ISO 14001 standard, which are aimed for companies improving their environmental responsibility management. (International Organization for Standardisation 2015) Companies have connected these systems to their CSR policies. By applying to these standards, companies have begun to realise the potential positive effects of improved governance of environmental issues. For example, Finnish energy company Fortum, has included environmental policies and activities into its Corporate Citizenship report. In addition to this, studies conducted in Finland have shown that Finnish CEOs consider environmental management as one of the key elements of conducting business responsibly. Clearly, CSR and environmental responsibility are connected in the minds of Finnish business leaders. (Korhonen, Seppälä 2005, 18-19)

Ministry of Economic Affairs of Finland (2019) has set requirements for companies making it obligatory for them to publish a report of their CSR policies. The requirements are set on the Accounting Act amendment accepted on 29th of December 2016 and they consider large public-interest entities. For example, stock exchange listed companies, credit institutions and insurance companies with an average of more than 500 employees during the financial year are part of this.

Company must also have a turnover greater than EUR 40 million or its balance sheet total must exceed EUR 20 million. Considerable number of Finnish companies are already doing this reporting as they consider it as a precious way to communicate their values and sustainable ways of action to their stakeholders. (Corporate Sustainability Reporting 2012)

The Act amending the Accounting Act 1376/2016 states in 2§ that large public-interest entities exceeding the before mentioned limits must publish the way they are dealing with the following matters in their report:

- environmental matters;
- social issues and personnel matters;
- respecting human rights;
- tackling corruption and bribes. (Finlex 2016)

Even though legislation requires certain information as obligatory, there is an element of flexibility in the way this information is to be presented by the company. Therefore, any exact type of formatting of the information is not required and figures or information of these obligatory subjects are not specified in it. Companies required to publish the report, may do this as a part of their annual reports. Because CSR related challenges can differ between different business sectors, legislation is implemented this way in order for it to work in all the different sectors. Companies exceeding the criteria limits were required to publish this report for the first time in 2018 considering their financial year 2017. (Ministry of Economic Affairs of Finland 2019)

Nowadays Finnish companies, especially the large ones, can be seen in the forefront of adapting CSR to their business models. CSR's value has increased in private as well as in public sector. In addition to the companies own initiatives in improving their CSR policies, Finland's membership in the European Union sets some requirements in the form of EU directives such as Green Paper 2001, a report on Promoting European framework for Corporate Social Responsibility. (Panapanaan, Linnanen 2009, 74-75)

Government, non-governmental organizations and CSR networks such as FinnWatch or Finnish Business and Society have had considerable roles in improving corporate social responsibility in Finnish companies in both national and international level. The incentive for Finnish government has been the improvement of economy and the resulting social development. Finnish government

uses policy setting, guidelines, support and information dissemination for example in order to steer the CSR development to correct direction. Overall, Finland can be seen as a forerunner in this field and the country as a whole has successfully managed to implement CSR to practice. (Panapanaan, Linnanen 2009, 98-99) The future goal for Finland is to be the least corrupted country in the world measured by the Transparency International index. The current biggest problems with CSR in Finland relate to small and medium-sized companies and companies doing business with developing countries. (Corporate Sustainability Reporting 2012)

Overall, CSR is well developed and adapted in Finnish companies. Government can be seen to have a considerable effect on this as acts like the Act amending the Accounting Act 1376/2016 require companies to act responsibly in addition to regulations coming from the membership of the EU.

1.6. CSR reporting

Moravcikova *et al.* (2015) state that CSR report can be defined as a process of notifying certain interest groups of social and environmental impacts that are a result of the company's economic activities. In addition to their annual reports, companies are required to publish their social and environmental activities on a report in some EU countries. Generally, CSR reports and individual sustainability reports are considered as synonyms for the same type of report. (Moravcikova *et al.* 2015, 333) Radoslaw and Habek (2016) even state that terms such as sustainability reporting, triple bottom line reporting and corporate responsibility reporting are all treated as synonyms. (Radoslaw, Habek 2016, 542) CSR reporting focuses on the non-financial data and in the report, companies are expected to explain social or environmental problems that their activities cause and how they plan to solve them. (Vartiak 2016, 177-178)

One specific type of guidelines for CSR reporting comes from Global Reporting Initiative (GRI) that was developed in 1997. GRI focuses on triple bottom line, meaning that it includes three groups of indicators under the sections of economic, environmental and social. Today GRI is widely used and almost forty percent of corporations worldwide have employed it. The vast amount of 84 specific indicators and expensiveness to prepare a CSR report according to it, are GRI's greatest weaknesses. (Bonsón, Bednárová 2015, 183) By implementing GRI standards, companies can present a report with data that is quantified and has good comparability. GRI

standards can be applied by companies of all sizes and from all the locations or industries. (Radowski, Habek 2016, 542)

Bonsón and Bednárová (2015) present responsibility, expectation and legitimacy management for their stakeholders, reputation and improved long-term profitability as reasons why a company should report their CSR. (Bonsón, Bednárová 2015, 184) Nielsen and Thomsen (2007) argue that corporations aim for increased transparency and accountability have made companies include CSR in their strategies while some of the corporations are seemingly not prepared for it. Problems in communicating CSR policies in consistent way are caused by lack of common understanding and unclear terminology. (Nielsen, Thomsen 2007, 25)

Even though the format of CSR reports is free and companies can decide themselves whether they include theirs as a part of their annual report or if they publish it as individual sustainability report, the following matters should be included in the CSR report:

- context of business;
- management of social responsibility;
- performance of the company;
- the way in which the report was created. (Moravcikova *et al.* 2015, 334-335)

Context of business should give an overview of company's activities and show its corporate profile along with management's commitment to the company's CSR strategies. Information about company's products and services as well as its market share, financial results and human resources should be in this part. Business context helps to understand the CSR report better. In order to successfully achieve their CSR strategies, the company should utilize best strategy alternatives for them. In the management of social responsibility part, the company is expected to give an overview how CSR is part of their business strategy and how it contributes to it. In this part, the key stakeholders should be identified and their involvement with the company should be explained. (Moravcikova *et al.* 2015, 334-335)

Both quantitative and qualitative data should be used in company's performance section. The effects of company's processes, products and services, working environment and natural environment should be provided. The final section of CSR report, creation of report, should give an overview of scope including the time periods and definitions of calculations implemented.

Company should describe their standards or methods utilized in creating the report as well as provide verification for it from a third party. Finally, indicators and reasoning for choosing them, should be provided along with feedback section for readers to present their views of the company's CSR's performance. (Moravcikova *et al.* 2015, 335)

To make sure their CSR report is of good quality, four aspects should be fulfilled: credibility, completeness, significance and appropriate form. In order to meet the first aspect, completeness, company's management should be committed to their CSR strategies. By involving the key stakeholders more, company can improve their credibility. Involving an external third party verification furthers this matter. Company should also include all their activities and office locations to the report in order to ensure that the CSR report meets the aspect of good quality. Significance is determined by the amount company uses quantitative and qualitative indicators in its reporting. Final requirement for good quality CSR report is the general form of it. By conducting an report that is long enough to give a good overview and is clear in presenting this information, the report meets the final aspect of a good quality CSR report. (Moravcikova *et al.* 2015, 333-335)

Sustainability report can be a part of company's published annual report or it could be published on its own as an independent sustainability report. Authors argue that in order to present a report of good quality, companies should follow a consistent formatting as well as include certain necessary information in it. Author finds that companies are increasing their focus on CSR reports and increasing the resources allocated in creating them.

In general it can be concluded that CSR and the related reporting has progressed through numerous different phases from the 1950's to this day. The definitions for it have evolved and changed as well during this period. Companies interests in applying CSR have increased in part because of increased regulation for CSR but also because of increased stakeholder demands for reporting it. One of the CSR's problems arises from the stakeholders as it can be hard for a company to identify their key stakeholders. In order to develop their CSR strategy and produce good quality CSR reports, identifying the key stakeholders is crucial. CSR reporting and CSR generally in Finland have followed closely the Central European developments and currently Finland is considered as one of the leading countries in this aspect.

2. SAMPLE AND METHODOLOGY

In this section, the chosen methodology and the development of CSR reporting in Finland during the years 2014 to 2018 are presented by the author along with the sample of companies and information of them. The empirical framework was conducted by obtaining information from the chosen Finnish companies annual reports from the years 2014 to 2018. All the chosen companies were selected from Nasdaq Helsinki. The chosen companies are amongst the eight Finnish companies that are on Dow Jones Sustainability World Index as of 24th September 2018. All three are also part of United Nations Global Compact. These companies were chosen because they are old traditional Finnish companies that can be described as forerunners in Finnish CSR reporting and as such, they offered a good way to determine the development of CSR reporting in Finland.

The aim of the research was to find out whether CSR reporting has developed in Finland during the time period of 2014 to 2018. Author studied the supporting theories and general development of CSR as well as CSR's history and development in Finland in order to support the research and the findings. This research is descriptive by its nature as the aim was to find out about development of CSR reporting in Finland during the chosen years. This research was conducted by studying the sample of three companies' annual reports from the five most recent years the reports were available. Descriptive study method works well in this research because its aim is to detail a phenomenon as well as its characteristics. Focus is placed on what, not on how or why. (Nassaji 2015, 129)

The three companies that were chosen as the sample for this research are UPM-Kymmene Corporation, Wärtsilä Corporation and Neste Oil Corporation. All of the three companies are listed on Nasdaq Helsinki stock exchange and all the companies are some of the leading companies from Finland measured by their CSR activities. They are large international companies headquartered in Finland.

2.1. Research methodology

The research question of this thesis was to find out whether CSR reporting has developed in Finland in the recent five years and whether companies have adapted changes in their CSR reporting during this time period. Additionally, author found out whether environmental aspects or social aspects of CSR developed more compared to each other. The sample for this study was composed by collecting five annual reports from time period of 2014 to 2018 from three Finnish companies. The annual reports were studied for similarities and differences in between the chosen years and for possible patterns in changes throughout the years for each company. Special focus in determining the CSR reportings development was placed on the five aspects, that were searched from the annual reports, and in the CSR related sections of the annual reports. The following aspects were chosen by the author in order to determine the development of CSR reporting in Finland:

- environmental targets;
- ISO 14001;
- EU Eco-Management and Auditing Scheme (EMAS);
- stakeholder identification and engagement;
- social aspects.

The first three of the aspects, environmental targets, ISO 14001 and EMAS are connected to CSR's environmental matters while the last two, stakeholder identification and engagement and social aspects, are connected to social performance of CSR. According to these five aspects, author found out whether CSR reporting had developed in Finland and whether CSR reporting related to environmental aspects or social performance had developed more in Finland.

Annual reports were chosen as the research material because they are publicly available and it is mandatory for a company listed in the stock exchange in Finland to publish them on a yearly basis. The companies must as well include their CSR activity in these reports or alternatively publish an individual sustainability report in addition to their financial data. Author found that the annual reports are a good way for a company to present their CSR related problems and the ways how the company planned to overcome these problems. When studying the annual reports, focus was placed on sustainability, environment, social and stakeholder sections if these were present in the report. If the company did not present these as individual sections, then the report was searched

and studied for the five aspects chosen. All the annual reports were collected from the companies' web pages, from where they could be downloaded.

Some parts of the CSR reporting include qualitative or quantitative data, while some are part of both. The aspects chosen were used because author finds they represent some of the main subjects in the chosen companies CSR strategies and the aspects generally present a clear picture of modern CSR reporting. The development of CSR reporting in Finland was found out from the changes and developments of the five aspects related in these three companies.

2.1.1. UPM-Kymmene Corporation

UPM-Kymmene Corporation later abbreviated as UPM-Kymmene is a Finnish forest-based bioindustry company with 19,000 employees in 46 countries and production in 54 production plants located in twelve countries. It was founded in 1996 when Yhtyneet Paperitehtaat Ltd and Kymmene Ltd fused together. Yhtyneet Paperitehtaat Ltd was founded originally in the year 1920 and Kymmene Ltd in 1872.

In 2018 UPM-Kymmene's sales were EUR 10,480,000 million. Its headquarter is in Helsinki, Finland and it is listed on the Helsinki stock exchange, also known as Nasdaq Helsinki. UPM-Kymmene states that their vision is to "lead the forest-based bioindustry to a sustainable, innovation-driven, and exciting future". UPM-Kymmene divided their CSR into three different sections, profit, social and environmental. All these three sections included key performance indicators within them for which UPM has set a goals for the year 2030.

Economic performance, good governance and compliance and responsible sourcing are included in the economic responsibility. Social responsibility includes key performance indicators for human rights, occupational health and safety, local stakeholder engagement and being a responsible employer. Lastly, in their environmental responsibility UPM-Kymmene has indicators for sustainable products, climate, use of forests and reduction of water and waste. (UPM 2019)

UPM-Kymmene published their CSR reporting as part of their annual reports for all the five years. For the year 2014, UPM included their CSR matters mostly under the sustainability and responsibility headings. In the following year, responsibility heading was left out of the annual report. Until the year 2018, the format of their annual reports stayed consistently the same. For the

year 2018, the format was changed and the CSR matters were presented under multiple headings, such as from fossils to bioeconomy, value from responsibility, responsibility targets, stakeholders, our people, sustainable and safe products, environment and societal impacts.

- **Environmental targets**

The environmental targets were divided into five sections, product stewardship, waste, climate, water and forests and biodiversity. For each of these sections, multiple targets were set with the deadline in the year 2030. The result of the current year was presented for each year in question.

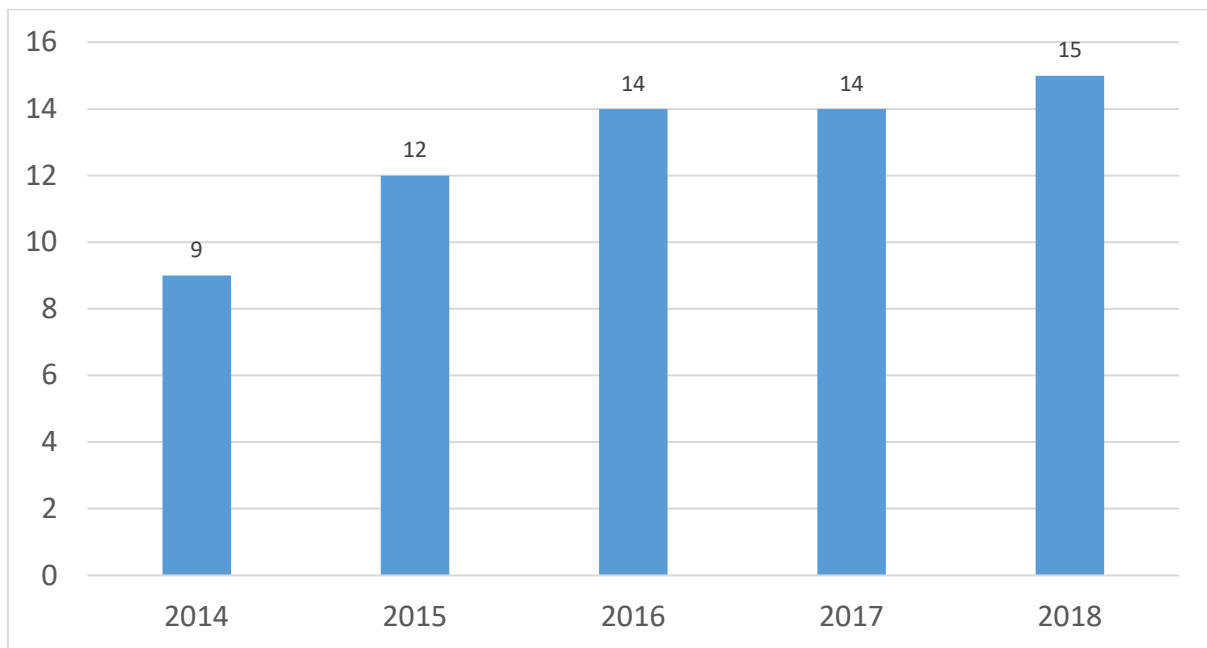


Figure 5. Amount of environmental targets in annual reports for the years 2014-2018 for UPM-Kymmene Corporation

Source: Compiled by the author, based on company's annual reports 2014-2018

Figure 5 shows that there was a clear trend in increasing the targets related to environment at UPM-Kymmene. Only for the year 2017, targets were not increased, but they still remained at the same level as they were in 2016. Development in reporting environmental standards is found for UPM-Kymmene.

- **ISO 14001**

UPM-Kymmene included ISO 14001 standard in all of their five year's annual reports in the responsibility, stakeholders or society and environment sections. For the year 2014 it was included

in responsibility section. For the years 2015 to 2017 ISO 14001 was in stakeholders section. In 2018 UPM-Kymmene included the standard in society and environment section. No development was found in this aspect as the ISO 14001 standard is used for every year and only the section it was mentioned was changed by the company.

- **EMAS**

EU Eco-Management and Auditing Scheme (EMAS) was included for all of the years from 2014 to 2018 in UPM-Kymmene. It was included in the same sections for each year as the ISO 14001 standard. As the situation remained the same considering EMAS as ISO 14001 in UPM-Kymmene, no development could be studied.

- **Stakeholder identification and engagement**

UPM-Kymmene included a list of their most important stakeholders for each year in their annual reports. The following stakeholders were identified for the years 2014 to 2017: communities, employees, governments and regulators, non-governmental organizations, suppliers, media, customers and investors. In the year 2018, one more stakeholder group was identified, researchers. As presented in table 1, development was found as one more stakeholder group was identified during the year 2018.

Table 1. UPM-Kymmene stakeholders identified for the years 2014 to 2018

2014-2017	2018
Communities	Communities
Employees	Employees
Governments and regulators	Governments and regulators
Non-governmental organizations	Non-governmental organizations
Suppliers	Suppliers
Media	Media
Customers	Customers
Investors	Investors
-	Researchers

Source: Compiled by the author, based on company's annual reports 2014-2018

From 2014 to 2016 key stakeholder’s engagement activities as well as main concerns and expectations of UPM-Kymmene were listed for each of the identified stakeholders. For the years 2017 and 2018, the engagement activities were left out and only the stakeholder groups were identified. This was seen as development in UPM-Kymmene’s CSR reporting.

- **Social aspects**

UPM-Kymmene did not include a chapter for their social aspects of CSR in their annual reports for any of the years. They had included individual targets under the social area of responsibility for the subjects shown in table 2. For each individual target, a follow-up in year 2030 is included as well as the results from the current year.

Table 2. UPM-Kymmene’s social aspects included in the annual reports for the years 2014 and 2015-2018

2014	2015-2018
Leadership	Diversity and inclusion
People development	Continuous learning and development
Working conditions	Responsible leadership
Community involvement	Working conditions
Responsible sourcing	Community involvement

Source: Compiled by the author, based on company’s annual reports 2014-2018

UPM-Kymmene recognised five social aspects for each of the five years. In 2015 some of these aspects were replaced by ones that were used for the next four years as presented in table 2. Development is noticeable in here as Responsible sourcing was left out and replaced with Diversity and inclusion. Other aspects are named differently after the year 2014 but the matters included in them remained similar.

2.1.2. Wärtsilä Corporation

Wärtsilä Corporation abbreviated as Wärtsilä is a company offering industrial goods and services in the marine and energy sectors. The company was founded in 1834. Wärtsilä offers complete lifecycle long solutions with aim at offering the best possible environmental and economic performance for the vessels and power plants by implementing sustainable innovation, total efficiency and data analytics. Wärtsilä has 19,000 employees and operations in over 200 locations over the world and their net sales for 2018 were EUR 5,174,000 million.

During 2018 Wärtsilä was included in the 2018 Global 100 listing as one of the most sustainable corporations in the world. Wärtsilä aims to achieve fully renewable energy usage in their systems and for the customers to recognize Wärtsilä as a leading energy systems provider. For their economic sustainability part Wärtsilä's strategy is to meet their shareholders expectations and improve the well-being of society. This part also forms the ground for their environmental and social sustainability goals, for which Wärtsilä's goal is to be innovator in sustainability and responsible employer. (Wärtsilä 2019)

Wärtsilä included their sustainability report as part of their annual report for all the years in the research. Their CSR section of the report was labeled under the section of sustainability and it covered all the related matters under individual headings. Wärtsilä focused on four different matters on their CSR reporting, economic, environment, social and compliance. For each year they included GRI and UNGC indices as well UN Sustainable Development Goals in their annual reports. Wärtsilä's sustainability reporting format stayed consistent for all the five years with minor changes in the headings.

- **Environmental targets**

Wärtsilä included environmental targets in their annual report's sustainability section from years 2014 to 2016. For the years 2017 and 2018 they were missing from the annual report but reported in the company's web page of which a link was included in the annual reports respective section. The targets labeled as environmental impacts in the annual reports stayed the same for the years 2014 to 2016 that they were included in the report. This change in CSR reporting, which includes some information only on company web page, is clear development in Wärtsilä's reporting.

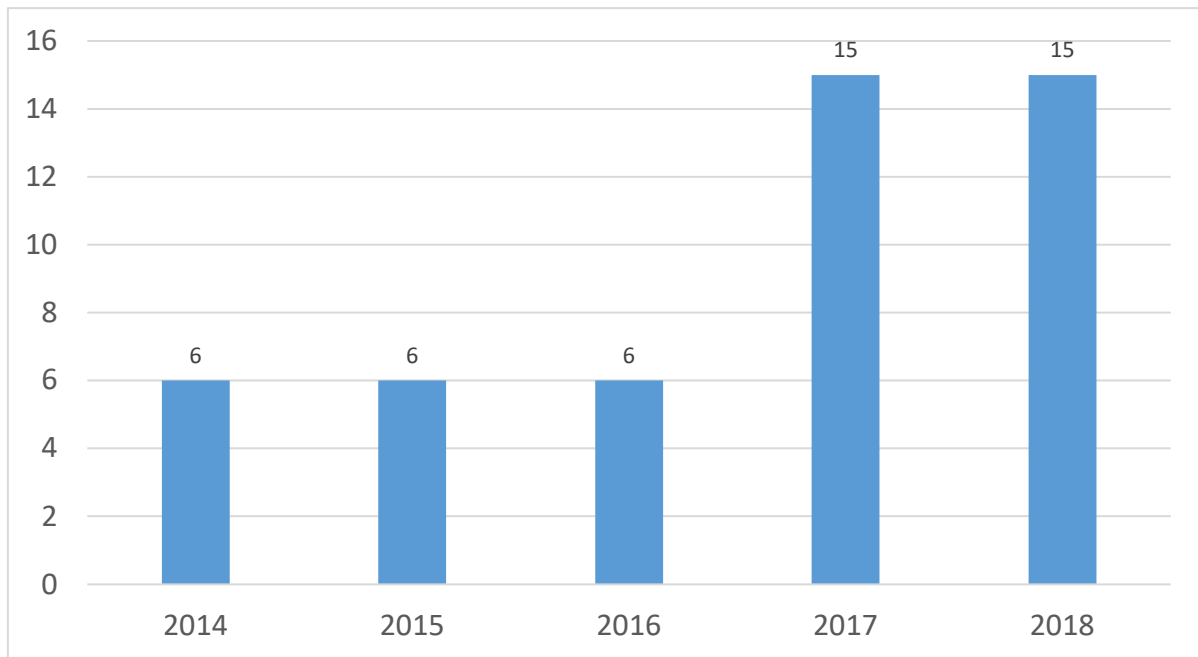


Figure 6. Amount of environmental targets in annual reports for the years 2014-2018 for Wärtisilä Corporation

Source: Compiled by the author, based on company's annual reports 2014-2018 and web page

Figure 6 shows that Wärtisilä had constant targets set for their years 2014, 2015 and 2016. After 2016 they increased their targets related to environment and sustainability considerably to a total of fifteen for the years 2017 and 2018 both. There was a trend of increasing their environmental targets in Wärtisilä indicating development in their reporting for this aspect.

- **ISO 14001**

ISO 14001 standard was used in Wärtisilä. For each year, they presented a percentage of Wärtisilä subsidiary companies that were currently using the standard. These percentages are shown in figure 7.

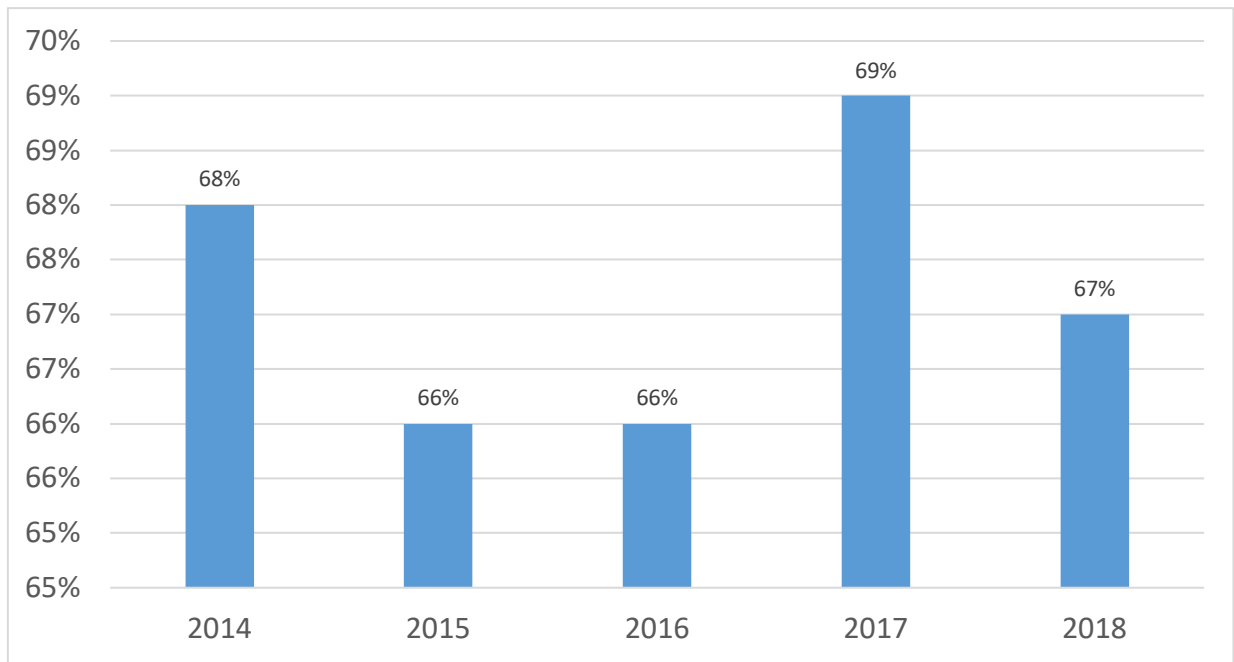


Figure 7. Amount of Wärtsilä subsidiary companies with ISO 14001 certification in annual reports for the years 2014-2018 for Wärtsilä Corporation
 Source: Compiled by the author, based on company's annual reports 2014-2018

There is no clear trend in ISO 14001 standard usage as the amounts of subsidiary companies using ISO 14001 standard were changing throughout the years, highlighted by significant increase in 2017, followed by a slight decrease in 2018. This constant change in the amount of subsidiary companies using ISO 14001 standard could be interpreted as development in this aspect. As the changes measured in percentages are small, author concludes that the development was only minor.

- **EMAS**

Eco-Management and Audit Scheme was not mentioned in any year's annual report for Wärtsilä so there was no development found in this aspect.

- **Stakeholder identification and engagement**

Wärtsilä identified the same stakeholders for each of the five years in their stakeholder relations section of the annual reports: customers, universities, the media, owners and investors, organizations, suppliers and society.

Wärtsilä listed the before mentioned stakeholders as their main stakeholders and their engagement for the stakeholders was conducted by dialogue and feedback from stakeholders, analysis of stakeholders, necessary actions and stakeholder assessment. Individual goals were set for each stakeholder group but the goals were not assessed by Wärtsilä in their annual reports. Author found no development of this aspect as the stakeholder's remained the same and the engagement with them did not progress or change.

- **Social aspects**

Wärtsilä included own chapter for social matters in their Sustainability section of the annual reports for all the five years. From 2014 to 2016 the Social section stayed the same with no development or changes noticeable. In 2017 the first and last subjects listed in the Social section were changed. Structural changes in the company was replaced with Significant changes to the organization and its supply chain. The Product and service labelling part was changed to Customer satisfaction. Changes are shown in table 3 which presents the social matters recognized by Wärtsilä in their CSR reporting.

Table 3. Wärtsilä's social aspects included in the annual reports for the years 2014-2016 and 2017-2018

2014-2016	2017-2018
Structural changes	Significant changes to the organization and its supply chain
Employment	Employment
Labour / management relations	Labour / management relations
Occupational health and safety	Occupational health and safety
Training and education	Training and education
Diversity and equal opportunity	Diversity and equal opportunity
Product and service labelling	Customer satisfaction

Source: Compiled by the author, based on company's annual reports 2014-2018

As table 3 shows, minor development happened in Wärtsilä's social aspect as they have changed some subjects of their social part of CSR reporting. However, the matters presented under the new

headings of Significant changes to the organizations and its supply chain and Customer satisfaction, that were changed, remain nearly the same as they before the change.

2.1.3. Neste Oil Corporation

Neste Oil Corporation, abbreviated as Neste later, offers sustainable solutions related to transport, business and consumer needs in the field of oil products, renewable products and marketing & services. Neste was founded in the year 1948. The company was ranked as the second most sustainable company on the Global 100 listing in 2018. Neste offers for example renewable diesel, renewable jet fuel and renewable propane as part of their renewable products portfolio. They have over 1,000 stations in five different countries and approximately 5,500 employees. Neste's revenue for 2018 was EUR 14,910,000 million.

Neste considers their purpose as creating a healthier planet for next generations and making responsible choices on a daily basis. On their economic sustainability sector, they aim at changing consumer expenditures to more sustainable solutions and creating new jobs. For their social and environmental parts, Neste focuses on improving safety of employees, securing human and labor rights as well as improving air quality and promoting renewable solutions in order to fight climate change. (Neste 2019)

Neste published only annual reports yearly and included their CSR matters under the section of sustainability in the annual reports. The format of their annual reports stayed consistent for all the years, biggest change was the reduction of length after the year 2014 when report's sustainability section was nearly one hundred pages.

- **Environmental targets**

Neste reported every year climate and environment related targets for their current year and what the goals were going to be for the next year. For the years 2015 and 2016 they included an indication for their individual targets of whether the target was achieved, partially achieved or not achieved during the year.

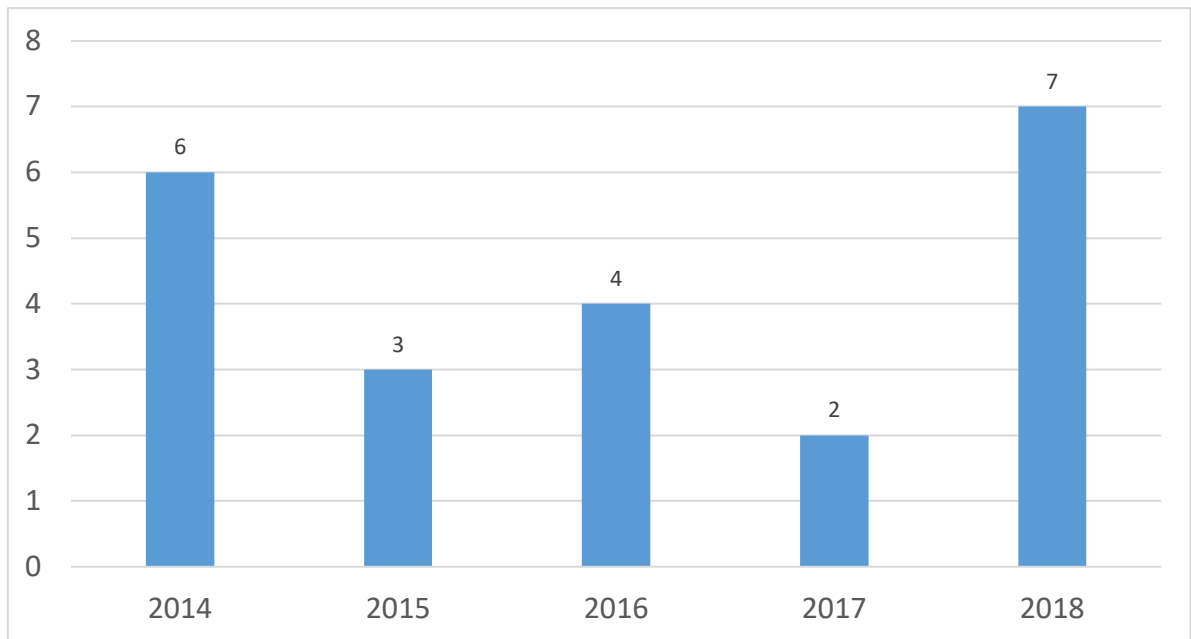


Figure 8. Amount of environmental targets in annual reports for the years 2014-2018 for Neste Oil Corporation

Source: Compiled by the author, based on company's annual reports 2014-2018

As seen from the figure 8, development is clear even though there is no clear trend in Neste's environmental target setting. After the year 2014, they reduced the environmental targets to half. In 2018 they introduced five new targets after the amount of two targets in 2017, bringing the total amount to seven targets for the year 2018.

- **ISO 14001**

ISO 14001 was included in the Sustainability section of annual report for the years 2014 to 2016 for Neste. In 2017 and 2018 ISO 14001 standard was not mentioned in the sustainability section but on the Review by the Board of Directors section. No development was found in this aspect as the ISO 14001 standard is used for every year and only the section it was mentioned in the annual reports was changed by the company.

- **EMAS**

Eco-Management and Audit Scheme was not mentioned in any year's annual report for Neste Oil Corporation so no development was found for this aspect.

- **Stakeholder identification and engagement**

The stakeholders identified by Neste changed constantly during the years 2014 to 2018. Only stakeholders that were identified and remained the same throughout the period were the customers and personnel or employees of the company. In addition to changes in the stakeholders themselves, also the amount of stakeholders identified increased and decreased. Only the years 2016 and 2017 had similar amounts and same stakeholders identified.

For the years 2014 to 2017, Neste listed their stakeholders in their annual report. In the year 2018, they only included a link to the identified stakeholders in the sustainability section of their web page. The development and changes in Neste’s stakeholders are displayed in table 4. The top horizontal line shows the year of the annual report and under it are listed stakeholders identified for the year in question vertically. The stakeholders on the table 4 are organized in a way that the related ones are on the same horizontal axis next to the previous year.

Table 4. Stakeholders identified by Neste Oil Corporation during the years 2014-2018

2014	2015	2016	2017	2018
Customers	Customers	Customers	Customers	Corporate customers and consumers
Personnel and dealers	Personnel	Employees	Employees	Our own personnel and management
Owners and investors	Owners and investors	Society	Society	Non-governmental organizations, industry associations and cooperation bodies
Decision-makers and authorities	Decision-makers and authorities	Owners and financiers	Shareholders and financiers	Authorities, decision-makers and legislators
Partners	Raw material suppliers	Suppliers	Suppliers	Suppliers of goods, raw materials and services
Local communities	Local communities	-	-	Local communities
Media	Media	-	-	Media
Organisations	Organizations	-	-	Analysts and shareholders
-	Dealers	-	-	Universities and reserach organizations
-	Universities and research institutions	-	-	-

Source: Compiled by the author, based on company’s annual reports 2014-2018 and web page

Neste included sections for their stakeholder engagement for all the five years. In these sections they described and gave concrete examples of how they communicated and offered ways to engage with their identified stakeholders. In 2014 they included examples of how they engaged with their stakeholders while in 2015 they changed the format and included stakeholder dialogue section in their annual report. Moving on to 2016, the section was changed and was called as stakeholder collaboration. For the years 2017 and 2018, stakeholders were addressed in a section named stakeholder engagement. Development in stakeholder identification and engagement is evident for Neste's reporting for all the five years.

- **Social aspects**

Neste reported their social aspects under Our People and Society parts of the Sustainability section in their annual report for the year 2014. The matters reported in these sections covered wellbeing at work, equality and diversity, economic contribution to society, human rights and support for communities.

In 2015 Neste left Our People and Society sections out of their annual report as a part of bigger change in the general format of the annual report. Social matters included in the years 2015 and 2016 were reported as parts of the general Sustainability section, without their own headings. In these two years, Neste included human rights, personnel, diversity and work safety related matters.

For the year 2017, Neste introduced individual key performance indicators for human rights, supporting their employees in business transformations and safety. These were reported under a section called People, which they introduced in the same year. For 2018, they included the same section but the key performance indicators were not reported any more, otherwise matters Neste focused on their People section were identical between these two years. Focus was placed on human rights, but as well on diversity, employees and work safety.

Table 5. Neste’s social aspects included in the annual reports for the years 2014, 2015-2016 and 2017-2018

2014	2015-2016	2017-2018
Human rights	Human rights	Human rights
Equality and diversity	Diversity	Diversity
Economic contribution to society	Personnel	Employees
Wellbeing at work	Work safety	Work safety
Support for communities	-	-

Source: Compiled by the author, based on company’s annual reports 2014-2018

As presented in table 5, development in social aspect was found for Neste. The format in which social matters were reported changed considerably throughout the time period of five years and in 2017, individual key performance indicators were introduced. In 2018 these KPI’s were left out so development in reporting social aspects was constant.

2.2. Results and discussion

The result of the CSR reporting’s development in Finland was found out by using five aspects: environmental targets, ISO 14001, EU Eco-Management and Auditing Scheme (EMAS), stakeholder identification and engagement and social aspects. The first three aspects are related to environment while the last two focus on social side or societal performance of CSR. All the aspects were studied and searched from the published annual reports and the development of them between the years 2014 to 2018 for each company were studied. From the changes in the five aspects reported, the general development of CSR reporting in Finland was found out.

Environmental targets were increased throughout the years for two of the three companies so it can be stated that there was development on this matter. UPM-Kymmene and Wärtsilä increased their yearly environmental targets for each of the years as seen from the figure 5 and figure 6 respectively. Additional development in reporting these targets was found on Wärtsilä’s reporting from the years 2017 and 2018 when they published the environmental targets only on their web

page. Neste was inconsistent with their targets and it could be concluded that there was no notable trend in Neste’s environmental targets as presented in figure 8. This constant change in the environmental targets was considered as development by the author.

One of the most notable similarities between the three companies was that all of them had adapted the International Standard Organization’s ISO 14001 standard in their CSR reporting. EU Eco-Management and Auditing Scheme (EMAS) on the other hand was only used by UPM-Kymmene during the five years. Table 6 shows the years both of these management systems were mentioned in the annual reports by the companies. X means that the management system in question was reported for the year shown in column for the company in this row. Minor development or changes were found out for this aspect as Wärtsilä reported their individual subsidiary’s usage of ISO 14001 in percentages for each year which is presented in figure 7.

Table 6. ISO 14001 and EU Eco-Management and Auditing Scheme (EMAS) in the chosen companies for the years 2014-2018

	2014		2015		2016		2017		2018	
	ISO 14001	EMAS	ISO 14001	EMAS	ISO 14001	EMAS	ISO 14001	EMAS	ISO 14001	EMAS
UPM-Kymmene Corporation	X	X	X	X	X	X	X	X	X	X
Wärtsilä Corporation	X	-	X	-	X	-	X	-	X	-
Neste Oil Corporation	X	-	X	-	X	-	X	-	X	-

Source: Compiled by the author, based on companies’ annual reports 2014-2018

Stakeholders were identified for all the years in all the companies but engagement with them was not stated as clearly considering all years. While Wärtsilä identified the same stakeholders as their main stakeholder groups throughout the five years and engaged with them in the same ways throughout the years, UPM-Kymmene and Neste showed development in their stakeholder reporting and engagement methods. UPM-Kymmene identified one new group of stakeholders for the year 2018 and Neste identified new stakeholders or changed their stakeholder classifications for four of the five years. In the year 2018, Neste included their stakeholders only on their web pages instead of the annual report. The high rate of changes in Neste’s stakeholder identification was seen as one of the biggest differences between the three companies CSR reporting by the author. As two of the three companies identified new stakeholders and ways to engage with them, development was found for this aspect.

Considering social performance of CSR reporting, the development was related to the social aspects used in the reporting and formatting changes of the social parts of the annual reports. Only Wärtsilä consistently included sections related to social aspects in their reporting, while UPM-Kymmene and Neste changed their reporting related to these throughout the years. The biggest change for this aspect was Neste's introduction of key performance indicators for their social section in 2017 for just one year. In 2018 they did not present these indicators anymore. Author found there was development in all the companies as all three of them changed and developed their social aspects included in their reporting.

By comparing the environmental and social development of CSR reporting in the companies, it can be concluded that social aspects of CSR reporting have developed more compared to environmental aspects. Environmental targets, which were increased in two of the three companies, with a clear increasing trend, was the most distinctive change in the CSR reporting considering environmental aspects used in this research. Environmental management systems of ISO 14001 and EMAS remained the same throughout the time period with no clear development found, except for Wärtsilä's subsidiary companies which showed minor changes in the usage of ISO 14001 standard. For social side of CSR, which included stakeholder identification and engagement as well as social aspects All the companies developed and changed their targets or matters related to social aspects, consisting mostly of social issues and personnel matters. The highlight of this was the introduction of social KPI's in 2017 for Neste. New stakeholders and ways of engaging with them were identified in two of the three companies, Wärtsilä and Neste.

Generally, author found that development in CSR reporting in Finland is evident during the time period of 2014 to 2018. Out of the five aspects used in finding out about the development of CSR reporting, three were developed clearly in at least one of the companies for each year. Table 7 presents the aspects that author found out had developed in companies' CSR reporting. X in the column of the company indicates that development was found in the matchings rows aspect.

Table 7 Summary of the aspects that development in CSR reporting was found in UPM-Kymmene, Wärtsilä and Neste

	UPM-Kymmene	Wärtsilä	Neste
Environmental targets	X	X	X
ISO 14001	-	X	-
EMAS	-	-	-
Stakeholder identificatio	X	-	X
Social aspects	X	X	X

Source: Compiled by the author based on companies' annual reports 2014-2018

Environmental targets and social performance measured by the social aspects, developed in all of the three companies' reporting. Environmental management systems ISO 14001 and EMAS were found to show minor development because author found that Wärtsilä showed slight development in their ISO 14001 reporting by presenting the percentages of subsidiary companies using the standard for each year. Author concludes that development was found in CSR reporting in Finland during the years 2014 to 2018 with social aspects of CSR reporting developing more than the environmental aspects.

Limitations for this research were the limited amount of companies in the sample from Finland as well as the narrow time-scope which should have been broader in order to give more realistic results of the development of CSR reporting in Finland. The research included only large companies. In order to get better results of the CSR reporting's development, smaller companies should have been evaluated in addition. It is notable also that companies from more diverse business sectors should be used in order to determine the development in CSR reporting more precisely. As the sample of companies used in this study consisted of highly successful companies measured by their CSR activities, the results of the study could be overly positive.

CONCLUSION

The aim of this bachelor's thesis was to find out the development of CSR reporting in Finland by studying three companies annual reports from the years 2014 to 2018. UPM-Kymmene Corporation, Wärtsilä Corporation and Neste Oil Corporation were chosen from Nasdaq Helsinki stock exchange. All of the companies are headquartered in Finland. The companies were chosen as the sample because these companies are old traditional Finnish companies that are considered as some of the leading Finnish companies by their CSR reporting. The determination of development in CSR reporting was concluded by studying the annual reports for five aspects: environmental targets, ISO 14001, EU Eco-Management and Auditing Scheme (EMAS), stakeholder identification and engagement and social aspects. These five aspects were searched and studied from the annual reports and the differences and development in them as well as the reporting formats between the years were studied.

The focus on studying the annual reports was placed on the sustainability, environment, social and stakeholder sections as all of the chosen companies included their CSR reporting as part of their annual reports and they did not publish a separate CSR report. For the years 2017 and 2018 also company web pages were used for Neste Oil Corporation and Wärtsilä Corporation as they included only hyperlinks of their identified stakeholders and environmental targets respectively, in the annual reports. Descriptive study method was used in this research as the aim of study was to detail a phenomenon as well as its characteristics, which in this research was the development of CSR reporting in Finland. Focus was placed on what had developed, not why it had developed in the companies' CSR reporting.

Author found out that the CSR development measured by the five aspects was found and CSR reporting had developed in Finland during the years 2014 to 2018. UPM-Kymmene Corporation and Wärtsilä Corporation increased their environmental targets during the time period, while Neste Oil Corporation increased and decreased their targets with no clear trend visible. Environmental management systems ISO 14001 and EMAS remained the same for all the years, with minor

development found for Wärtsilä Corporation's subsidiary companies in ISO 14001. ISO 14001 was used in all the companies but only UPM-Kymmene Corporation employed EMAS in their operations.

Stakeholders were identified by all the companies. Clear development or change in the matter was notable from Neste Oil Corporation and Wärtsilä Corporation as these companies identified new stakeholders. Stakeholder engagement was not presented as clearly as the identification of them but development was found for Neste Oil Corporation and Wärtsilä Corporation in the ways these companies used to engage with their key stakeholders. Social performance measured by the social aspects, was found to have developed in all of the three companies. New social matters were included in UPM-Kymmene Corporation, Wärtsilä Corporation and Neste Oil Corporation. Neste Oil Corporation included social KPI's in their 2017 report but did not report them again in the following year.

According to these developments, author found that the social development of CSR reporting in Finland has been greater than that of environmental CSR reporting. The difference between the environmental and social CSR reportings development is not dominated by either, but was slightly more apparent for social aspects according to the five aspects used in the research.

As CSR is a matter worth researching, to explore the development of CSR reporting further, larger sample of companies should be used in the study as well as longer time period of for example, ten years. By applying these improvements, the development between the years and in the companies would be more noticeable and the general development of CSR reporting could be better found out. In addition to large companies, companies of small and medium size should be included in order to get more realistic situation of the overall CSR development.

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