

**This is an electronic reprint of the original article.
This reprint *may differ* from the original in pagination and typographic detail.**

Author(s): Lämsä, Anna-Maija; Viljanen, Soilikki

Title: Finland : positive union engagement with CSR

Year: 2015

Version:

Please cite the original version:

Lämsä, A.-M., & Viljanen, S. (2015). Finland : positive union engagement with CSR. In L. Preuss, M. Gold, & C. Rees (Eds.), *Corporate Social Responsibility and Trade Unions : Perspectives across Europe* (pp. 31-48). Routledge. Routledge Research in Employment Relations.

All material supplied via JYX is protected by copyright and other intellectual property rights, and duplication or sale of all or part of any of the repository collections is not permitted, except that material may be duplicated by you for your research use or educational purposes in electronic or print form. You must obtain permission for any other use. Electronic or print copies may not be offered, whether for sale or otherwise to anyone who is not an authorised user.

Lämsä, Anna-Maija & Viljanen, Soilikki 2014. FINLAND: Positive union engagement with CSR. In Lutz Preuss, Michael Gold and Chris Rees (Eds.) Corporate Social Responsibility and Trade Unions: Perspectives Across Europe. Routledge, pp. 31-48.

FINLAND: Positive union engagement with CSR

Anna-Maija Lämsä and Soilikki Viljanen

I certainly see that in Finland [CSR] increases opportunities, that in a way our foundation is so strong, that we've got these strong unions and we've got strong legislation, we've got strong official procedures, so we don't really have to be very afraid.

(JHL)

INTRODUCTION

The institutional system of Finland is an example of the Nordic welfare model. The government and public sector have an important role in social and, to some extent, business activities. The trade unions have been key players in the Finnish system for a long time, with institutionalized patterns of interaction as well as mandatory and codified rights. In addition to collective agreements between employees and employers, the labour market organizations have concluded various other agreements that establish consistent procedures for dealing with general questions about working conditions, such as earnings-related social security insurance. Since the government and the public sector play a crucial role in social activities, the incentive for companies to engage in philanthropy has been traditionally rather low. In recent years, CSR has grown in importance in the eyes of

Finnish companies, which have started to make their attachment to it explicit. Increasing globalization of the business environment and deregulation of the business system are important reasons for this phenomenon.

Despite certain reservations, the Finnish trade unions mostly have a positive attitude towards CSR. The unions, which are currently taking steps to make CSR explicit in their policies, have engaged in a number of responsibility initiatives in practice, but have seldom defined the concept precisely. It is commonly accepted amongst the Finnish unions that CSR does not mean a replacement of formal agreements between employers and employees and legally codified employee rights – hence, it is not seen as contrary to their aims but rather as supportive of them. The unions have experienced increasing pressure to engage in CSR as a result of the institutional changes in the business environment that have come with globalised markets. However, they view themselves as having a strong legitimate status in the Finnish institutional system, and do not appear to be experiencing any sense of threat from CSR.

NATIONAL BUSINESS SYSTEM

Finland industrialized relatively late compared with the other Nordic countries. It was only in the mid-1970s that the country caught up economically with the most advanced countries (Pohjola 2003). Since then the Finnish economy has done well (Sala-i-Martin *et al.* 2011). Today Finland is considered a typical Nordic welfare state, still having some characteristics of the coordinated market economy (Hall and Soskice 2001). The government and the public sector have an important role in social and, to some extent, business activities (Lilja *et al.* 2009).

Until the 1980s there were several coordinating mechanisms over and above the level of individual companies in Finland. For a long time the forestry and paper industries had an important position in the economy. The industries built close relations with the government and influenced it in various ways both formally and informally (Lamberg and Laurila 2005). The post-war business system in Finland was rather closed and characterized by state-led coordination, long-term investment in heavy industries, reliance on cartels, and hierarchical and state-dependent, partly state-owned, corporations (Tainio and Lilja 2003; Moen and Lilja 2004). A crucial feature of the Finnish system was that major banking groups were linked to specific companies, and companies in these groups were provided finance through their banks (Oinas 2005). The banking groups and the state were the focal actors in this centralized national business system (Lilja et al. 2011).

From the beginning of the 1990s, there has been a significant reduction in centralized coordination across all sectors of the Finnish economy. The Finnish business system changed in significant ways. The collapse of the Soviet Union in 1991, the deep recession in the early 1990s and membership of the European Union in 1995 were important drivers to change. The economy became less concentrated around the forestry and paper industries, and there was rapid growth in information and communications technology (ICT) (Moen and Lilja 2004). One of the major outcomes of this transformation has been that multinational corporations of both Finnish and non-Finnish origin have become focal actors in the economy. The traditional system of banking groups collapsed. This meant the end of the banking spheres of influence over companies and the invigoration of the stock market. Restrictions on foreign ownership of companies based in Finland were abolished (Lilja *et al.* 2009.)

However, today the Finnish national business system forms a model of a knowledge economy that still retains some characteristics of a coordinated economy (Lilja *et al.* 2009). The system is

characterized by generalist education. Capital markets are well developed and foreign ownership of stock-listed companies has increased significantly over the last few decades. The system of corporate governance in Finland is based on national legislation, European Union (EU) regulation, stock exchange rules and corporate governance codes and, overall, has now been professionalized.

Key features of the Finnish business value system include pragmatism, high risk-aversion and co-operation. Trust, honesty and keeping one's promises are important values, which can be described as important social resources in Finnish society (Kujala 2010). It has been argued that the welfare system has a significant role in the creation and maintenance of trust in Finnish society (Ilmonen and Jokinen 2002). Humanitarian values, co-operation, equality and justice have a high place in the Finnish value system even if it is now argued that Finns' values have become more individualistic and efficiency-oriented (Helkama and Seppälä 2004). However, according to Puohiniemi (2006), Finnish values still stress security and goodwill.

INDUSTRIAL RELATIONS SYSTEM

Even though the Finnish national business system in general has changed significantly since the beginning of the 1990s, there remain subsystems that have not undergone radical change.

According to Lilja *et al.* (2011), one of them is the industrial relations system.

The trade unions have long been key players in Finnish public life. Finnish trade union membership grew rapidly in the 1970s, and by the mid-1990s trade union density had reached about 85 percent of the labour force. Since then it has declined somewhat, but in 2011 it still stood at 74 percent, amongst the highest in the EU countries (Vitols 2010). There is general acceptance of the principle of collective regulation of employment negotiated jointly between employees and employers to

protect the weaker party (employees). Individual employment contracts are subject to overriding collective agreements concluded between unions and employer organizations which define rates of pay and working conditions. Employers have to comply with collective agreements applicable to their line of business whether or not they are affiliated to the relevant employer organization, and agreements cover all employees, regardless of whether or not they are members of the union. However, in the international context, where the unions cannot rely on the same sort of institutional system as in Finland itself, the situation appears to be more demanding. Here the unions are increasingly networking, negotiating and acting in co-operation with foreign unions, non-governmental organizations (NGOs) and multinational corporations. The challenge to negotiate on working conditions and employee rights with multinational companies has increased.

The aim of the industrial relations system overall is to guarantee minimum conditions for employees' remuneration and working conditions in both the private and the public sectors (Labour Court Establishment 2013). In addition to collective agreements, labour market organizations have concluded several other agreements that establish consistent procedures for dealing with general questions about working conditions. For example unions take care of most of the unemployment insurance funds that pay earnings-related unemployment benefits (Böckerman and Uusitalo 2006).

The relationship between employers' organizations and the unions in Finland can be described as interdependent and co-operative. In particular, a form of corporatism – co-operation between the political system and the labour market organizations – has long been a crucial feature of Finnish labour relations. Wage bargaining used to be highly centralized at intersectoral level, but it has recently become more decentralized, taking place now at sector level. Traditionally, tripartite co-operation was the pattern for the labour market organizations: centralized incomes policy agreements at confederation level were complemented by collective bargaining at sectoral levels,

with some issues, such as working time arrangements, agreed at local level in the workplace. The number of issues negotiable at local and workplace level has been steadily increasing since the early 1990s. However, in 2011, the framework agreement between employers' national confederations and unions was negotiated for two years to try to boost Finland's competitiveness and ensure the best possible development of employment and purchasing power amidst the uncertain global economic climate (Akava 2011).

THE EVOLUTION OF CSR

A central feature of early industrial companies in Finland was their strong paternalism. Finnish industrial activity was generally located in sparsely populated areas (Koivuniemi 2000). The company provided a long and stable working relationship as well as a variety of services for employees and their families, such as housing, health care, canteens, schools, leisure facilities and so on (Lämsä 2007). Takala (1991) contends that paternalism in the form of factory communities can be seen as the model for an early form of corporate social responsibility. Even if employers considered that the economic function of the company was of prime importance, they also considered that the company was responsible for the basic wealth of the community. These attitudes did not die out until the 1960s and 1970s.

In the 1960s, the Finnish government started to build a modern welfare state (Oinas 2005). It was particularly during the 1970s that the country moved rapidly in this direction and the earlier role of companies underpinning socially responsible behaviour was taken over by the government and the public sector. Nowadays, social and welfare services are regarded by many Finns as a universal right for citizens, and they are guaranteed through extensive legislation, although there is also increasing pressure coming from central government to cut costs and privatise the public welfare

services. Since the government and the public sector have a crucial role in social activities, the incentive for companies to engage in them is rather low. Finnish businesses have tended to remain relatively uninterested in philanthropy (Juholin 2004).

Extensive labour legislation, together with contracts between employers and employees, provide a variety of economic, social and professional benefits for employees. According to Takala (2004), the ideology of enlightened self-interest is nowadays a common way to understand CSR in Finnish business life. This view is supported by various empirical research results (Panapanaan *et al.* 2003; Juholin 2004; Lämsä *et al.* 2008; Chamber of Commerce 2009; Kujala *et al.* 2011).

Finnish CSR has many components. One crucial element of CSR in Finland is compliance with the law and regulations. Paying taxes is seen as an important way for a responsible company to play its part in meeting community responsibilities and maintaining the welfare state. Other types of voluntary community involvement are seen as important for multinational companies operating in less developed countries. The stakeholder model is understood as a responsible way of doing business (Kujala 2010). In general, traditional Finnish values, such as honesty, trustworthiness, accountability and reliability, can be seen as providing important guiding principles for responsible business activities (Kujala 2004).

These values, together with laws and other formal rules and contracts, largely provide the framework for the current Finnish version of CSR, which could be regarded as being more implicit than explicit in nature (Matten and Moon 2008). However, companies have recently started to make their attachment to CSR more explicit. Both Finnish companies and public authorities have promoted the application and communication of CSR in the form of value statements, codes of conduct, standards, audits and reports (Kourula 2010). This change to make CSR more explicit can

be said to have developed only at the start of the 2000s but, according to Lähdesmäki (2012), it has not yet reached small and middle-sized companies (SMEs).

METHODS: UNIONS INTERVIEWED

We carried out ten interviews between November 2011 and January 2012. All the interviewees were experts on CSR issues in their organizations. Our goal was to take in a broad perspective of Finnish trade unions today. Therefore all three union confederations were interviewed.

Additionally, six representatives of sectoral unions were interviewed. These unions were selected because their members either as a whole or in part represent the ICT sector, a key player nowadays in Finnish business life. The sector is internationalized and faces global challenges of CSR. Finally, a representative of SASK, Suomen Ammattiliittojen Solidaarisuuskeskus (Trade Union Solidarity Centre of Finland), was interviewed. SASK was included as it represents Finnish trade unions in a broader sense by strengthening their role around the world. The interviews lasted between one and two and a half hours. The total length of the interviews was 15 hours and 45 minutes.

§ SAK, The Central Organisation of Finnish Trade Union, Suomen Ammattiliittojen

Keskusjärjestö – the largest confederation consists mainly of blue-collar unions organized by industry and represents more than one million members in 20 affiliated trade unions;

§ Akava, Confederation of Unions for Professional and Managerial Staff in Finland – the confederation for those with a university, professional or other higher qualification, has more than 30 affiliates with altogether over half a million members, as well as over 100,000 student members;

- § STTK, The Finnish Confederation of Professionals, Toimihenkilökeskusjärjestö – this confederation consists of 18 affiliated trade unions representing approximately 600,000 professional employees in the public sector, private industry and the private services sector;
- § TEK, Academic Engineers and Architects in Finland, Tekniikan Akateemiset – affiliated to Akava, TEK represents engineers and architects and has about 73,500 members working in the field of technology;
- § Metalliliitto, The Finnish Metalworkers' Union – affiliated to SAK, this union represents industrial workers (mainly in technology, the electronic and electrical industries and ICT) and has about 160,000 members;
- § JHL, Trade Union for the Public and Welfare Sectors, Julkisten ja hyvinvointialojen liitto – affiliated to SAK, JHL represents the public and private welfare services sector and has about 240,000 members;
- § Sähköliitto, Finnish Electrical Workers' Union – affiliated to SAK, the union represents electrical workers and has about 35,000 members;
- § Ammattiliitto Pro, Trade Union Pro – affiliated to STTK, the union represents clerical employees in the private sector and has about 130,000 members;
- § Suomen Konepäällystöliitto, Finnish Engineers' Association engine officers – affiliated to STTK, the union represents engineering experts and supervisors (mainly in seafaring and power plants) and has about 4,500 members;
- § SASK, Trade Union Solidarity Centre of Finland, Suomen Ammattiliittojen Solidaarisuuskeskus – the solidarity and development cooperation organization of Finnish trade unions has approximately 1.6 million members belonging through their trade unions.

UNION UNDERSTANDING OF CSR

The interviewees referred to various concepts when talking about what is involved in CSR, but most of them agreed with the idea that CSR is about sustainable development, compliance with the Conventions and Recommendations of the International Labour Organization (ILO) and environmental responsibility. Even though there was some vagueness in the definitions, the three pillar model of social, environmental and economic responsibilities was recognized in all but one of the unions, with the emphasis being on the social dimension. CSR was also viewed as focusing on company values and practices rather than as something undertaken for philanthropic reasons.

CSR was described in terms of voluntary commitment rather than compliance with the law. Several interviewees agreed on the legitimacy of the European Commission's definition of CSR. According to the definition, to meet their 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' (CSR 2011). One of the unions had adopted this definition as its basic principle in CSR issues. Amongst the other unions it was commonly thought that, even though the ideas of CSR were important from their point of view, there was no accurate definition of what it meant to them. Some interviewees even stressed that no definition was necessary. One respondent drew attention to the vagueness surrounding the concept as follows:

That's one of the problems. This is so new and strange that there's quite a lot of confusion over the concepts here and that definitely affects people's awareness too, when people perceive the same concept in so many different ways.

(TEK)

Definitions of the concept, and how much people knew about CSR, varied among the respondents from a vague understanding to an accurate and complex grasp of the subject, with the majority

somewhere in between. There was, however, a general tendency to understand the nature of CSR differently depending on whether it was a question of the national or the international context.

In the national context, formal regulations and collective agreements in society together with key Finnish social values such as keeping promises, accountability and trustworthiness were seen as providing the framework for social responsibility in companies. Voluntary CSR was understood as beneficial to employees but external social activities were not viewed as being so important. In the Finnish context topics like wellbeing at work, career prolongation, continuing professional development, employee participation, organizational downsizing and its consequent reductions in the workforce, the salaries and working conditions of foreign employees, and matters linked to the use of a flexible workforce, were all typically considered relevant to CSR.

In the international context, mention was made of the increasing importance of and need for agreements with global companies, and of the fact that the different standards and recommendations that were encountered meant that neither global legislation nor common values in employee-employer relationships could be relied on. Even if there were no clear agreement about any one dominant framework for standards, agreements and recommendations, the Conventions and Recommendations of the ILO were typically mentioned as forming important guidelines for CSR, although they were recognized as being difficult to monitor in the varying global environments.

Important topics in the international context were the effects of different cultural values on employee-employer relationships, challenges in global supply chains, problems in enforcing employees' rights to participate in unions, and compliance with international human rights regulations and local legislation. Mention was also made of the environmental problems that companies can cause to their surroundings, poor working conditions and occupational health and

safety, long working hours, the use of child and forced labour, poor management and leadership practices, and poor wages. However, there was little discussion of charity and social involvement in the community. Although some interviewees considered that CSR was a way to solve social problems, particularly in less developed societies, only a few examples of this were mentioned and it was said that the issue was relatively new.

When the length of time of involvement in CSR was discussed, respondents commonly emphasized that social responsibility has always been a significant issue for trade unions even if the concept of CSR itself may be new. The following extract from the interview with the representative of the Finnish Electrical Workers' Union reinforces this opinion:

These things aren't new by any means, this hasn't just been invented in the last ten years. These are certainly really old issues. The concept might be new, the terms in which we're discussing it nowadays, but these are old ideas.

(Sähköliitto)

According to the interviewees, discussion of CSR as a concept and its recognition as a phenomenon have only just started to emerge in the trade unions. However, there was some variation in the respondents' opinions about this. Some claimed that CSR was already a topic in the 1990s while others, as the quotation above shows, said that it had become a significant topic only during the last few years. On the whole, union awareness of CSR occurred during the early and mid-2000s, and it has now increased since then.

Attitudes towards CSR in the trade unions were clearly more positive than negative. This is illustrated in the following extract from the interview with SAK:

Yes, for us this is definitely a tool. But I do understand those more critical attitudes towards this, especially in countries in which the trade union movement is weaker, in Europe and just about all the countries outside the Nordic area.

(SAK)

CSR was often thought to be a potential contributor to the development of working life and to dialogue between management and employees. It was seen as aligned and supportive of the traditional aims of the union movement.

Interviewees often expressed the view that it was important for large companies to make CSR visible, particularly those companies that are operating in international markets. It was also important in this context for there to be respect for international agreements, standards and recommendations. There were clear signs of explicit CSR in the domestic environment too when the interviewees discussed the reporting of responsibility, particularly the Global Reporting Initiative (GRI) which contains a sustainability reporting framework to entitle transparency and clarity (GRI 2013). All the respondents except one were familiar with the GRI. Three interviewees had been members of the evaluation committee of the GRI competition in Finland and were therefore very familiar with it.

Several respondents thought that the trade unions should actively require CSR from firms. For example, the discussion with the interviewee of Trade Union Pro highlights the topic in the following way:

There have been demands for corporate social responsibility from companies in general, even in the media, and our union has demanded it from firms.

(Ammattiliitto Pro)

Although the general attitude towards CSR was positive, some scepticism was also expressed. All the interviewees agreed that when CSR is taken seriously by companies and genuinely applied in their practices it is a very positive thing. However, it was felt that CSR can sometimes be just a question of public relations, a way of polishing up or improving the corporate image without any real connection to company practices.

Interviewees were also sceptical about how far employees were really able to participate in CSR practices such as GRI reporting, since the reporting process is often undertaken by external consultants and/or management. However, they also mentioned that processes like the GRI can improve transparency and credibility in and around firms. It can also allow the verification of companies' CSR policies and act as a means of developing their responsibility practices.

Consequently, the respondents sometimes had conflicting attitudes towards CSR. Mostly it was evaluated as positive, as being in line with the aims of the trade union movement, but sometimes it was seen as merely providing cover for unacceptable practices. The interviewees talked about white or green washing. According to them, some companies indicate their responsibility mainly by polishing the public image. Generally, the interviewees considered that CSR was not in competition with the trade unions but could support their goals. One reason given for this view was that the position and power of the trade unions and labour regulation in Finland were so strong; no voluntary activity such as CSR could really challenge the situation. However, all interviewees believed that there were likely to be more problems at the European level with employer-employee

relationships, since CSR could reduce the value of formal mechanisms between employer and employee in countries where trade unions are not as strong.

Finally, there was the company perspective. Respondents often expressed the view that CSR is important since responsibility initiatives bring rewards to firms. Thus, the business case for CSR was typically adopted as an underlying rationale for business engagement with responsibility issues, although this line of thought could be criticized. Normative notions were also mentioned as being crucial in CSR; in other words, CSR should be expected from companies because it is ultimately the right thing to do.

UNION POLICIES ON CSR

There is no formal collective policy towards CSR amongst Finnish unions. However, in December 2011, they issued a joint statement on the new CSR strategy of the European Commission. A comment from interviewee STTK highlights the importance they place on it, as follows:

We've got a very recent joint statement from halfway through December from the central union organizations, in which we comment on just this new strategy from the Commission and explain a bit what we think it is. We are all – the employees' organizations and the employers too – involved in this consultative committee on social and business responsibility.

(STTK)

The general idea in the statement is that the voluntary nature of CSR does not mean the replacement of legally codified employee rights. The respondents emphasized that the essential element in trade

union policy should be that respecting laws and formal agreements is a precondition for CSR. Additionally, it was said that in the international arena an important guideline in union policy is to support and advance the conclusion of agreements with global companies and to control their activities. Within Finland they said that what was particularly important was to pay attention to employees' issues and public sector procurements from private companies, and that getting rid of the hidden economy should be an essential part of union CSR policies. A few interviewees believed that voluntary CSR was not needed at all, but rather that CSR should be developed as part of traditional collective bargaining.

A CSR policy document was explicitly included in one union's policy programme (SAK). Another union was planning to include a policy paper as part of its programme in the near future (Ammattiliitto Pro). Other unions did not explicitly cover CSR in their programmes and there was therefore no direct documentation on the issue. However, in some cases it was said that although the concept of CSR was not explicitly mentioned as such, the phenomenon in its various forms was subsumed in other union documents, such as their industrial policy programme, an action plan, meeting protocols or framework agreements.

UNION ENGAGEMENT WITH CSR

None of the interviewees believed that the significance of CSR is decreasing. On the contrary, they thought that it was on the increase, and that union engagement in the issue was likely to be stronger in the future. This is exemplified by an interviewee (SAK), who said that 'the importance of responsibility issues is increasing all the time, the current government programme emphasizes it'. Some of the respondents emphasized that the trade unions should have an active and proactive engagement in CSR in addition to traditional collective bargaining and agreements.

Unions today are typically experiencing increasing pressure from members facing downsizing, dismissal and outsourcing, and so pay greater attention to company responsibility and adopt stronger stances on the issue. Younger members were mentioned as being particularly interested in this. An active role in CSR was understood by some respondents to offer the unions a new way of gaining legitimacy in the future. The comment from one interviewee sums up the pressures coming from union members:

For instance, when factories are closed down or activities are shifted to other countries and as a consequence you get a lot of redundancies, well, in those circumstances especially these questions of responsibility arise and the idea that they should be considered more. The effect of this is, most of all, and it's somehow natural, that these questions come strongly to the fore and people want the issues to be considered more broadly.

(Akava)

A few respondents, on the other hand, held the view that legislation and collective agreements form a strong enough basis for dealing with the issue. For example, the interviewee from JHL said that 'existing legislation and agreements are enough for our organization'. Even though the unions mostly considered that engagement in CSR was important, there was some disagreement among the respondents as to whether the unions should have an active role or should just leave it alone. The reason for leaving it alone, however, seemed to be ignorance about CSR rather than a positive desire to ignore the topic.

The interviewees said that active unions use companies' explicit CSR as a way of putting pressure on them, and often also on their subcontractors, to act responsibly in practice. When trade unions

and multinational companies negotiate guidelines and framework agreements the unions pressurize the companies to follow their CSR declarations. An interviewee, for example, talked about the issue in the following way:

The use of the companies' own ideas about social responsibility in our campaigns, it's a bit questionable. But then these international framework agreements, they are gentlemen's agreements and they're negotiated with these multinational corporations. We certainly do use them. We use them in connection with client companies. If you don't play by the rules, the generally accepted rules, then your contractor has these instructions and we will make it known to them and we often do that, too.

(Metalliliitto)

Many companies are afraid of losing their reputation and are therefore cooperative with the unions. Other examples of engagement at an international level that were mentioned included launching a framework agreement system between the union and global companies, financing an NGO to investigate working conditions in supply chains and increasing networking with foreign trade unions.

In Finland itself some unions had fought against questionable business practices by participating actively in public discussion about procurements made by public sector organizations from the private sector. The unions have demanded more responsible supply-chain management from public organizations due to the fact that they are financed through taxation. In addition, the increasing privatization of health care services and their passing into the hands of foreign companies was criticized on the grounds that these companies are transferring their profits to tax havens and not making any substantial contribution to Finnish society.

The majority of respondents considered that the institutionalized forms of collective bargaining in Finland, as well as the cooperative tradition between employers' organizations and the unions, and the unions' participation in such institutions as the EU's Economic and Social Committee, the Roundtable Discussion Forum between the Finnish labour market organizations and the Finnish Committee on Social and Corporate Responsibility, all offer the unions important arenas in which they can influence issues related to CSR, even if the actual concept of CSR may not be used in all cases. The Finnish Committee on Social and Corporate Responsibility is a consultative body representing various authorities, trade and industry, and labour market and civic organizations. The Committee acts as the national contact point for the implementation of the OECD Guidelines for Multinational Enterprises together with the Ministry of Employment and the Economy. In addition, active cooperation with NGOs both in Finland and internationally was viewed as crucial in CSR practices. As examples of cooperation, several NGOs or other movements and campaigns were mentioned, such as Finnwatch, Fair Trade and the Clean Clothes Campaign. Two of the respondents had also participated in the ISO 26000 development process. ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. It helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally.

A sizeable minority of the interviewees said that their union aims to increase knowledge about CSR among its members and includes the topic in training programmes and seminars. CSR was said to be an integral and essential part of all training in SASK, described as follows: 'We organize training as a part of our trade union activities here in Finland. These themes are there in every training session that we organize.'

The interviewees did not, however, perceive the Finnish trade union movement as leading the way in CSR. It was specifically the consumer movement that was identified as being responsible for setting the pace here. For example, an interviewee explained matters as follows: ‘The consumers’ organizations have definitely kept these things in the public eye. And in some ways the need for drawing up norms has arisen out of that’ (TEK). Even though the consumer movement was said to have acted as the impetus behind CSR and the unions did not perceive themselves as being in the vanguard, a large majority of the respondents emphasized the current active role of the unions and thought that it was likely to increase in the future.

DISCUSSION

This chapter shows that there is no consensus over a coherent definition of CSR, no agreed framework for the concept and no specific CSR policies among the Finnish trade unions, but the unions each tend to articulate their own version of the phenomenon. However, the unions do seem to be able to agree to some extent on the terminology and the ways in which they understand CSR in the light of international CSR recommendations, initiatives and standards, which are growing in popularity both nationally and internationally. These include the European Commission’s definition of CSR, CSR guidance document ISO 26000 and the CSR reporting framework by the Global Reporting Initiative (GRI). Additionally, some convergence is a result of the unions’ collaboration with various CSR-related committees, movements and NGOs, as well as of the unions’ own educational initiatives. It is commonly accepted in the Finnish unions that CSR is voluntary in nature and does not mean a replacement of formal agreements between employers and employees and legally codified employee rights.

The three pillar model of CSR consisting of social, environmental and economic responsibilities is mostly recognized in the Finnish unions. The social responsibility dimension is clearly emphasized as the most crucial pillar, and the 'company-internal' element dominates the 'external' dimension in both the national and international contexts. Finland's welfare state with its large public sector is likely to be a reason for the dominance of the company-internal interpretation in the domestic arena. Moreover, the mission of the trade union movement in general, with its emphasis on the protection of employees, may explain the unions' orientation in not only the Finnish but also the international context.

The Finnish trade unions have felt under significant pressure to engage in CSR as a result of the institutional changes in the business environment that have accompanied globalisation. The unions are increasingly facing pressure from their members to defend their interests in this changing and challenging situation. CSR, which is increasingly popular not only in companies' strategies but also in public discourse (Panapanaan *et al.* 2003; Juholin 2004; Kourula 2010; Siltaoja 2010), may thus have instrumental value to the unions. Additionally, there are signs in the interview data that we obtained that union members, especially younger ones, are making moral demands on the unions to show responsibility not only as a means to achieve other targets, such as a good image in public and among potential and current members but also as an end in itself.

Despite certain reservations, the Finnish trade unions mostly have a positive attitude towards CSR. CSR is not seen as contrary to the unions' aims but rather as being in alignment with them, and complementary to them. The unions do not appear to be experiencing any sense of threat from CSR. In addition, the importance of CSR is expected to grow in the future, and this again is not seen as a danger. The reason for this positive union orientation may well be the national institutional system, which provides a strong and powerful basis for the trade unions. The unions view themselves as

having a legitimate status in the institutional system, since they are widely regarded as a necessary and established part of the system. Their position is not questioned.

However, in the international context, where the unions cannot rely on the same sort of institutional system as in Finland itself, the situation appears to be more demanding. Here the unions are increasingly networking, negotiating and acting in co-operation with foreign unions, NGOs and multinational corporations. The challenge to negotiate on working conditions and employee rights with multinational companies has increased. However, since trade union membership is in fact declining in Finland nowadays (Nergaard 2011), the unions may face more challenges in the long run also in the national arena: their status and power might weaken in the future.

The unions' positive orientation to CSR can also be explained through the lens of the Finnish value system. Since such values as trustworthiness, honesty and co-operation are regarded as crucial in Finnish society, and since the trade unions have traditionally had an interdependent and co-operative relationship with the employers' organizations and think they know them well, the unions are likely to trust CSR initiatives and not be inclined to consider them as hypocritical or misguided.

CONCLUSIONS

Despite some convergence in terminology and understanding of CSR, we conclude that in the Finnish trade unions CSR is more implicit than explicit in nature (Matten and Moon 2008). As shown in this chapter the unions have engaged in several responsibility initiatives in practice, but they have seldom defined the concept precisely, and they do not have coherent policies on the issue. For example, the trade unions have jointly organized media events on decent work. Akava, SAK and SASK together with Kesko (a Finnish trading sector conglomerate) have been implementing a

joint project in Vietnam, where they trained companies importing their products to Finland to take the environmental, social and work safety norms into consideration. The unions seem now to tend towards taking the initiative to make CSR explicit, although the dominant feeling is vagueness about the concept of CSR. The unions seem to be considering how CSR, which was originally a business-driven initiative, could be applied to support their goals.

It is suggested here that CSR arose in discussions in the Finnish trade unions during the early and mid-2000s, largely in reaction to changes in the national business system in the 1990s when, as various researchers have found (Tainio and Lilja 2003; Moen and Lilja 2004; Oinas 2005; Skippari 2005; Lilja *et al.* 2009; Lilja *et al.* 2011), international companies became important players in the Finnish economy and Finnish companies started to become international. Since the unions were – and are – increasingly facing pressure from the globalized markets, they have begun to reflect upon their attitude to CSR.

There are differences between the orientations to CSR in the different unions we interviewed. In one of them CSR was ignored almost completely while another was very keen on the topic. In the majority of the unions CSR is recognized and the unions are engaged across a range of CSR practices, even though there is variation in their use of the terminology and their understanding of the phenomenon. We conclude that CSR seems to be on its way to becoming institutionalized in Finland and more explicit in Finnish trade union thinking. Our conclusion must also be that the attitude of Finnish trade unions towards CSR is generally open and trusting, and definitely more positive than negative.

REFERENCES

Akava (2011) *Framework Agreement (2011)*. Online. Available HTTP:

http://www.akava.fi/files/5828/Framework_agreement_13102011.pdf (accessed 14 February 2013)

Böckerman, P. and Uusitalo, R. (2006) 'Erosion of the Ghent System and Union

Membership Decline: Lessons from Finland', *British Journal of Industrial Relations*, 44(2): 283–303.

Chamber of Commerce (2009) *Yrityskulttuuriopas*, Helsinki.

CSR (2011) *Corporate Social Responsibility (CSR)*. Online. Available HTTP:

<http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/>
(accessed 30 October 2013)

GRI (2013) *Global Reporting Initiative*. Online. Available HTTP:

<https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx> (accessed 28 October 2013)

Hall, P. A. and Soskice, D. (eds) (2001) *Varieties of Capitalism: The Institutional Foundations of Competitive Advantage*. Oxford: Oxford University Press.

Helkama, K. and Seppälä, T. (2004) 'Arvojen Suomessa 1980–2000', in R. Heiskala and E.

Raekallio (eds) *Uusi jako: Miten Suomesta tuli kilpailukykyinen yhteiskunta*, 131–155, Helsinki: Gaudeamus.

Ilmonen, K. and Jokinen, K. (2002) *Luottamus modernissa maailmassa*, Jyväskylä: Sophi.

Juholin, E. (2004) 'For business or the good of all? A Finnish approach to corporate social responsibility', *Corporate Governance*, 4(3): 20–31.

Koivuniemi, J. (2000) '*Tehtaan pillin tahdissa: Nokian tehdasyhdyskunnan sosiaalinen järjestys 1870–1939*', *Bibliotheca Historica* 64, Helsinki: Suomalaisen kirjallisuuden seura.

Kourula, A. (2010) 'Finland', in W. Visser and N. Tolhurst (eds) *The World Guide to CSR: A Country-by-Country Analysis of Corporate Sustainability and Responsibility*, Sheffield: Greenleaf.

Kujala, J. (2004) 'Managers' moral perceptions: change in Finland during the 1990s', *Business Ethics: A European Review*, 13(2/3): 143–165.

Kujala, J. (2010) 'Corporate Responsibility Perceptions in Change: Finnish Managers' Views on Stakeholder Issues from 1994 to 2004', *Business Ethics: A European Review*, 19(1): 14–34.

Kujala, J., Lämsä, A-M. and Penttilä, K. (2011) 'Managers' moral decision-making patterns over time: A multidimensional approach', *Journal of Business Ethics*, 100(2): 191–207.

Labour Court Establishment 2013. Online. Available HTTP:

<http://www.oikeus.fi/tyotuomioistuin/2022.htm> (accessed 16 February 2013)

Lamberg, J-A. and Laurila, J. (2005) 'Materializing the Societal Effect: Organizational Forms and Changing Patterns of Dominance in the Paper Industry', *Organization Studies*, 26(12): 1809–1830.

Lähdesmäki, M. (2012) *Studies on corporate social responsibility in the Finnish small business context*, Seinäjoki: Ruralia Institute, University of Helsinki.

Lämsä, A-M. (2007) 'Yrityksen vastuullisuus – mitä ja miksi?', in Päivi Vauhkonen (ed) *Liiketoiminnan vastuullisuus, minkä väristä se on?*, 42–52, Oitmäki: Johtamistaidon opisto.

Lämsä, A-M., Vehkaperä, M., Puttonen, T. and Pesonen, H-L. (2008) 'Effect of business education on women and men students' attitudes to responsible business in society', *Journal of Business Ethics*, 82(1): 45–58.

Lilja, K., Laurila, J., and Lovio, R. (2011) 'Finland: Innovating the Global Positioning of Flagship Companies and Foreign-Owned Subsidiaries', in Peer Hull Kristensen and Kari Lilja (eds) *Nordic Capitalisms and Globalization. New Forms of Economic Organization and Welfare Institutions*, 47–85, Oxford: Oxford University Press.

Lilja, K., Laurila, J., Lovio, R. and Jääskeläinen, J. (2009) 'Fighting for Global Mandates from Peripheral Regions of the Finnish Innovation System', in Peer Hull Kristensen and Kari Lilja (eds) *New Modes of Globalizing: Experimentalist Forms of Economic Organization and Enabling Welfare Institutions. Lessons from the Nordic Countries and Slovenia*, 54–96, Helsinki: Helsinki School of Economics.

Matten, D. and Moon, J. (2008) '“Implicit” and “explicit” CSR: a conceptual framework for a comparative understanding of corporate social responsibility', *Academy of Management Review*, 33(2): 303-424.

- Moen, E. and Lilja, K. (2004) *'Change in Coordinated Market Economies: The Case of Nokia and Finland'*, Helsinki: Helsinki School of Economics.
- Nergaard, K. (2011) 'Fagorganisering in Norden: Status og utviklingstrekk' Fafo-notat 2010:25. Online. Available HTTP: <http://www.fafo.no/pub/rapp/10121/10121.pdf> (accessed 28 February 2013).
- Oinas, P. (2005) 'Finland: A Success Story?', *European Planning Studies*, 13(8): 1227–1244.
- Panapanaan, V.M., Linnanen, L., Karvonen, M-M. and Phan, V.T. (2003) 'Roadmapping Corporate Social Responsibility in Finnish Companies', *Journal of Business Ethics*, 44: 133–148.
- Pohjola, M. (2003) 'Olemmeko maailmassa parhaimmistoa? Kansallisen kilpailukykyimme puntarointia', in K. Alho, J. Lassila and P. Ylä-Anttila, (eds) *Talouden tutkimus ja päätöksenteko. Kirjoituksia rakennemuutoksesta, kasvusta ja talouspolitiikasta*, 163–181, Helsinki: Yliopistopaino.
- Puohiniemi, M. (2006) *'Täsmäelämän ja uusyhteisöllisyyden aika'*, Limor Kustannus.
- Sala-i-Martin, X., Bilbao-Osario, B., Blanke, J., Drzeniek Hanouz, M. and Geiger, T. (2011) 'The Global Competitiveness Index 2011–2012: Setting the Foundations for Strong Productivity', in K. Schwab (ed) *The Global Competitiveness Report 2011–2012*, 3–50, Geneva: World Economic Forum. Online. Available HTTP: http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf (accessed 21 February 2013).

Siltaoja, M. (2010) *'Discarding the Mirror: The Importance of Intangible Social Resources to Responsibility in Business in a Finnish Context'*, Jyväskylä Studies in Business and Economics 86, Jyväskylä: University of Jyväskylä.

Skippari, M. (2005) *Evolutionary Patterns in Corporate Political Activity: Insights from a Historical Single Case Study*. Publication 522. Tampere University of Technology.

Tainio, R. and Lilja, K. (2003) The Finnish business system in transition: Outcomes, actors and their influence, in B. Czarniawska and G. Sevón (eds) *National Capitalisms, Global Competition, and Economic Performance*, 69–87. Trelleborg: Liber/Abstrakt/Copenhagen Business School Press.

Takala, T. (1991) *'Managerial beliefs concerning social responsibility of the firm'*, Jyväskylä: University of Jyväskylä.

Takala, T. (2004) 'Yrityksen yhteiskuntavastuu globalisoituvassa maailmassa', in Ilkka Kauppinen (ed) *Moraalitalous*, 212–232, Tampere: Vastapaino.

Vitols, S. (2010) *The European Participation Index (EPI): A Tool for Gross-national Quantitative Comparison*, Background paper, European Trade Union Institute. Online. Available HTTP: <http://www.worker-participation.eu/About-WP/European-Participation-Index-EPI/%28language%29/eng-GB> (accessed 28 February 2013).