

Tuomo Takala

Managerial Beliefs Concerning
Social Responsibility
of the Firm

UNIVERSITY OF JYVÄSKYLÄ

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A Trial to Identify and Understand Entrepreneurs'
and Managers' Social Responsibility Beliefs
as Discursive Phenomenon

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ABSTRACT

MANAGERIAL BELIEFS CONCERNING SOCIAL RESPONSIBILITY OF THE FIRM -
AN ATTEMPT TO IDENTIFY AND UNDERSTAND ENTREPRENEURS' AND
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This study examines the concept of the social responsibility of the firm expressed especially in managerial talk. This talk is seen as reflecting social responsibility beliefs, attitudes and values of managers. In Part I the research task is defined, the concept of responsibility is examined and clarified and ideal types of social responsibility are formed.

In Part II empirical research settings are put forth. The principles of data collection and the case study method are presented.

Part III contains the analysis of the cases. Several aspects and results are developed. First, some reservations about the interpretations are expressed. Second, a comparison is made between the old ideal types and new real types of social responsibility. Similarities and differences are subjected to examination. Third, the internal logic of business managers' speeches is formulated and five models of reasoning are developed. The legitimacy aspect is expounded. Fourth, some issues of business ethics are located in respect to deontological and teleological ethical theories and a quadrant is formed. Finally, three "final" types of business social responsibility are formed and comparisons are made with the framework presented at the beginning of the study.

Key words: social responsibility of the firm (business), business ethics, managerial work, managerial talk, managerial belief systems, managerial reasoning

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PART I: THE FRAMEWORK

1. INTRODUCTION

1.1. Background to the thesis

The theme, the social responsibility of the firm and business has been the object of my studies for several years. The project began in 1982 and has continued to this day. As a result of this process several research reports have been published which have dealt with social responsibility from many perspectives. Several methods were also used, for example deductive reasoning, philosophical analysis and text interpretation. The following studies have been published (all by the author) during the project:

- 1) The social responsibility of business - ethical and conceptual framework (1984), (in Finnish only)
- 2) Two ideologies of the social responsibility of the firm (65/1985), (in Finnish only)
<http://urn.fi/URN:ISBN:978-951-39-9773-1>
- 3) The concept of responsibility - the moral philosophical basis of the social responsibility of the firm (58/1985), (in Finnish only)
<http://urn.fi/URN:ISBN:978-951-39-9774-8>
- 4) Values, ethical theories and three ideologies of the social responsibility of the firm (59/1985)
<http://urn.fi/URN:ISBN:978-951-39-9775-5>

- 5) The social responsibility of business and ideologies of the social responsibility of the firm in the 1930s and 1972-1982 (63/1986)
<http://urn.fi/URN:ISBN:978-951-39-9776-2>
- 6) The concept of the social responsibility of the firm and ideologies of business and business responsibility in the 1930s and 1970s (72/1987), (in Finnish only)
<http://urn.fi/URN:ISBN:978-951-39-9777-9>
- 7) The social responsibility of business, professional-ethical problems of managers and legitimation strategies of social responsibility (83/1988), (in Finnish only)
<http://urn.fi/URN:ISBN:978-951-39-9778-6>
- 8) The discourse of business social responsibility: managerial talk about social responsibility in Finland (86/1989a)
<http://urn.fi/URN:ISBN:978-951-39-9779-3>
- 9) Studying managerial work as speech (1989b), (in Finnish only)
<https://journal.fi/hallinnontutkimus/article/view/102814/60005>
- 10) Discourse on the social responsibility of the firm in Finland, 1930-1940 and 1972-1982: Theoretical framework and empirical findings. (1989c)
[https://doi.org/10.1016/0956-5221\(89\)90003-1](https://doi.org/10.1016/0956-5221(89)90003-1)
- 11) Research paradigms of managerial work and business social responsibility - an attempt to develop a new perspective (1990)
<http://urn.fi/URN:ISBN:978-951-39-9780-9>

In these studies I have tried to define and study the concept of business social responsibility both theoretically and empirically. In particular the need to conduct empirical research is very strong in the area of social responsibility because of the comparative lack of earlier studies made in Finland concerning this issue.

This research may be one phase, but not the final one I hope, in the process of developing and using new ways to define and study business social responsibility related to the work of business managers and principles guiding business actions. The methods which are used are practical reasoning and the so-called case study approach. The main purpose is to provide illumination, but comparisons and conclusions are also presented.

There are several main components to this thesis:

First, the issue of the social responsibility of business - this phase will serve as a guiding "pre-understanding" and was developed through the earlier research process from 1982.

Second, studies made earlier regarding organizational talk about social responsibility reflecting managerial "mental maps" (i.e. beliefs, attitudes, opinions (called BOAs here) and connections between them concerning social responsibility issues as a part of managerial work and managing business.

Third, the empirical part (cases), i.e. different types of firms where managerial beliefs, attitudes and chains of reasoning are studied.

Finally, a new classification for ideal types of social responsibility on the basis of empirical real types is created.

1.2. Research task

1.2.1. Focusing the issue

The issue, business social responsibility, can be thematized as a research object from several perspectives, but is always very difficult to define and "handle" as an object of study. In my previous studies I have tried to do this from a moral

philosophical perspective and while this still remains one of my points of departure, the focus of recent study has been rather different. The main points are now:

establishing the social responsibility issues perceived by entrepreneurs and managers and which are stored in their "mental maps" and

how entrepreneurs and managers express these "maps" on the level of speech, i.e. what kinds of conceptions, arguments and chains of reasoning they use when they talk about:

- the social responsibility of their own firm
- social responsibility issues on the general level
- their own job duties included in their work
- their own ethical viewpoints related particularly to their work in business

In other words, how the social responsibility issues are perceived as one element of managing business and how these elements are articulated in talk.

1.2.2. The essence of the research task

So, briefly defined, the research problem and focus of the thesis can be described as:

Managerial belief systems concerning social responsibility and as articulated in talk - an attempt to identify and understand managerial beliefs, attitudes, opinions and chains of reasoning concerning business social responsibility issues

or in other words:

Managerial beliefs concerning the social responsibility of the firm - an attempt to identify and understand entrepreneurs' and managers' social responsibility beliefs as a discursive phenomenon.

This topic can be divided into several sub-issues:

- the first purpose of this study is search out what kinds of issues and problems concerning social responsibility as perceived by managers exist in different types of firms
- second, to study in which way managerial rhetoric and lines of argument on social responsibility as found in real business life differ from each other with respect to the type of the firm
- third, to "test" the framework of social responsibility ideal types developed in former studies by the present author, and to form a new classification of the real types established

So, the result will be both:

- illumination of the mental maps of managers and managerial rhetoric
- a newly formed classification of real types made on the basis of case research.

2. THE CONCEPT OF RESPONSIBILITY, THE NATURE OF MORAL REASONING AND THE IDEOLOGIES OF BUSINESS SOCIAL RESPONSIBILITY

As is mentioned in the previous chapter, one of the main purposes of this thesis is to study and define the concept of business social responsibility and the so-called "ideologies of business responsibility". The basis of responsibility is a moral philosophical one. This moral philosophy is connected with ethical theories. (The presentation here is quite brief, but a more profound presentation can be found in Takala 1984; pp. 34-51, Takala 1985, Takala 1987; pp. 12-47.)

2.1. The fundamental concept of responsibility

Several meanings can be attached to the concept of responsibility when considered through general language usage. Applying the terminology of Wittgenstein, we can say that these meanings constitute a "family resemblance" (Wittgenstein, 1953). However, this paper will not plunge deeper into the analysis of different meanings of responsibility here but will concentrate on the moral side of responsible action instead. Consequently, the social responsibility of the firm is determined as forming part of moral responsibility. This implies that the social and economic duties of the firm are not solely defined by the rule of law. Additionally, it is assumed that firms, like individual persons, have certain moral duties such as respect for human rights, for instance. Thus, firms as well as individuals and national states are obliged to act in such a manner as not to violate universal ethical principles. They can also be expected to refrain from

trading, for example, with countries that practice racial discrimination. Such constraints are not usually imposed by law, rather it has been a self-induced restraint on the part of different corporations. Another way to formulate the notion is that moral laws call for such conduct although it is not prescribed in actual legislation.

It is possible to bring forth two opposing moral philosophical positions: firstly, the so-called profit ethic that regards profit-maximization as its guideline and "Realpolitik" ethics as its base. Secondly, the duty ethic which emphasizes the duty to respect universal ethical principles. "The Golden Rule" and Immanuel Kant's categorical imperative (Kant, 1964) are worth mentioning here (Ross, 1978). "Act so as to treat humanity, both in your own person and in that of another as an end and never as means only" is the principle called the categorical imperative. Usually the principle is expressed in the form of: "Do unto others, as you would others do unto you". These rules are usually held as the basis of all morality. This "Principle of the Golden Rule" is seen as the proper guiding precept to right and human life. This means, then, that the ultimate point of departure here is Kantian. Ultimately the deontological position is seen as the proper basis for the concept of social responsibility.

From this it follows that whenever the social responsibility of the firm is classified under moral responsibility, it means an action linked with the fulfillment of a duty. Consistently, truly moral and responsible activity and its actualization are defined as an other-regarding type of responsibility (von Wright, 1963), (Kettunen, 1984). It is further suggested that such a practice is at least partially based on altruistic motives (Takala, 1985b)

as well as on the Rawlsian concept of justice (Rawls, 1973). Accordingly, in order for certain performances to meet the conditions of truly moral and accountable activity, the moral agent's (here the firm's) own interests have to give way, to a certain extent, to the interests of a larger entity. Consequently, we can imply that a firm that wants to exercise truly moral social responsibility in its operations may have to act in a way as to sacrifice its own interests (resulting perhaps in the diminution of profits and profitability) for the benefit of society, or to sacrifice its interests while refraining from presumably immoral actions.

The firm may, for instance, "be obliged (on the basis of "moral law") to make certain unprofitable investments when seeking to act in a morally responsible way.

However, some difficulties and problems will arise if one wants to behave according to these deontological principles. People fulfilling the post-conventional moral (universal ethical principles as main moral rules) in the Kohlbergian sense (see Kettunen, 1984) and following self-chosen ethical principles may cause some harm which is not intended. The final results of their acts will often be very different to that expected. They may also be two-fold, causing both good to some people and harm to others. Thus it is quite difficult to form any normative rules which could apply in each and every case happening in real life. It is not relevant in this study to try to compare any research cases directly with this deontological position. The ideal-type framework is used as a combining link between the philosophical standpoints and research cases.

2.2. Ideologies of the social responsibility of business

In this chapter I set out to define the different ideologies of the firm's social responsibility. Three such ideal types have been formulated. By the term "ideal type" I mean quite the same as the German sociologist Max Weber when he constructed "ideal types" or models of human behavior that were designed to serve as characterizations that reveal essential features of human behaviour. Weber's (1931) best known "ideal type", the protestant capitalist, was presented in his 'Protestant Ethic and the Spirit of Capitalism'. Here the "ideal type" protestant ethic was used to illuminate certain key aspects of capitalist behaviour. In the same way the "ideal type" is used in this study in the sense of illuminating a particular important characteristic of a behavior rather than as mutually exclusive categories that all or even some people can be neatly placed in. So the ideal types of the social responsibility of business are used in this Weberian sense to try to illuminate several different and key aspects of the issue under examination. These "ideologies" were developed and constructed in the present author's licentiate thesis (Takala, 1987). They have their own origins in the history of economics, social thinking and ethics. I must stress once again that these ideologies do not exist in very concrete form in the real world, but are ideal type constructions formed as a structuring basis for empirical observations, i.e. for the study of "real types". So they serve as kind of "pre-understanding" which has been developed during the whole research process from 1982 onwards. In this context the presentation is quite short. For more detailed coverage see Takala (1987).

2.2.1. The first ideal type can be termed a traditional ideology (ALPHA) - ideal type

This ideology is based inherently on Adam Smith's early doctrine of the invisible hand - a company should seek only to maximize its profits and that is all there is to it. Recently the most prominent supporter of this view has been the economist Milton Friedman, who maintains: "There is one and only one responsibility of business - to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game (Friedman, 1962; Kettunen, 1984). Although this ideology takes the concept of social responsibility into consideration (as it is automatically fulfilled by the invisible hand), it is after all only a secondary outcome of egoistically-motivated business activity. This ideology rejects self-actualized social activity and regards it as morally detrimental. It assumes that such activity merely contributes to the unjust allocation of scarce resources. The legitimation of business activities is met by the corporation through conducting its operations within the legal constraints imposed by the particular society and by the means of profit-gaining (see Takala, 1985a, pp. 2-12). It is generally said that this was the philosophy of the "traditional entrepreneur" which prevailed before the industrial revolution. But I shall assume that some of these ideas are still alive and well in Finnish business life too (see Takala 1989a). For this reason it is logical to study empirically in what manner this position is represented in some Finnish (small) entrepreneurs' set of ideas.

2.2.2. Another ideology of business social responsibility is called the modern ideology or "social responsibility as a restriction on profit-making" (BETA), (see Takala 1987, pp. 61-90, for a more profound version)

It is commonly recognized that the relations between business and society have changed with time. It has been argued by the speakers representing this view that to an ever increasing extent companies have had to take society into consideration and to act under its constraints. This change is presumably reflected in the ideology of business social responsibility by the change from the "traditional and atomistic" view to a more multiple modern ideology which accentuates the internal dependence between society and its sub-systems. A company acknowledging such a broader ideology holds social responsibility as a part of its survival strategy. Where the ALPHA ideology defines society by the conceptions of profitability and profit, the GAMMA ideology underlines the firm's social participation as an indicator of its success. Thus the firm must have social functions besides seeking profit and profitability in order to succeed and survive.

While acknowledging the ethical righteousness of social responsibility, a firm may still reflect minimally upon the moral side of its operations. The means by which money is made and profits attained may conflict with the moral codex that invites the firm to engage in non-profitable charity, e.g. through donations or development aid.

All this would indicate that the internal moral codex of the firm is confused and even controversial in fulfilling the basic

function of profit-making necessary for the firm's survival, on the one hand, and fulfilling its social responsibility on the other. Often the firm may use very unscrupulous means in seeking profit while it distributes funds in abundance to charity at the same time. From the moral point of view, then, criticism of the "total balance" of the firm's operations is highly problematical. But who are the agents of this business social responsibility philosophy? As is often said they are professional managers.

Professional managers as sources, creators and conductors of an enlarged area of business social responsibility - managerialism as a philosophy of social responsibility

In this context it is important to consider the managerialist thesis because it treats industrial managers as the new social class of the twentieth century. This new class is seen as independent of shareholder control, and can therefore pursue objectives independent of profit-maximization. On the basis of the separation of ownership and control there comes an "end to ideology". This occurs for two reasons. First, it is argued, technological progress demands an increasingly complex division of labour, and therefore a correspondingly complex and finely graded social structure. The consequences are that originally clear divisions between owners and workers are blurred by the new "technostructure": distinct capitalist and worker ideologies disappear in the face of progressive technical and social complexity (see Galbraith, 1967).

Secondly, the separation of ownership and control means that the

pervasive influence of owners is removed, to be replaced by a "people's capitalism" with independent and therefore socially responsible managers. These processes are reinforced by the growth of companies which frees managers from the constraints of the market. Increasingly, companies enjoy a controlling share of the market and the previous market forces which once compelled companies to maximize profits have been replaced, it is said, by the pursuit of "satisfactory" profit (satisfying-principle). Indeed, the interests of managers are now supposed to lie with company survival and growth rather than with the size of dividends.

The managerialist thesis strongly implies an increasingly corporate social responsibility on the part of managers. The thesis accords them the discretion to arbitrate between a plurality of interests - shareholders, workers, consumers, suppliers, the local community, etc. - resulting in reasonable and socially legitimate compromises. Managers neutrally arbitrate between competing interests rather than simply defend or advance the special interests of their employers. Managers experience public visibility and practice at the same time quite a large degree of independence in their actions. However the situation is not quite so simple! There are different positions of managerialism, which can be called the radical position and "the bureaucracy and career" position (see Harvey, Smith, Wilkinson 1987, p.16).

First, the "bureaucracy and career" position assumes that a modern large corporation, bureaucracy, is so large and powerful in itself that shareholder interests can no longer dominate. Bureaucracies are supposed to offer "responsible autonomy" to

managers. Thus for the managerialist thesis the power starts with managers - shareholders are but one among many constituents. In addition managers have their careers to pursue (ibid.)

A manager draws his power and influence from consensus. The more managers that are in harmony with the majority views of a pluralist society, the more likely they are to have a successful career. The central purpose of the organization, therefore, is to make sure that managers' actions conform to this consensus. Organizations which succeeded in producing responsible managers would, under this model, correspondingly gain legitimacy in the public eye. In this way corporations are, in the last instance, also controlled by consensus. This is said to be causing the emergence of a new action motive of managers, "enlightened egoism" (see Takala 1985a, p. 23).

Second, the radicals take exactly the opposite view (Harvey et al., p. 17) . Bureaucracies and career structures serve to bind the manager to shareholders' interests more than any supposed consensus. They claim that managers' careers might be seen as an insidious means whereby managers are more completely incorporated into the instrumental objectives of the corporation as a whole, and ultimately to shareholders' interests. So long as managers' performances are measured using the criteria of profit maximization, they will actively seek to underline shareholders' interests. Social responsibility to other constituents would necessarily have a lower value from this perspective, because other interests are seen as being in contradiction to shareholders' interests.

Finally, there are some sociologists who would argue that because managers have only limited discretion, the very act of studying them may distract attention from "master institutions" of society, e.g. to study managers in this respect may imply that they are in some way the main cause of society's social ills (see Takala, 1986, also Harvey et al, pp. 1-19).

What does all this mean as regards my study? I wish to claim that while accepting this criticism there is still a justification for studying professional managers as a group who have their own beliefs, attitudes and opinions about the social responsibility of business. And what is important, the nature of their work (managing a business unit professionally) may bring about different belief systems and talking strategies than are demonstrated by entrepreneurs, for instance. The way in which professional managers, acting in concrete Finnish business life, think and speak about social responsibility is a matter of empirical study conducted later in this thesis.

2.2.3. The third ideal type of business social responsibility can be called "profit-making as a means for social responsibility" (GAMMA)

This position can be distinguished from the other two on several points. The firm, corporation or company which wants to act according to this ideology takes social responsibility as the primary purpose of action. Other goals are secondary to this main purpose (e.g. profit-making). Often the principles of doing

business are governed by certain deontological moral principles (such as duty or justice) in the formation of the firm's practices and strategies. This constitutes the ideal type of the GAMMA ideology.

One can understand, however, that the situations in which different firms operate are not one-dimensional. Today companies operate in a fixed liability relation with society; society gives the firm the necessary permission to operate and the ultimate responsibility is to society. Companies no longer perform as atomistic islands in a free laissez-faire environment, as might have happened earlier. Nowadays the firm has a twofold duty: firstly to produce goods and services, and to make a profit; secondly to consider social aspects while engaging in its economic activity. Again it is to be noted that the firm operates under strong economic constraints.

These "system forces" tend to place sanctions on a company that fails to meet the competition, in other words, an unsuccessful company is in danger of bankruptcy. This partly explains the minimal prevalence of the GAMMA ideology in real business life. Actually, it does seem unrealistic to assume that a modern large corporation or conglomerate would act totally in accordance with this ideology, although empirical surveys have disclosed the fact that the personal commitment of managers would be in accord with effectuating the principles of this ideology. However, economic pressures often tend to result in a lowering of the "level of morality" in the firm's actions (Brenner & Molander, 1977). Nevertheless, if the firm wishes to exercise, even partially, the GAMMA-ideology, it can formulate and implement some of its

policies with socially significant "good cause" as its starting point.

The implications of the conduct described above can be multiple. Generally, this is manifested in different forms of charity. To be morally justified, from a very strict formalistic ethical perspective, the purpose of the activity has to be without egocentric profit-making motivation. For that reason such actions as giving to charity in order to stimulate business (e.g. donations made to polish the corporation's image) would not be classified under the moral ideology of social responsibility.

In practice, though, it is problematic to distinguish and to define actions pertaining to this principle because the motives under which socially responsible actions are planned and effectuated are not easily discerned. At any rate, actions such as those referred to above which could be classified as charity are not sufficient to make social respectability complete or universally applicable. Besides, comparable actions are mostly marginal, whereas a company operating on higher levels of social responsibility has internalized the conception of justice and the principle of the Golden Rule as the maxim behind its practice. An external expression of this principle is, for instance, the adoption of new, socially just goals, objectives and strategies as a fixed and stable part of business practice.

2.3. Formulating the problem - relevant studies of shifts in the ideologies of business social responsibility

Several problems naturally arise in connection with a study of this kind. For example, it is difficult to formulate the problem as a strict hypothesis, because existing studies of shifts in business ideologies are often irrelevant to the economic and social conditions in Finland. Nevertheless, there are some results which can provide a basis for certain pre-assumptions.

First, there are many classic descriptions of the evolution of American capitalism and the role of the firm in this process (Sutton & Kaysen & Tobin 1956, Galbraith 1967, Heald 1970). Second, there are the prophets of managerialism, who treat industrial managers as the new social class of the twentieth century and stress the role of the manager as one of the ideological forces shaping the public consciousness. One of their themes is that in the classical economic theory of competitive profit-seeking the firm was regarded as the robot-like slave of impersonal market forces and that the new manager would now have greater discretion, which might result in an effective broadening of corporate objectives. But, given a degree of emancipation from the markets for goods and resources, as well as from the capital market, we could expect firms to display considerable behavioural variations (Berle and Means 1967). These and other more recent studies of shifts in business ideologies (Schaefer 1974, Heilbrunner 1972, Cavanagh 1976) do at least suggest that some such shifts have in fact occurred.

Further, Nichols (1969) studied business ideologies prevailing among British business managers. He was substantially concerned with what social responsibility meant to businessmen and the language of social responsibility (p. 162). He used a three scale classification in his social responsibility studies (p. 168) and found that businessmen themselves preferred the so called "long term company interest" (LTCI) view, which was something between strict profit maximization (LF) and an altruistic no-profit-ideology (SR). However, the managers had difficulty in distinguishing between the SR and LTCI items and they often explained choices of the former in terms of the latter. Nichols believed that the major reason for the pattern of behaviour described was that it really was extremely difficult for business managers to separate policies which were in the interests of the company from those which were socially responsible (p. 183).

It still seems clear, however, that more concrete research results geared to Finnish conditions are demanded as a basis for the empirical part of this thesis. As noted above, there are not many studies of these questions. But recently a few have appeared consisting mainly of surveys or interview studies about the attitudes and values of Finnish managers toward the social responsibility issue (Pääkkönen and Repo 1984, LIFIM 1982). Both these studies were carried out in the early 1980s, and they suggest that managers in the largest Finnish companies feel (at least at the level of personal opinion) that the social responsibility issues of the firm are important, even at the expense of profit-making. Very few firms regarded profit-making as the sole objective of action. Very similar results can be found in the Finnish Committee Report on the social

responsibility of Finnish firms (Committee Report, 1972).

However, the main study to be used as the basis for the empirical part of this dissertation is the author's licentiate thesis (see Takala 1987; 1989c). In this study the three ideologies of the social responsibility of business were developed and "tested" by using content analysis as the methodology and selected articles from Finnish employer journals as data. The results were as follows:

The results illustrate the change that has taken place: traditional ideology has had to give way to the modern, broader ideology of responsibility. This change is visible especially in the social sphere. In the 1930s the social responsibility of the firm was perceivable only as fulfilling economic responsibility. There were neither expressions of the need to take broad and systematic social responsibility nor the desire to do so. Nor was there any mention of social goals which could have been coupled with the general objective of the firm.

On the other hand, statements dealing explicitly with the social responsibility of the firm emphasize broader management responsibility, responsibility for the whole community. The explicit statements mentioned above laid stress upon the firm's economic function. Such being the case, the economic function was considered central, i.e. the responsibility of the firm was to create the basic wealth of society. Management responsibility was the only field of social responsibility explicitly manifested in the articles. This, then, can be called the paternalistic model of management responsibility. Statements stressing the firm's moral responsibility appeared specifically in connection with

management responsibility. There the emphasis was on the employer's duty to provide work for the unemployed. In the 1930s corporate actions were legitimized by stressing the importance of the economic function. Additional social functions beyond these were not stressed.

In the course of a few decades, from the 1930s to the 1970s, Finland has undergone a shift from an agricultural into highly diversified industrialized society. During this period strong economic and social changes have occurred, one of these being the change and clarification of the division of functions between society and enterprises. Finland took a powerful leap towards the so called welfare state during the 1970s, i.e. the state has taken on an increasing amount of social functions and duties which earlier were considered the responsibility of the private sector. It is evident that many controversial topics of debate in the 1930s, for example certain actions connected with social security such as industrial safety and health insurance laws, have even been accepted by employers during recent decades. In consequence these issues were no longer discussed in the employer journals of the 1970s. Additionally, the labour union movement has been accepted both as a legitimate social institution and as the opposing side to the employers in collective bargaining (which was not yet the case in the 1930s). Certain mutually agreed topics were no longer discussed in the 1970s. More relevant topics have emerged instead, such as corporate democracy, environmental protection, consumer politics etc.

It seems that in the 1970s particularly, firms tended to resist laws and regulations that imposed additional obligations. In

their place firms stress their ability to autonomously perform the functions that were to be legally regulated. Here the point is not necessarily that firms would wish to realize the narrow model of social responsibility but rather that firms sense the government's distrust of their capacity for self-regulation. Behind the firm's emphasis on voluntary responsibility could also be the idea that it was to the firm's advantage to be regulated as little as possible. Each law and regulation is a restriction on the firm's opportunities for action and its field of choice besides causing additional costs. Thus it is easy to infer that enterprises desire the minimum possible amount of restrictive resolutions.

The stress put upon the way to legitimize the firm's actions has undergone a change compared to the 1930s when reference to the economic function was enough to legitimize an action. The duty to feel responsible for the environment, employment, consumer protection, etc. is transmitted in the statements of the 1970s, although always on the condition that the firms be guaranteed the right to operate for profit. Firms legitimize their operations by accepting the existence of certain social obligations (the fight against unemployment, environmental and consumer problems). The business sector seems to agree with a certain amount of participation in solving these problems. With certain restrictions, though, this acceptance is presented in the abstract; no concrete actions are put forward. The ideal type statement describing such broader legitimation based on the social function of the firm goes like this: "The firm has to pursue profits or profitability in order to take care of employment or to fulfill its duty of environmental protection".

Here the quest for profits or profitability is seen as a means of actualizing the social function.

To generalize, it can be said that statements representing moral ideology were of minimal occurrence. Both in the 1930s and between 1972 and 1982 only three statements out of the total of 171 represented "moral voices". The 1930s stressed: "The moral responsibility of the industrial managers towards society and employees". "The significance of institutional and individual values which could not afford to be lost".

This was to stress the value employment has to a person and the moral duty of employers to provide opportunities for work. In the 1970s the same statement, classified under moral ideology, was put more implicitly. No direct value emphasis was found. Moral duties were not mentioned, instead, the phrasing went like this: "...During depression firms have kept the wheels turning and provided work even when it has meant unprofitable business". However, in this statement, as well as in the statement from the 1930s, maintaining employment is seen as an important duty.

When reviewing issues directly connected with values, it is noted that the meaning of the value put on work and employment is emphasized both in the 1930s and in the 1970s. In addition to this, the stress laid upon efficiency is typical for the 1970s. Values emphasizing the significance of money are prominent. Thus, profitability, profit, and economic outcome are accentuated. On the other hand, however, potential value conflicts connected with these issues are not presented. Over time, the attention paid to

certain issues has not switched from the utilitarian to a formalist or Kantian ethical position. The study made suggests more research and a closer look at the historical development of social responsibility issues. The study above gives some reason to suppose that three such ideologies or ideal type mental constructions in a way "exist".

This means that it is reasonable to think that there are different kinds of belief systems in Finnish business life varying with the time period and principles of doing business.

One can also see that there are several components in" the discourse of the social responsibility of business. These are the economic component, the social component and the ethical component. The accentuation of the components varies with the period of time.

On the basis of the above study, therefore, I will assume that this kind of classification can be used as base for case-studies (which will be carried out in later chapters).

2.4. Possible explanation basis for thinking, acting and speaking about business responsibility

In this section the main purpose is to present a possible explanation basis as to why entrepreneurs and managers think and talk about social responsibility in the way they are assumed to. Two such kinds of explanations are held to exist. I shall call these structural and, on the other hand, discourse explanations.

2.4.1. Business social responsibility in the light of structural explanations

Briefly, structural explanations are kinds of explanations which suppose that the human being, manager or entrepreneur reflects in his thoughts and also in his talk the situation in his firm and the nature of the business he is conducting.

One can consider the studies presented in the previous chapter mainly as representatives of structural explanations. In these studies the attitudes, opinions and beliefs of business people are studied directly by means of postal questions without the opportunity for ongoing dialogue between researcher and interviewee. Using statistical and positivistic methods an attempt is made to reveal how certain abstract factors like age, the size of the firm, technology, education or the line of business determines the actors' social responsibility BOAs (= beliefs, opinions and attitudes).

In the worst case this approach has led to a situation in which interpretation of managers' and entrepreneurs' BOAs is quite naïve. This kind of "simple" interpretation means considering these BOAs as outcomes of certain economic and societal structures without acknowledging the possibility of cognitively produced talk. In other words, the speaker can produce talk knowingly in which he can make clear how responsible he or his firm is or is not, i.e. the discourse of social responsibility is produced. So, we need another explanation basis which can be

called discourse explanations.

2.4.2. Business social responsibility as a discursive phenomenon - an attempt to explain social responsibility as a part of organizational talk

Studies have recently been published which have dealt to an increasing extent with MANAGERIAL WORK from new kinds of perspectives (see Tainio, 1987). The most interesting studies from my point of view are those stressing the symbolic functions of management and the language used by managers (Pfeffer, 1981; Brunsson, 1985; Czarniawska-Joerges, 1988). For example Pfeffer (1981) argues that in addition to legitimating the organization externally, management must also develop systems of shared meanings and beliefs that legitimate and rationalize organizational decisions and policies internally. Pfeffer refers to this process of external and internal legitimation as symbolic management and views it as necessary not only to ensure support from the organization's environment, but also to ensure continued participation, compliance, and commitment on the part of organizational members.

I will assume, on the basis of several studies, that in order to succeed in these tasks the management must create different kinds of "discourses", e.g. external and internal discourses, discourses about social responsibility etc. (see Cheney & Vibbert, 1987). One important function of these discourses is to convince the different audiences (or constituents) that the actions of a business institution are legitimate (this is the

main task of so-called institutional management, see Lilja, Räsänen, Tainio, 1986). One can claim that this function of convincing - "the creation and preservation of legitimations both externally and internally" - is important at all levels of business, although belonging, to the most abstract level of business management (i.e. institutional management, see Lilja et al., 1986).

The discourses are "talk" about something and in this case the factual issue is the social responsibility of business, a subject which has been extremely topical in the twentieth century (see, for example, Epstein 1987).

In the previous chapter the main focus of this thesis was thematized as "managerial belief systems as expressed talk". This motivates us to examine the concept of belief systems more precisely.

2.4.2.1. Organizational belief systems

This concept has previously been used by Donaldson and Lorsch (1983). They define "organizational belief systems" as relatively coherent sets of ideas (beliefs) about types of objects or situations that organizational members possess. Other authors have used various concepts in much the same way as that defined above. The concepts most frequently used seem to be organizational "ideologies" and "paradigms" (Beyer, 1981; Brunsson, 1985; Meyer, 1982) and "interpretive scheme",

"cognitive structure" and "frame of reference" (see Björkman, 1988).

These belief systems influence organizational action in various ways. First, belief systems describe how written and unwritten rules can dictate how things are and "must" be done in organizations. Second, belief systems also influence how individuals perceive, interpret and evaluate events in their environment. Thirdly, belief systems include organizational objectives and ideas about what action is required to fulfill these goals. Fourthly, belief systems create expectations and motivation and thereby affect the actual course of events. It seems that organizational belief systems usually guide organizational behavior. However, especially in novel situations, action may precede the development of belief systems and they can in this way reflect what the organization has already done.

Reports on empirical studies show almost unanimously that radical changes of belief system are associated with fundamental changes in the organization's environment. Several authors argue that major economic changes, the development of substitute product and process technology, external political changes, the emergence of industrial standards or dominant designs, de-regulation and other legal changes, and shifts in product life-cycles may require and actually lead to people initiating processes that result in transformations of organizational belief systems (Björkman 1988, p. 15). Di Maggio and Powell (1983) assert that organizations often copy the behavior patterns of other successful organizations in order to gain institutional legitimacy. Belief systems can then be altered to fit the new behavior.

There is often linkage between organizational belief systems and the power relationship. For example, by changing existing ways of interpreting the environment and the way in which the organization should function, several groups can attempt to gain a stronger organizational position. Thus, the organizational belief system legitimates, and is embedded in, a certain power relationship in the organization. Various means can be utilized by political contestants to win support and legitimation for their views, e.g. manipulation of language, myths and symbols etc.

In order to change the belief systems of organizational constituents different kinds of "management of meaning" can be directed towards:

- 1) the environment, to indicate that the behavior is socially acceptable and that previous decisions have been "right" or towards
- 2) the members of organization, to show that what is going on is meaningful and "right".

(see Björkman, 1988)

In the studies mentioned above the concept used is "organizational belief system" although the writers, often implicitly, mean and speak about managers. In this context the concept is used to refer to belief systems shared by virtually all members of the group being focused on (an organization or an organizational subunit). However, this group is usually (or nearly always) composed of business managers, and this is the case also in this thesis. From the point of view of this study, therefore, it seems reasonable to speak of managerial belief systems instead of organizational belief systems.

2.4.2.2. On organizational talk and corporate discourses

One can distinguish several approaches in the studies concerning organizational or managerial talk. First, it is analyzed in evaluative terms: people in organizations talk instead of acting, which should be their main occupation.

Consequently, talk is perceived as covering or reflecting the "actual" reality. An alternative approach is that of talk as work. Within this approach people perform their jobs by talking. This can also be said of managers, should we wish to describe them as a profession. Third, talk can be seen as a device for control. Thus organizational talk has been treated as a crucial type of organizational action. Talk is a part of organizational consciousness, what people know and ask about, confirm and doubt. Talk is meta-action in the sense that it controls physical action and also other talk. He who decides what is talked about and how it is talked about has power (see Czarniawska-Joerges, 1988).

As noted above there have recently been several studies published on managerial work and talk. Czarniawska-Joerges (1988) has studied the proto-typical devices used to build shared meanings in organizations. In that process the following subjects have a central position. Talk, rhetoric, language, and discourse are terms often used in this context. According to definition of Czarniawska - Joerges the meanings of these terms are quite different. Talk can be seen as special kind of social action, it is an intentional human act taking place between actors within a given social order. Rhetoric mainly stresses formal aspects of talk. The term important for this thesis is **discourse**. Discourse can be seen as a repository for talk, a storage of legitimate

talk elements. This repository is then used in speech acts, actual occurrences of the use of language. Talk is then all speech acts and the rhetoric for a given social setting, and is either a synonym for discourse or else includes it as potential talk (C-J 1988, p. 11).

Organizational talk is action taken within the social order of an organization. It can be an action by itself, for example opening a meeting or decision making, or it can be a meta-action, giving a meaningful structure to other actions. This last function consists of forming linkages between the culture and organizational symbols, and between organizational symbols and organizational reality. Talk joins together the orders of "work" and "desire" (Scarry 1985) of organizational life, therefore providing various organizational events with shared meaning. Based on these axioms C-J (1988), found three proto-typical devices, which were labels, metaphors and platitudes. Labels tell us what things are, they classify; metaphors say how things are, they relate, imagine, give life; platitudes establish what is normal, they conventionalize.

Also Brunsson (1986) concentrates his attention on the organizational talk produced by different kinds of organizations. He states that talk is a way to deal with and act out inconsistent norms in their environment. For example, companies are required, by powerful counterparts, not only to make high profits, but also to provide many jobs, good employment conditions and little pollution. So organizational actions are often prepared, initiated and propelled by talk - the spoken word - within the organizations. Talk and decisions are used for

mobilizing and coordinating internal actions. In order to serve as action initiators they should be consistent - the talk and decisions should describe the action that they propose. But the instruments of talk and decisions can also be used for external purposes for reflecting the norms of the organizational environment. By talking about themselves and others to external audiences, organizations are able to describe who they are and what their environment looks like, what and whom they like or dislike, what they are trying to do, what they are actually doing, and why they succeed or fail.

Sometimes this talk is presented in formal documents, committee reports or annual reports, sometimes via public debates, in mass media interviews, in advertisements for individual products or in discussions with individual clients. Different talk may be produced by different organization members, for instance, in public debates. It may sometimes be possible to produce different talk for different parts of the environment (see Brunsson, 1986).

In her study Czarniawska-Joerges (1988) also found the same kinds of functions of talk as Brunsson. She makes the observation that when contrasting action to talk in discussing the public sector's attitudes, one can say that different kinds of talk, using different types of rhetoric and differently coupled to material action, are involved. One kind is "idle talk", meant as a substitute for action, and the other is "performative talk" which is either action by itself, or triggers the material action. When we speak about managerial talk the important term often used is "management of meaning". This can be understood in at least two ways: as managing the meaning for others and managing

the meaning of others.

In the former interpretation the members of an organization must be able to make some sense of the chaotic world outside in order to be able to carry out their collective action. Managers reduce uncertainty - for themselves as well as for others - by stating what is there, what it is like, what is normal and what is strange.

Usually, however, the sense-making of the non-managers can be very different from that of the managers and for this reason the second meaning comes in. Managers try to manage subordinates' meaning by convincing them that their (managers') enactment is a more valid or better basis for collective action. This can also be called persuasion. The third model is also presented by Czarniawska-Joerges (1988); she calls this "negotiation of meaning", which partially involves both the other two interpretations. In this process superiors and subordinates both participate in the enactment process and mutually use persuasion.

What kinds of devices can be used in the second variant of management by meaning presented above? I shall propose that these kinds of devices are, for example, as follows:

- different strategies for using talk (to hide or reveal information)
- to talk in different ways to different audiences
- to use different types of moral reasoning
- to use various rhetorical strategies and figures

The results of these presumptions can be verified only in the empirical research process.

Cheney and Vibbert (1987) studied "talk" produced by several large corporations in the USA. They called this talk "**corporate discourse**". The perspective adopted was rhetorical and terminological; that is, they assume that the terms of corporate discourse are powerfully persuasive in themselves, and should be analyzed as such. One can say, therefore, that it is a question of management of meaning at the most abstract level, in the public arena, and the device for this is something called "Public Relations"

Today, one can find large organizations of many kinds redefining, refining and expanding their roles in the public arena. These evolving practices, many of which have corresponded to significant cultural transformations, represent a noteworthy shift in the "corporate" communications posture. Cheney and Vibbers' analysis (p. 173) shows that through public relations communication, corporate actors attempt - admittedly with varying degrees of success - to control the ways internal and external environments discuss such key concepts as values, issues, images, and identities.

Authors define values as those things treated as important and basic by individuals or groups... as revealed primarily in the ongoing discourse of that individual or collective. Values are appealed to when two or more parties discuss, debate, or come into conflict over an issue. An issue is created when two or more human agents attach significance to a situation or perceived "problem". Issues are focal points in public discourse. From my point of view corporate social responsibility persists as an issue because individuals and groups can always raise questions

about what corporations ought to be doing for people. To manage issues and promote values is also to affect images and identities.

In everyday discourse, identity conjures up the idea of something an individual or group has or possesses, something indicating continuity and distinctiveness. Image usually indicates something projected by an individual or group, something perceived or interpreted by others. Image and identity can be treated together. Issues point to values, values often become issues, the discussion of issues affects images, such changes are linked to identities and so forth. These connections are possible because of the power of words. An issue is not an issue until it is talked about and labelled as such; an identity becomes "what it is" through symbolic means, though it is founded in physical things.

According to Cheney and Vibbert contemporary corporate public discourse serves three functions which are the rhetorical function, the management-identity function and the political function. The first of these is **the rhetorical function**; organizational campaigns are designed to influence both internal and external publics (or audiences), and therefore function as multifaceted rhetorical acts. The rhetorical aspect of corporate communication campaigns can be illustrated as treating "image building" that which reinforces and sometimes "establishes" values (p. 183).

A related manifestation of the rhetorical nature of corporate campaigns is the attempt to use these efforts to establish key

symbolic linkages or identifications that "locate" the corporation in the domain of public discourse. Such linkages are profoundly symbolic in nature. They are fundamental efforts at adjusting the relationships between the organization and its publics, its environments. Rhetorically these symbolic linkages are important because they represent or encapsulate the activities of a larger campaign, and encourage identification. Corporate persuasive campaigns, then, are viewed as multifaceted rhetorical artifacts with strategic structures (p. 186). The second is the **identity - management function**; to manage one's audience in discourse is also to manage one's identity in discourse, whether "one" be an individual or group. The most profound challenge to advocacy by any organization is to develop a distinct identity while at the same time being recognized as part of the cultural "crowd".

The third is the **political function**; this means that numerous large organizations today explicitly act in a political manner and "see" themselves as doing so. In entering the political arena, however, these organizations are confronted with the dilemma of achieving direct political influence without being identified as political groups. They must proclaim political messages without at the same time being represented as political bodies in the discourse of other corporate and individual rhetors; for example Cheney and Vibbert found many corporate bodies who proclaim political messages, but who shy away from the implication that they are political factors. Finally they make three general conclusions regarding the analysis above. First, public opinion is perceived as a valuable corporate ally. Second, the stance of public relations is moving increasingly away from

reactive accommodation and toward proactive formation. Third, corporate actors have become vitally concerned with controlling the terms of their presentation to various publics, both "inside" and "out there". Corporate public persuasion, drawing from vast symbolic and material resources, incorporates key terms of the larger social order.

The discourses or talk produced by managers are analyzed very seldom by using pure rhetorical analysis. Perhaps the reason is the fact that research findings provide us with relatively little information concerning business rhetoric. According to Knapp (1970) only scattered information has been available from a sample of large business corporations concerning their speakers, speeches and audiences, there exists only one major attempt to analyze the rhetorical nature of speeches of top management, and just a few scattered analyses of selected business leaders. The knowledge obtained from these studies can be summarized in the categories of speech content, speech preparation, and measures of audience response.

Studies concerning business rhetoric have usually been carried out in order to provide businessmen with normative advice for writing letters, notes etc. (e.g. Roundy & Thralls, 1983). However some more scientific attempts have also been made to analyze business texts. Such studies include, for example, Shelby (1986), Kallendorf & Kallendorf (1984, 1985) and Limaye (1983).

On the basis of the article by Kallendorf & Kallendorf (1985) the present author made a rhetorical analysis of selected articles from Finnish employer journals (see Takala, 1989c). The

results of this study show that the texts do not manifest particularly rich rhetorical figures and strategies compared with the results found by Kallendorf & Kallendorf and Burke (1982) in the arena of political rhetoric. One reason for this might be the nature of the audience. In this case the character of the audience is homogenous and one-dimensional, consisting of various similarly-motivated interest groups in Finnish industry. That fact might have caused a situation where very rich verbal expressions are not needed by the speakers to persuade the audience to approve the principles of business social responsibility, i.e. the verbal instruments of legitimation are not necessary because the speakers and audience are on the same side of the "front". Legitimation occurs mainly through the factual content of the articles. Secondly, notable differences in the figures of speech used between the two time periods do not exist. In the thirties the figures of speech used were metaphor, simile and hyperbole and in the seventies hyperbole, rhetorical questions and metaphor. However, the number of figures used was small in both decades. Thus, one can draw the conclusion that the figures for legitimizing talk are not connected with the dimension of time in this respect. The results and the method of these studies are interesting. However, the methodological use of rhetorical analysis is aimed at text interpretation, and for this reason the method used in this thesis is not "orthodox" rhetorical analysis but a more interpretative and hermeneutic method.

As was stated earlier the main purposes of the empirical part of this thesis are:

- to study BOAs of business managers and entrepreneurs

- connected with the social responsibility of business
- to study managerial talk, and models of reasoning concerning business social responsibility issues

On the basis of the previous studies it is difficult to formulate strict hypotheses because the number and the results of these studies do not exist in the form of a coherent totality. However, "the discourse perspective" on managerial work and to social responsibility of business seems to be interesting, as can also be seen from the studies presented above.

TO SUM UP:

Although it has not been possible to formulate clear hypotheses, some assumptions can be put forward. The assumptions which will be tested and pursued are as follows:

- Different types of business organizations produce or create different kind of discourses
- The accentuation of several components of discourses (which I define as the ethical component, the social component and the economic component) is different within different types of business organizations and levels of management
- The representatives of different types of business organizations speak in a different way and on different issues of social responsibility

PART II: EMPIRICAL RESEARCH SETTINGS

3.1. Selecting the Cases

The empirical data for this study consists of the documented conversations of seven business managers from five firms. The main data gathering was carried out by means of in-depth interviews with these seven managers. All were "important people" in the firms where they worked - mostly top managers. The purpose of these interviews was to try to discover their beliefs, attitudes and opinions about the idea of the social responsibility of doing business.

What, however, lay behind the selection of the five firms, (or cases)?

The reason and basis for their selection is the framework of three ideal types of social responsibility represented in chapter 2.2. The idea of this framework was to develop three positions (i.e. ideal types) of the social responsibility of the firm, which are:

1. Narrow conception of the social responsibility of business

- pure economic responsibility, traditional entrepreneur
- Milton Friedman position, profit making as social responsibility (ALPHA ideal type)

2. Wider conception (than position 1.) of the social responsibility of business

- managerial view, big business unit as representative
- profit making as restriction for business social responsibility (BETA ideal type)

3. Widest conception of business social responsibility

- alternative entrepreneurship
- profit as a means to social responsibility

(GAMMA ideal type)

The idea when choosing the firms in the sample was to select business organizations that were different in various respects. The cases are different with respect to the size, line of business and professional position of the interviewee (see page 46). This procedure thus implies that the firms' business philosophy is also different compared with each other.

The point of departure is inductive; an attempt is made to form new real types of social responsibility by filtering, distilling and compressing the speech produced in interview conversations.

3.2. Data collection - phases and principles

The empirical data was gathered by using so-called semi-structured theme interviews. In each case one or two interviews were conducted depending on how much the managers wanted to say about their BOAs (beliefs, opinions and attitudes) on business social responsibility issues. Each interview took one to two hours.

The interview procedure went as follows:

First, some "warm up"-questions were put which were quite general in nature.

Second, strictly formulated questions and/or various claims were presented.

The interviewee was free to answer in his own words.

The questions dealt with various issues of social responsibility, doing business and business ethics.

Third, at the end of the session the discourse was allowed to flow freely around each theme. This made it possible to raise such topics which were not included in the genuine theme-questions scheme.

The themes under discussion were as follows:

- general issues concerning the social responsibility of the firm and business

- the purpose of the interviewee's own firm and social responsibility

- the principles of profit making and legitimacy of doing business

- ethical norms in business

- the most important interest group in the business concerned

- the manner in which the interviewee handled his business environment

- the response to social pressures caused by society

- how to be of influence in society

- philanthropy

In each case the way in which these themes were stressed depended on the type of case. In terms of the situation the interviewer concentrated on such themes which seemed to be relevant in the firm in question. These choices were made partly before and partly during the interview situation relying on the researcher's sensitivity as one criterion of choice.

Although the interview session was quite short in terms of time it is essential to note that the themes and issues were dealt with through a variety of questions and from several perspectives. In this way it was possible to achieve a depth of

conversation that is usually only possible through a long process of field study.

The managers in question were members and representatives of the top level of management in their firm. The persons under research were as follows:

Table 1 : Cases and persons interviewed

case I- the owner manager of a medium-sized Finnish firm	managing director
case II - a small firm in the waste business	managing director and chief of accounting
case III - a business unit of a big state-owned corporation	managing director of the business unit
case IV - a one man show buying and selling companies and stocks	managing director
-----	-----
case V - an alternative bank	managing director and accountant
-----	-----

The interviews were conducted over a period of twelve months, between summer 1989 and summer 1990.

All the interviews were taped and transcribed word for word. As a mechanical methodological instrument for the analysis of qualitative data a program for the computer assisted analysis of text (THE ETHNOGRAPH) was used.

3.3. Analysis of research data - principles and phases:

ILLUSTRATION AND DISCOURSIVIZATION

If one wishes to make the acquaintance of some method books for qualitative research one quickly discovers that general rules regarding how to proceed in a real research situation are almost totally lacking. For reporting, in particular, there are very few good models, e.g. clear instructions on how to report the research dialogue are rare. The same lack is evident when it is a question of reporting the reasoning process from data to research results.

In this study, the method created by the author is used. Detailed reporting is developed and presented. This method was possible because all the data was taped and transcribed to data disks. The way of reporting the interviews is quite loose and comprehensive. This makes it possible for the reader to draw his own conclusions regarding the degree of validity and reliability of the study.

3.3.1 Illustration

In each case a part of the interview data is presented. In this version of the study this phase is quite short. These snatches are called illustrations.

The purpose of this part of the report is to:

- describe and illustrate research dialogue and put forth such data-material that could provide some reliability for the conclusions made at the end of the study and in which the most interesting issues aroused in interviews are spelled out.

The interview data are also moulded into a new shape. This means that at the end of this chapter the data is presented in a newly categorized form. The themes from which the illustrations are made is presented in part III.

3.3.2 Discoursivization

In this phase each interview is deconstructed, and after this constructed again. These new constructions are called "discourses". In each case three different discourses are formed:

- discourse concerning the economy
- discourse concerning society
- ethical discourse concerning various moral questions about business life

The concept of "discourse" is considered more accurately in chapter 2.4.2.

Here are some points about this concept:

1. Every discourse is a kind of talk aimed at some sort of audience.

In this case the audience is the interviewer. His role is try to discover the different meanings included in every discourse.

2. Every discourse causes some kind of response.

3. Discourses are talk about something.

One very evident point is the speakers' ability to link certain content elements and different kinds of actors (individuals and groups) in the discourse.

In each case the managers interviewed were seen as ideal-typical representatives of a certain type of business organization (i.e. traditional entrepreneur, professional manager of a business unit, alternative enterprise etc.). It was also assumed that these actors would produce some kind of ideal-typical managerial talk about their work. Thus it is possible to define and discuss the social responsibility of business from a "speech" perspective or as discourse phenomenon.

The main interest of the study lay on the managers' BOAs as reflected in what they had to say about social responsibility. Second, the so-called "action" perspective remains outside the research setting, because events really happening in the real world are not included.

The sub-themes of the discourses (formed by the previous studies carried out by the author, see Takala 1987) are as follows:

a) Discourse concerning the economy

- the role of the firm in the national economy
- the role of the firm in business
- profit making
- the purpose and goals of the firm

b) Societal discourse

- the role of the firm in society
- the role of management in society
- profit making, related to society in particular
- the goals of the firm, related to society in particular

c) Ethical discourse

- ethics of the firm
- ethics of management
- ethics of making a profit
- concept of man

The principle of classifying verbal expressions under different categories (discourses) is defined as associative. The purpose has not been to form a strict and accurate classification procedure, but to structure the data. These expressions (or sentences) are tools which convey the thoughts of the manager and can exist in several categories at the same time. Generally, the method of classifying the data is much the same as used in Takala, 1987.

PART III: EMPIRICAL BUSINESS ORGANIZATIONS AND MANAGERS -
ILLUSTRATION AND DISCOURSIVIZATION OF THEMES
AROUSED IN FIVE CASE-STUDIES

4.1. Case I Traditional owner-manager of a medium-sized textile firm in Central Finland

Managing Director A is in his fifties and has made his career in this family business. The firm has traditionally strong ties with Central Finland and especially the town of Jyväskylä, producing textiles from 1900 onwards.

In recent decades many important changes have happened both in the areas of organizing business activities and ownership. In the 1970s one major reactive factor behind these changes was a crisis in the textile business. However, the share majority has remained in the possession of one family. Nowadays the company is concentrating its activities on one product line and business idea, although some new developments and investments in new business-areas have been carried out.

One could claim that the personality of the acting managing director has strongly affected the development of new ideas and

areas of business. Managing director A is also a well-known, influential person in Central Finland politics. He also has personal ambitions in Finnish domestic politics.

Some tasks connected with so-called institutional management are familiar to him, for example, he is a very active member of the Finnish Employers' Association.

4.1.1. The BOAs of managing director A concerning the role of the firm in society and the economy -ILLUSTRATION

theme: the ultimate purpose of business

" On a general level profit making as the one and only goal of business was forgotten many years ago. But, of course profit or profitable operations are a necessary condition for all other action. When one is doing business so many interests are involved that the concept of profit becomes unclear. If I think about my own firm, profitability is a more important goal than growth for example..

...entrepreneurship is a way of life and very consciously chosen.. it includes the liberty to act in the way you want..."

"...it is not possible to act purely out of social motives when you are in business..."

..profit making is an essential element of business... it is not possible to act on an ideological basis... or ecological..what ever.. it is not possible to survive."

Theme social responsibility of the firm - some explicit meanings

so, what could the social responsibility of the firm be ?
the social responsibility of industry is the task to accumulate money for Finnish people ... and so give people a chance to pay their taxes and finance social policy and so on..

" what is important in this context is the fact that the firm must be successful.. around this fact other functions are possible, the opportunity to take on employees and prevent pollution and other responsibilities."

the foremost social responsibility of business is in the long term to make a profit, but sometimes, in the short term it is wise to give up this idea."

"an essential element for successful business management is the fact that social responsibilities are carried out and employees and society are satisfied."

"..philanthropy... yes, that is one way of making the image of the firm better ... an investment in the image of my business..
...however, the main principle of philanthropy is to give aid to such groups that believe in the same things as the firm, groups that are against the firm would not receive aid."

yes, the World Wildlife Fund asked me for some money for the protection of animals used in the fur trade, and I said to them: Surely you must be mad, I am not going to act against my

own interests"

"It is no longer possible for firms to conduct their business for some "mutual" abstract good, firms are responsible only for themselves, to act successfully and manage their role in this way... firms pay taxes which are distributed later by society.

"Making profit is it the same thing as the social responsibility of business?...yes, perhaps it is in first place, but I think that society will no longer stand for action like this..in the long term it is okay, but in the middle or short term it is not.."

" as far as the overall goals of the firm are concerned one of these is to employ people living in J.. we have tried to avoid redundancies for as long as possible.."

" and it is important to produce products of high quality"

" ecological responsibility.. yes it is important. Nature "pays us back" if we are irresponsible in this matter".., but when it is a question of some kind of social ill.. I think that it is not the business of companies to take care of such things.. you get into trouble if you are ready to help the state or local authority in social matters."

..."What do you think about the responsibilities of top managers? Is it possible to include certain social responsibility goals in the agenda of top management?"

".....yes, perhaps, but the written version of the "firm's

mission" tends to be just a nice cliché, read only once a year"

"What is the most important interest group from the point of your own firm ?"

Hmmm, perhaps it is the personnel of the firm, and also the local community, the firm's working environment. I have tried to take these kinds of questions into account in several investment decisions... I have thought about the long and medium term benefit for our personnel."

theme: business ethics

"What would you do if you noticed some kind of moral conflict evolving in your business environment ?"

"I would close my eyes, because the firm fulfills its foremost responsibility to its personnel and also to its customers by supplying products and services..it is impossible for a manager in his "job role" to join the barricades for Afghanistan or Estonia etc.. The manager has responsibilities towards the stockholders, personnel and society for the firm's actions."

"A firm must be a law-abiding citizen, but it seems to me that in Finland we have far too many rules and norms drawn up by the state and bureaucrats... it is not possible to guide a business to profitability by means of laws..

"..yes, but business morality must also contain some kind of humanity...it is not only to "seek money"..."

theme: interest group

"Yes, the most important interest?"

" The personnel perhaps, customers.. usually the situation resolves this question"

"How about the principles that guide the provision of information about your business activities?"

" In our firm all sorts of information has been given to interest groups. The marketing situation, budgets, financial assets and so on... It is important that the personnel can hear the situation from the operational management and I am also ready to answer if someone wants to ask.

Providing information increases the feeling of job security and capacity to work...

"Usually misunderstandings are caused by insufficient knowledge about the facts of business economics. And this is all a consequence of poor information, envy or a wrong attitude to competition on the part of companies"

" I wish to say that the public do not understand the nature of firms and business life... A firm consists not only of its management, but also its buildings, personnel and success..."

The BOAs of Manager A about the social responsibility of business: - an interpretation

The main observation is that Manager A in case I perceives the social responsibility of his firm, and business in general, as some kind of economic responsibility. The first and foremost responsibility is to act in a profitable manner, to be successful

and to make a profit in the long term.

However, responsibility for the employees is also important. Without an effective personnel a firm is not capable of surviving in the tough competition typical of textile industry. Also the local community must be taken into account when making business decisions, the state is not such an important partner.

One can say that social responsibilities have limited the area of doing business. Responsibility for the community has acted as a restrictive factor on profit making. On the other hand, certain structural factors of the economy and business branch have also limited the area of business.

The principle of social responsibility have quite clearly the character of a means. Profitable action must be the ultimate purpose of the firm and social responsibilities are only "means" (in the best case) or "burdens" (in the worst).

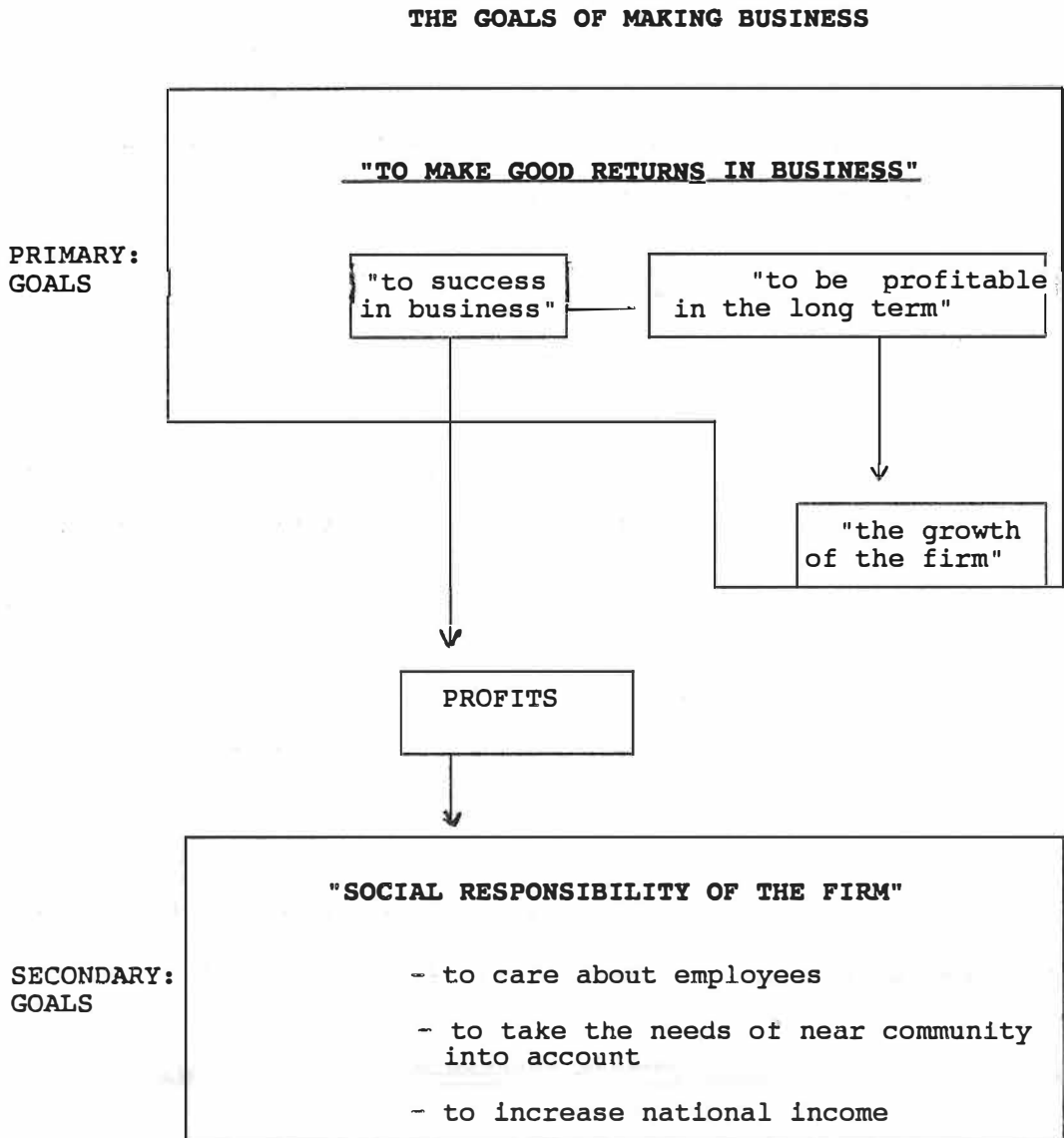
On a general level the responsibility of business is to create common wellbeing, to generate Gross National Product. Thus only a firm operating successfully can fulfill its duties of this kind.

What about business ethics ?

The ethics of Manager A in CASE I can be called "utilitarian real ethics". The firm must be law-abiding, but duties going beyond the law are not acceptable. Responsibility for the firm is the leading principle. If some moral conflict is perceived and is threatening the interests of the firm, the moral point must put on the background. Thus other "higher" moral principles are not actual when doing business in this firm.

In the next figure the elements between social responsibility and the principles of making business are presented:

Figure 1: CASE I: Relationship with profit goals and social responsibility goals



4.1.2. The discourses of manager A concerning the economy, society and some business ethical issues - DISCOURSIVIZATION

A. Discourse concerning the economy

- "on a general level profit making as the one and only goal of business was forgotten years ago..."

" profit or profit-making is a necessary condition for the continuity of doing business at all..

" the social responsibility of industry is the task to accumulate money and assets for people... and thus people are able to pay their taxes ..

- " the ultimate purpose of business is to make profit and after this it is possible to give money to some secondary, social purposes"

- " profitable action must be the ultimate purpose of business because only this guarantees the possibility to operate for the firm."

- "to collect taxes...indirect taxes.. it might be one of these responsibilities"

- "no one founds a business for some common good, the firm is not the sake of some abstract common good"

- "to be successful in business, it is one of the most important

questions also in the context of social responsibility matters"

B. Discourse concerning the society

- "the social responsibility to employees and our community is important... especially the medium-term benefit of these groups"

- "I am sure that if one does business only on some ideological basis it does not work ...it does not survive"

- "we have tried to sustain some social responsibilities, e.g. employment, although we may have a depression or other bad periods in our business "

- "to take care of social responsibilities; it will reduce the returns in the short term, but not in the long term"

- "social responsibility starts from the firm's future perspectives, laws laid down by the state cause only harm"

- " social responsibility for employees and the firm's work environment increases profitability in the long term"

- " it is not the most important point in business to care about social ills"

C. Ethical discourse

- "the firm has to be law-abiding like other members of society"

- "laws cause only harm for business"

- "the group norms made by the business community are not enough to guide a company, some ethical considerations are also needed"

- "the function of the firm is to produce and serve, not to work for some common good.."

- "ethical considerations must be excluded if the firm's interests are threatened"

- "philanthropy is a matter of good business policy"

- "no philanthropical activity towards groups which are against the firm's interests"

4.1.3. Description of the real type of CASE 1 (ALPHA -1)

In the following table the summary of the main features characterizing CASE I is presented.

Table 2: Interpretation of real type ALPHA - 1.

Real type ALPHA - 1: Profitability and success as conditions for social responsibility

indicator	definition obtained in CASE I
The ultimate purpose of business	Successful action, To make profit in the long term, To get reasonable profitability
Principles of doing business	To get good returns, but not at any price
Operating strategy (especially related with the firm's task environment)	Aggressive policies are acceptable, but the local community must be taken into account
The task agenda of top management	The agenda of top management should include certain social responsibility goals
Response to social pressure	Effective and open provision of information Developing the firm's image Managing director participates in public discussions

The search for legitimacy	The firm is primarily an economic unit Business economic responsibility The law-abiding principle is not enough in order to get sufficient legitimacy for business
The most important interests	The personnel of the firm is the most important interest Shareholders, customers and the community are important The state is quite negative partner
Business ethics	The interest of the firm is the most central To avoid moral conflicts, if the firm's interests are threatened The firm must be law-abiding The mutual norms made by business are not enough to guide firms' action
Philanthropy	It is a way to develop the firm's image No aid to such groups which are against the interests of the firm

4.2 Case II "Small firm" - ecologically beneficial business firm

The firm in question operates in the so-called waste management business. Its primary business idea is to collect, treat and refine plastic waste for re-use by firms. The plastic waste processed is supplied by firms which also get the material back after refining. The firm is small in size, managed by one family.

The managing director owns roughly 50 % and his relatives the other 50 % of the shares. The firm has 15 employees, who work mainly on the production line. The yearly turnover is quite small, some 3 million mk.

The firm was founded in 1976 to collect and refine paper waste. The reason for extending operations into plastics was the existence of a technology which was also suitable for gathering and processing plastics. At the same time a market niche for processing plastic waste opened up. The business idea conducted now is a natural consequence of these occurrences.

The persons interviewed were the managing director of the firm and his daughter, the chief accountant.

4.2.1 The BOAs of managing director R and chief accountant A about the role of the firm in society and the economy - ILLUSTRATION

theme: ultimate purpose of business

"Society has never given us any support in our business, in refining this waste..we have tried to conduct our business according to commercial principles"

"Our business idea is to fetch waste from a factory, refine it, and return the refined waste to the same firm...
so one can say that we are in the service branch "

"But, it is natural that the guiding principle must be the idea of profit-making ... this is business"

" We have made the decision to not make any products, but only collect, process and refine plastic waste"

theme: social responsibility of the firm - some explicit meanings

"What does this concept mean to you and especially to your business?"

"...hmm, one can say that we serve society.. but sometimes it is not possible to act in a profitable manner in this branch, the state should give us some support.."

"...as I see this business.. we do socially beneficial work and the terms of sale prevailing are mainly dictated by the customer"

as far as I can see social responsibility has not been of any economic advantage to us, maybe later but not now "

"..But if I think on a general level, it is not enough that the firm only tries to make a profit... the firm must above all be such a nice and meaningful place to work for all employees"

"and one social responsibility is to survive, and for that it is necessary to be profitable"

" one responsibility is the treatment of plastic waste"

" and we care about our employees, people which are employed are also kept in our firm, no one has been fired for lack of work"

theme: business philosophy

and the way I think now... it is not the most important matter to make as much money as possible or support society, but to care about the firm, how to survive and operate under the prevailing circumstances"

so this location place, like our firm, all this has happened by chance"

" I have thought that the firm is a kind of work community the purpose of which is to produce a living for employees, and on the other hand work in society according to the rules given to us.."

" In our firm we have a very deep understanding of the personality of an employee...everybody is allowed to be his own person"

"How to do business ?

My opinion is that the amount of return does not necessarily need to increase, our strategy is to adapt..and we have learnt during the years to survive, it is our primary goal.."

" The continuity of business is most important... the limits of profitability ?...to have a little more income than outgoings.."

" What do you think about profit making?

I can say that it is not a very important objective in our business.. one of our important goals is to try to get some good things done... so that our "gang" is content and feels it is doing useful work.."

" and we really try to avoid publicity, because we are so popular that everyone brings us plastic bags and other marginal waste. This all hinders our daily work."

"What might be the most central interest group?

" First, customers and second, personnel... the state is quite neutral. The local community is generally quite positive, but lately we have been criticized for our buildings and stores. They are perceived as ugly and junky.

theme: business ethics

it is important to be honest to all interest groups, in this way we can get new chances and trust in our business"

"To drive one's own benefit. What does this mean to your? sometimes I feel that we must get more money from this work, but generally we have try to satisfy the needs of all interest groups. If the goal were to distraint all profits, this would cause harm to anyone..."

"If you might have some conflict between business making and society?... " It is hard to think of any kind of conflict... I suppose that we try adapt, or instead we try to argue on behalf of our business.."

"How about philanthropy ?

It is only marginal - we have supported some groups mainly for humanitarian reasons"

4.2.2 The discourses of CASE II concerning the economy, society and some business ethical issues - DISCOURSIVIZATION

A. Discourse concerning the economy

- " the main principle is to operate according to business economic principles"
- " the main principle in our business is to be profitable in order to survive"
- " our firm is a group in society the purpose of which is to produce a living for employees"
- " it is important to find a reasonable level of profitability which assures the continuity of business"
- "profit making is not a very important goal in our firm"

B. Discourse concerning society

- "we are kind of service unit"
- " we help society because we refine waste for reuse"
- "society gives us too little support"
- " this is a kind of social work, because the customer can state

his terms of cooperation"

- " social responsibility is not of any benefit for us"

- "the firm must be a meaningful place to work"

- " the foremost responsibility of the firm is to survive"

- " customers are important"

_ " to employ our personnel as far as possible is one of our most central principles"

C. Ethical discourse

- " it is very important to try to do some good things"

- " so, the good things are: to give a meaningful job and necessary work from society's point of view"

- " it is important to be honest with all participants in business"

- " we give some direct aid to some groups for humanitarian reasons"

- " when we give aid this happens only from humanitarian motives"

4.2.3. Description of the real type of CASE II (BETA -1)

In the following table the summary of the main features characterizing CASE II is presented.

Table 3: Interpretation of real type BETA - 1

Real type BETA - 1: To survive, adapt and make a reasonable profit

indicator	definition obtained in CASE II

The ultimate purpose of business	To survive, To produce living to work community, To get reasonable profitability
Principles of making business	"Satisfying" principle, To do some good in business
Operating strategy (esp.related to the firm's task environment)	Adaptation as strategy, Service as one leading principle
The task agenda of top management and social responsibility goals	Not a very important issue Not possible for a small firms
Response to social pressure	Negotiating and adaptation

The search for legitimacy	The firm is an economic unit, but societal needs are important Both business economic and social responsibility as sources of legitimacy The law-abiding principle is not enough in order to get sufficient legitimacy for business
The most important interest group	Customers are the most important interest group Personnel is important
Business ethics	To be humanitarian To do some good besides making a profit The firm must be law-abiding To be honest with all partners To be a honest citizen
Philanthropy	Some marginal aid is given for humanitarian purposes The aid has no meaning for business in the economic sense

CASE II: the concept of business social responsibility - an interpretation

The firm in CASE II is a small family-managed firm which gathers, refines and processes plastic waste for re-use. One can draw the conclusion that social responsibility in this case is tied in with the business idea of the firm. The ultimate purpose of the firm is perceived as one means of doing some "good" or something useful in society. Social responsibility is an element which completes the business idea, rather than restraining it.

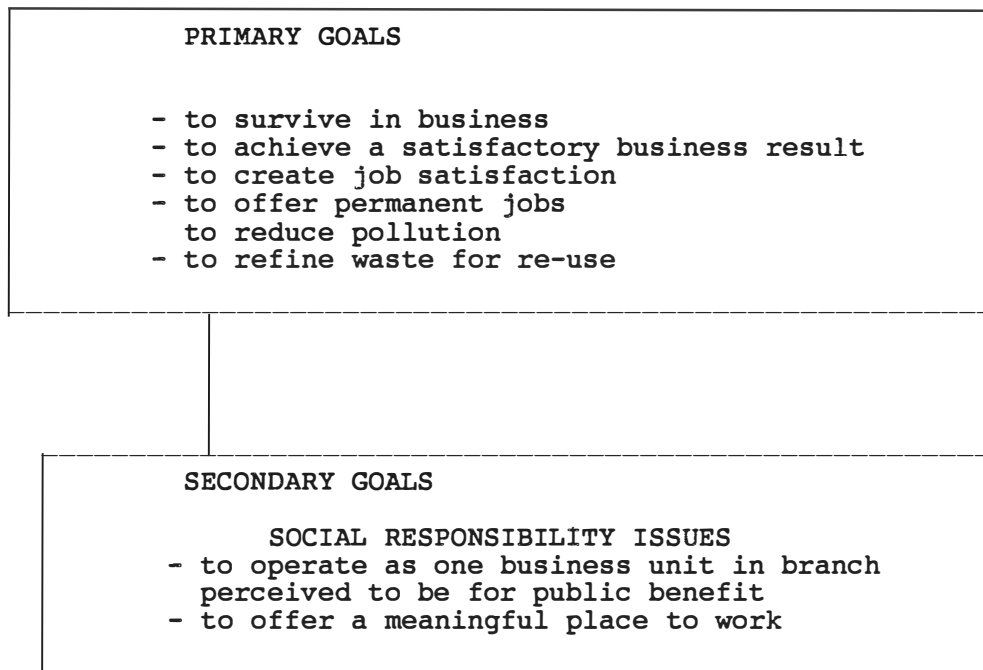
Another issue is the internal "organizational culture" of the firm; the aim is professed to be more a community-like group than an ordinary firm.

However, social responsibility is not a "calling" for this firm. To act according to business economic principles is essential. Only thus can the firm carry out its duties, to provide employment and refine waste.

Social responsibility issues in the sense of "actions beyond the law" were not topical in this case.

The following figure presents connections between the business idea and social responsibility issues.

Figure 2: CASE II Elements of social responsibility and the purpose of business



4.3. Case III "Professional manager" - manager B, leader of a business unit in a large state-owned corporation

In the third case the person interviewed was a man in early middle age called manager B. He is the leader of a business unit in a large state-owned corporation which operates both in the domestic and international markets. The historical roots of the corporation have defined the strategies of the corporation. The main task of this company has been to produce products Z for the Finnish market. Recently, the corporation has enlarged its activities to include some new branches. In 1990 the old "mission" made up only 20 % of the yearly turnover.

Factory manager B has advanced quite rapidly in his career in the corporation, and now a new fast developing line of business has been given to him. A great deal is being expected of him.

The yearly turnover of the unit is expected to be several million marks when the capacity is fully utilized.

The business idea of the unit he manages is "to produce new pro-environmental pollution-reducing products for the domestic and international markets". The business unit operates in central Finland near the town of Jyväskylä. The unit employs some seventy people (1990).

4.3.1. The BOAs of managing director B concerning the role of the firm in society and the economy -ILLUSTRATION

theme: the ultimate purpose of business

" ... What can I say.. We don't aim to make rapid and intensive profits in the short term, but our goal is action over a long span...

...And we try to develop our business and to assure the preconditions necessary for our business in a way which will make a profit"

" ... it is our job to take care of things that happen in our factory, and the community and state will take care of things outside our factory gate...

" ... it is not the task of any business to be a social institution. The proper task of business is make a profit, to be profitable, to be renewed and one important function of a manager is to motivate the personnel"

" ...My opinion is that the tasks which clearly do not belong to the agenda of a normal business must be excluded from it. The business of business must be to fulfil its basic mission written down ..."

" ... a firm must be business-oriented so that it can pay taxes and give dividends to its shareholders. These are its primary societal duties"

" Yes, our corporation has for years had one central reason for its existence, to produce product X for Finnish farmers "

" Now this factory makes pro-environmental products... in this way we resolve problems caused by others in this society"

" Our purpose is to produce Z ... and our operations must be profitable in the long range the ."

" I do not think that it is reasonable to include in the business idea of the firm certain tasks (social responsibility goals) which do not belong to the proper agenda, it is not right"

" Especially I am against some continuing social burdens"

Theme social responsibility of the firm - some explicit meanings

" One such responsibility is written down in our corporation, to produce X..."

" In our business unit one social responsibility has been to secure existing jobs and create some new jobs depending on the situation"

" If I think of my own person... I do not feel that working with social responsibility issues is so important. To get the things done, that is my social responsibility"

"One manager's important responsibility is to provide correct and honest information so that the firm is well-known and

misunderstandings do not occur"

" but society is also responsible for us, it must do its own duties "

" And if we feel a responsibility for our environment and interest groups, that will on the other hand be a matter of success for us... this is like a chain, everything depends on everything else"

Do you think that a firm must have certain social responsibilities ?

"... No, this idea is quite strange to me... it is not possible to include such activities in a firm's business idea"

" ... nowadays all interest groups accept the fact that the firm must make a profit, without profit it is impossible to renew and pay wages "

theme: management philosophy

" The most important issue is the future and long range activities ..only through these is it possible to achieve good results, not through short-term profit making "

" To create job satisfaction is the task of management, it is important that people have a nice place to work"

" Events, little and often rather than big and seldom"

"Values, through these it is possible to get results"

" The main point is that doing business must be profitable, it is not right to act with the aid of some support obtained from society"

" ...different businesses have a nature of their own, every business culture needs its own means of management"

"in our corporation we are sometimes forced to sacrifice profits for the sake of secure employment... this is a profitable manner in the long run in spite of temporary losses"

" What do you think about managerial discretion ?

...well, generally I am quite free to make my own decisions. But I have to take account of our other business units in this locality because my factory is only one part of the corporation. This fact places limits on my activities"

" What about publicity ?

It is not just, it is very difficult to correct mistaken ideas given by newspapers, TV etc"

" If we wanted to it would be possible to create publicity very often, but we are avoiding publicity because it is not just"

" Doing PR is one of my main tasks. It is important to make our product well known, and especially its environmental friendliness"

" Providing information... I am in support of open information giving, but this must be segmented. To opinion leaders we give

more detailed information, and to the whole staff sufficient information in quite simple form"

" Interest groups ... how can I put it...we do have in our corporation the principle that we take care of our employees"

" The town is quite important. I have often said to our staff that our responsibility as an employer is not limited only to our personnel, but it also includes their families and living here "

"If we operate in a very selfish way, I reckon that our preconditions for operating in this environment will weaken in the long term, but if we accept responsibility for our interest groups we can be successful too "

theme: business ethics

"On the level of the corporation as a whole we have our own ethical codes written down on paper, but they are quite general and loose"

"Do you have any sanctions if the code is disobeyed ?

... of course the rules must be obeyed. The sanctions will emerge in the form of low career advancement or you may encounter other sorts of trouble"

"Have you ever felt any kind of stress put on you by another level of the organization level that your own moral thinking has been disturbed ?

... No, I have never come across such a situation and it is

unbelievable that these will exist in future .. when hiring people we ask them if they have any moral inhibitions... that lops off people we don't want on our staff"

"What do you think about the group norms formulated by business, are they enough to guide business?

... yes, perhaps. They and common sense are quite good guides"

" What does the term business ethics mean to you ?

It means that we do not offer bribes to any groups. We give normal business gifts, but not bribes"

"What would you do if you noticed some kind of moral conflict evolving in your business environment and our own opinion about the solution might be harmful for the business unit?

... Yes, I would take the view I felt to be right and also say it aloud. If this conflict involved our customers or personnel...hmm, then it would have to be put on the table and dealt with in some way."

" If you think about your professional ethics or the source of your professional norms ?

... The main factors have been my family background and my education. "

"What about philanthropy, is it a central issue for you?

"We give some donations to universities and certain research institutions, but we do not have any fixed plans for this kind of operation...it is not a very important activity "

"It is sensible to give aid to such groups that are beneficial to our business, if we want to make some kind of prioritisation."

4.3.2. The discourses of manager B concerning the economy, society and some business ethical issues - DISCOURSIVIZATION

A. Discourse concerning the economy

- "a business must be profitable, support given by society is not acceptable"

- " we are reaching for long term business benefits"

- " profit in the long term and assuring the preconditions for business are our main objectives"

- " profit-making is self-evident, all groups in society accept this fact"

- " sometimes we have been forced to reduce our profits in order to avoid redundancies"

- "the purpose of this unit is to produce product Z, so we are able to cover the costs and develop the factory in the long run"

- " the business of business is to do business and all that belongs to that sphere. That must be the idea of business"

B. Discourse concerning society

- "the first and foremost social responsibility has been to safeguard the jobs of our employees"

- " responsibility for the community around our firm is important"

- " to get things rolling along, that is essential and also this is social responsibility"

- " it is important to feel social responsibility because that is useful from our point of view, to help and get help"

- " it is a mistake to take laws only as norms for social action. It is important to develop systems that go beyond laws"

- "the social role of our corporation is connected with the whole purpose of this corporation, making product X for Finnish farmers."

C. Ethical discourse

- " common sense and the norms created by business are sufficient guidelines for managing the firm, especially from the ethical point of view"

- "the most important element in our business ethics is to avoid illegal actions and to refuse to give bribes"

- " to act honestly is the best policy in business, it gives the

best results in the long run

- " the source of my own professional ethical norms is my family background and my education"

- " it is no kind of basic value to be Finnish"

- " it is not possible to do business according to some "common good", the laws of the economy determine the principles of action"

- "the ethics of giving in business life are usually determined by the usefulness of the group aided"

4.3.3. Description of the real type of CASE III (BETA-2)

In the following table a summary of the main features characterizing CASE III is presented.

Table 4: Interpretation of real type BETA-2

Real type BETA - 2: To do business and live together with our interest groups

indicator	definition obtained in CASE III
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The ultimate purpose
of business

To produce product Z,
Achieve reasonable
profitability
in the long term

Principles of doing
business

"Satisfying" principle of
profit making
To safeguard the
preconditions
for doing business

Operating strategy

Cooperation
Paternalizing

(esp. related to
the firm's task
environment)

Social responsibility
goals on top
management's
agenda

Not suitable for management's
agenda
To do business, not perform
social tasks

Response to social
pressure

Negotiating and controlling

The search for
legitimacy

The firm is an economic unit,
but societal needs
are important

Both business economic and
social responsibility

The law-abiding principle is not
enough in order to get sufficient
legitimacy for business

Norms of business life are
sufficient to gain
legitimacy

The most important
interest groups

Personnel and customers are
in primary position
Local community is also important

Business	To act in an honest fashion
ethics	The firm must be law-abiding To voice one's own opinion in spite of losses caused to firm To act like a good citizen To act according to the code laid down by the corporation
Philanthropy	Some marginal aid is given to various groups If possible the aid must be directed according to the firm's interest

CASE III: The concept of business social responsibility in CASE III (real type BE TA 2)

In the third case the person interviewed was a man in early middle-age called manager B, the leader of a business unit in a large state-owned corporation which operates both in the domestic and international markets.

Manager's B concept of business social responsibility includes several elements:

- to fulfill the purpose of his business unit
- to achieve a good financial result
- to maintain good relations with the firm's work environment
- to keep up good relations with employees

The purpose of the unit managed by B is clearly beneficial from a societal point of view. The product manufactured is pro-environmental. Due to this it is easy for him to argue on behalf of his business and its legitimacy.

One of the main objectives for B is to produce a certain yield on capital. The activities of the unit are directed solely at doing business. The product manufactured has only instrumental value in relation to doing business. If the product is unprofitable it will be taken out of production. The term "profit maximization" is not used, satisfying is prevailing. Other terms used were "profit in the long term, long range action, safeguarding the preconditions".

In addition, the everything depends on everything else principle is admitted. "We are responsible" is a useful principle because that helps the unit to become more profitable.

The explicit meaning of responsibility for B is to "manufacture product Z", this is the purpose of his unit. On a general level, doing business is not to act according to some common good.

Profitability sets the limits for business social responsibility if it is defined as certain concrete "non - profit" actions. The firm has no special duties to care about social ills.

Figure 3: CASE III. Elements of social responsibility related to business philosophy

THE BUSINESS PHILOSOPHY

PRIMARY *

GOALS OF MANAGER B

- to safeguard the pre-conditions of our business
- profitability in the long term
- to develop the unit
- to invest in the future

THE PURPOSE OF THE UNIT
"We are making pro-environment product, but as a business among other businesses"

SECONDARY*

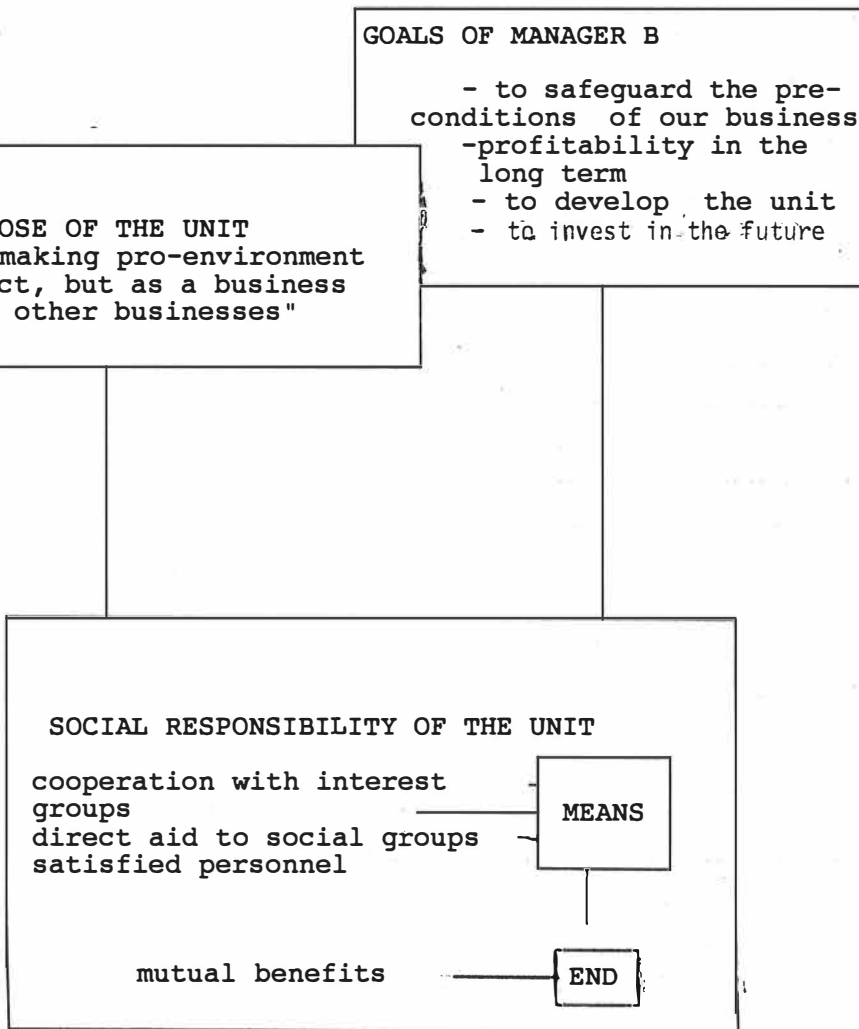
SOCIAL RESPONSIBILITY OF THE UNIT

cooperation with interest groups
direct aid to social groups
satisfied personnel

MEANS

mutual benefits

END



4.4. Case IV "One man show" - stock business, buying and selling companies

In the fourth case the object of research is an entrepreneur who carries on investment business in Central Finland. From 1976 the main business idea has been to invest in shares. Nowadays, different kinds of trading in companies have become more and more important. The entrepreneur operates on his own and has only one employed person with him, a secretary taking care of certain daily routines.

4.4.1. The BOAs of enterpriser C about the role of the firm in society and the economy - ILLUSTRATION

theme: the ultimate purpose of business

" My firm Y has concentrated on all kinds of investing. I do buy and sell companies, invest in shares and so on..."

"Yes the purpose of this firm is to conduct investment business... I cannot put it more exactly"

" What do you think, is it possible that the ultimate goal of business may be to do some common good ?

... My opinion is that this claim is quite unfounded and Utopian, especially in these circumstances"

" To survive, that is the most foremost objective... sometimes I have put it so that profit maximization is not the purpose, but to survive in competition"

" Is the firm forced to change its "mission" in society if it is unable to fulfill the social responsibility goals placed on it ? ...To change its business idea?... it's very difficult, if one has to change the whole line of business"

theme: social responsibility of the firm - some explicit meanings

" The term responsibility of the firm, social, economic or something other; has it any special meaning for you ?

... Hmm, I have sometimes thought about it, but in no sense has it ever become a central issue in my business...

"The main point is that I am striving for the best possible economic result, but I try to remember these social responsibilities, i.e. the responsibility to provide employment. The firms I own, partly or totally, have quite an effective impact on employment. We try to take account of these employment points"

" And, it is clear that we are law-abiding, i.e. we operate ethically, in a proper way"

" Does top management have any special duty to include certain social responsibility goals in its agenda ?

"... In my case it is not possible, my firm is not big enough. Maybe in some large corporations this is possible"

" To act as a responsible citizen is my social duty, as a private person. To act according to norms laid down by society"

" The responsibility of my own firm... it is to succeed in my business and, additionally, try to avoid firing people from their jobs"

"The main point in business must be that first comes profitability and in second place come social responsibilities. It has to be so, because if you are unprofitable in your operations you will go bankrupt"

" ... but if social ills can be exploited just like gaps in the market, then it is naturally right to make business by them .."

" If you have resources and you want to be influential in society, this is no bad thing. But I don't have, so that is no kind of concrete objective for me"

" Philanthropical activities...No I don't have any. I regard these activities as one way to create an image for the firm"

" Briefly, I will delimit my social responsibilities as taking care of the personnel I have"

theme: business philosophy

" Yes, profit making is the most essential point in business.. but profit maximization is not a relevant motive, but to get satisfaction through business is important"

" It important to enjoy working, to feel that the job you are doing is pleasant"

" It demands another kind of business logic if one wants to reduce profits for the sake of some social matter, maybe it is possible if the business is in a stabilized phase. But if the firm is growing strongly... then questions of this kind are secondary"

" My basic aim is to buy these firms in order to make a profit; this is the central point. But I have tried to take care of the employees, whenever I have decided to keep my shares in these firms."

" The job satisfaction aspect is very relevant, it is important that people go to their jobs willingly"

" Open information giving is an essential tool of management, especially when the issue is important"

theme: business ethics

"If we discuss the role of one's own interest in business, what is your opinion ?

...Yes, one's own interest is the basic motive in business life"

" Business ethics... I think that means one should run one's own business according to the rules and norms set by the society"

" Naturally one should try to behave in accordance with one's own principles and obey laws. This is easy in a successful firm. But if you operate close to bankruptcy, then laws may even get broken."

" What would you do if your own vocation conflicted with the interests of the firm ?

..it is not right to drive your firm to bankruptcy because of your own views, the main objective must be the survival of the firm."

theme: interest groups

"What are the most important interest groups from your point of view ?
..Banks, perhaps, are the most important group. I am an investor, so it is natural that banks are important"

" In my firm there are no other shareholders, but in general employees are important. They make results in those firms in which I am a shareholder "

" Being Finnish has no special meaning for me"

" The community, it is all the same to me. In the investment business the community has no meaning"

4.4.2. Discourses of investor C concerning the economy, society and some business ethical issues - DISCOURSIVIZATION

A. Discourse concerning the economy

- " The business idea of my firm is to conduct all kinds of investment business "

- " The main purpose of my firm is to try to achieve as good financial results as possible, but to take into account the employees' points of view too"

- "the main purpose of business has to be profitability"

- " profit maximizing is not the sole objective of firm"

- " the reason for buying and selling companies is to get more profit"

B. Discourse concerning society

- " it is very difficult, and almost impossible to work out any social responsibility activities in these circumstances"

- " social responsibility means acting as a responsible, private person, guided by laws"

- " the social responsibility of my business is to take care of the employees"

- " to offer job satisfaction, that is the one central issue in the area of the employer's responsibility"
- " the personnel are very important in business, they produce the results"
- " being Finnish, the community in which I operate, these have no meaning to me"
- " the state is a neutral partner, too"

C. Ethical discourse

- " to operate according to laws is to operate ethically correctly"
- "the whole of business life is based on the principle of gaining selfish personal benefit"
- " norms made by society are important guides in doing business"
- " it is not right to endanger the firm's profitability for the sake of some personal moral point of view"

4.4.3. Description of the real type of CASE IV (ALPHA-2)

In the following table a summary of the main features characterizing CASE IV is presented.

Table 5 : Interpretation of real type ALPHA -2

Real type ALPHA - 2: To make money and survive

indicator	definition obtained in CASE IV
-----	-----
The ultimate purpose of business	To achieve as good financial results as possible To survive in competition
Principles of making business	To get a good return on capital invested, but take care of employees' interests too
Operating strategy (esp. related with the firm's task environment)	Neutral policies are acceptable, local community has no meaning for the business
The task agenda of top management and social responsibility goals	Not possible for small and growing firms Not a relevant issue in this firm
Response to social pressures	Open information giving Not a very relevant issue

The search for
legitimacy

The firm is primarily an
economic unit
Business economic
responsibility

The law-abiding principle is
enough in order to get
sufficient
legitimacy for business

The most important
interest groups

The personnel of the firm form
the most important interest group
Banks are important
The state and local community are
neutral interest groups

Business
ethics

The interest of the firm is the
most central of all interests
To avoid moral conflicts, if
the firm's interest is threatened
The firm must be law-abiding
The mutual norms laid down by
business are enough to guide
firms' activities

Philanthropy

A way to develop the firm's image
It has no meaning for this business

CASE IV: The concept of business social responsibility in CASE IV
(real type ALPHA 2)

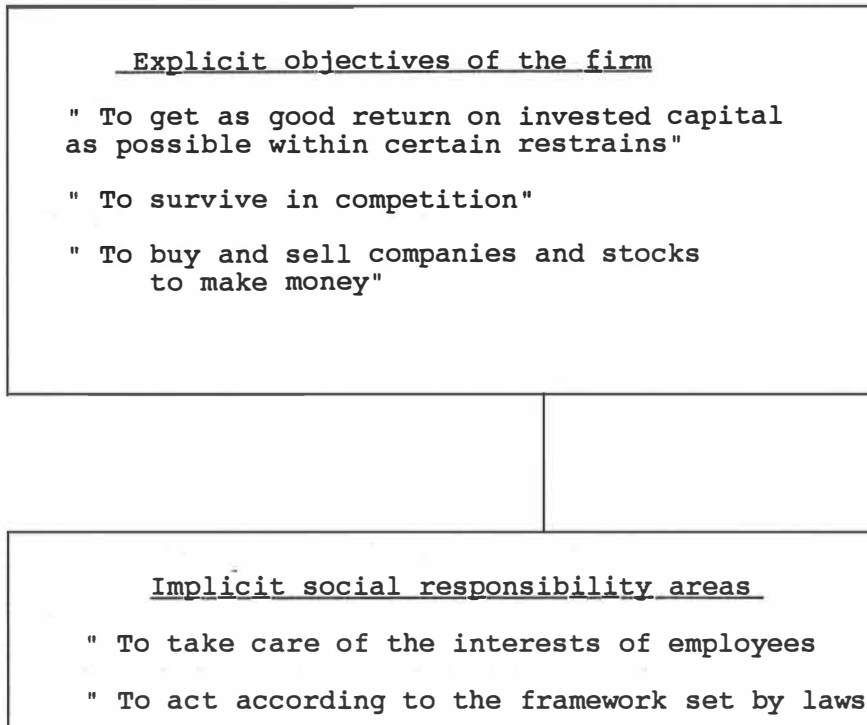
Entrepreneur C who operates in the investment business is a typical "one man show" manager. He bases the success of his firm on the knowledge produced by thorough know-how and experience gained over many years. The idea of his business is to "conduct all kinds of investment business with stocks and companies". The main objectives of his firm are " to make as good net profit as possible", the term "profit maximizing" is not used.

The concept of the social responsibility of the firm is not relevant from the point of view of this entrepreneur. The limits for acting in a socially responsible manner are set by society, so laws are the main norms guiding the actions of the firm. Employees are the central interest to whom this responsibility is shown, i.e. dismissing people is avoided for as long as possible. The personnel form the most important interest group, since they produce the results. Banks are important too, for obvious financial reasons. The community in which the firm operates does not occupy a special position among other interest group.

Firms, in general, do not have any special social responsibility duties, or duties to act on behalf on some "common good". The interest of the firm must outweigh moral considerations if conflicts arise. The ethics of business is the "real ethic"; utilitarian arguments are put forward and duty-values placed in the background. The benefit of the individual is seen as the central motivating factor in the economy; altruistic principles are not mentioned. Second, the ethic of law is seen as the main set of norms guiding business life; this is enough for business.

The social responsibility of the firm is to achieve as good a financial result as possible within certain restraints, i.e. in this case the main social responsibility is to try to maintain existing jobs.

Figure 4: CASE IV. Investor's business philosophy and concept of social responsibility



4.5. Case V: An alternative firm - EcoBank - "loans for alternative business purposes"

The fifth case in the study is a bank called EcoBank. The business philosophy which forms the basis of business activities can be called "alternative". That is because this cooperative bank wishes to offer an alternative to the financing business of "normal banks". This bank gives loans only for plans conducted on an ethically firm basis. In 1990 the bank has licensed to operate, but until the autumn 1990 the final operating model is yet open. Capital is gathered through the sale of shares and the

subscribed capital is now (1991) over 500 000 mk. Operations are planned by a supervisory board and carried out by an executive manager.

The persons interviewed were the acting executive manager and a person responsible for financial planning and implementation.

4.5.1. The BOAs of EcoBank's representatives about the role of the firm in society and the economy - ILLUSTRATION

theme: the ultimate purpose of business

" We consider that EB is one part of the worldwide movement which is trying to resist the anonymity of capital invested. The moral tenets and values of the depositor are essential. This guides the allocation of deposits. In this way the depositor gets some money (interest), but moral satisfaction too."

One main point is that this kind of action provides an opportunity to change the world in quite an ordinary way, i.e by using money"

" To deposit money with EB could be a new way of conducting politics ... to finance the projects considered important by the depositor can be of influence in many quarters"

" ...one central objective is to be a node in the network formed by firms founded on a moral basis"

" To be an alternative enterprise... then the object of the firm must be to serve the spiritual and material needs of the whole mankind.."

" Yes, utility is the very basis of all action, but the concept of utility must be redefined... It must be the utility of being a member of the community, the essence of man can be fulfilled only through group and cooperative action... it is happiness. This is much more than simply "maximizing profits".

" An alternative firm is an experiment, it has value from that point of view. Later the firm will change its nature to that of an ordinary firm, if necessary"

theme: the social responsibility of the firm - some explicit meanings

" Social responsibility is a very central point for us. The ethic of firm is our point of departure when we make loan decisions. If a firm promotes some social and ethical objectives besides profit, then the firm will get a loan on advantageous terms"

" But, profitability is one dimension in social responsibility issues. It impossible to support firms that are not profitable. They are not able to pay back their loans."

" Is it possible for a normal firm to be socially responsible ?
Yes, it is possible and in the future a firm must be more responsible for the sake of its own success. E.g. the commitment

of employees is dependent on how well this social responsibility is carried out, and customers will take account of these points too "

"Social responsibility will become more important on the agenda of the firm..."

"To be responsible, that is connected with the concept of "know-how", you can be socially responsible in those areas that you CAN, this is the best way"

To be patronizing is not the best way to be socially responsible. The best way is to develop areas in which the firm is successful, e.g. the pulp and paper industry can develop new pro-environmental products etc."

" ... but the firm must be self-managing, it must survive on its own and be profitable"

"If you think about the different interest groups, what are the most important?

...well, we have many opinions, but we have different funds for different purposes. So, we must be tolerant in order to get our work done. In that way, several interests are involved. Ecological issues, the environment, good things... the common good"

" In some respects our actions are like those of public institutions, we try to promote issues connected with the common benefit. "

" One can say that we don't have any special fatherland, but the fatherland is there where certain social or ecological problems exist"

theme: action philosophy and business ethics

" The alternative economy..its basic philosophy is to offer a choice to the existing economy"

" The idea of fair international trade... the aim is to develop practices which do not exploit the under-developed countries, but give them their fair share of the benefits"

" The nature of EcoBank is like a popular movement, we do not have any hired personnel. Voluntary workers are used and everything possible is done on our own"

" It is important to provide information about our activities, because publicity offers us a chance to be heard and become well-known"

" EcoBank is an ethical credit institution, this means that EB has taken the ethical values of customers as a criterion for loan investments"

"To be ecologically responsible is one central point.."

" In normal business, unethical activities are those where profit maximizing has become the most important principle"

" One important consequence of EB's actions could be that people's thinking is widened or deepened"

" Should the firm always act according to these ethical and social principles even at the expense of profits?

... No, it's not like that. The principle must be to act in a profitable manner and aim for profitability, so that the firm can continue to operate, .."

" We must charge some interest on loans, but the rate of interest depends on the ethicality of the investment. The more ethical an investment is, the lower the interest rate"

4.5.2. Discourses of EcoBank's representatives on the economy, society and some business ethical issues -DISCOURSIVIZATION

A. Discourse concerning the economy

" One basic aim of EB is to promote justice in the world by developing new models of fair international trade"

" To develop a new alternative economy in the world is an essential part of our actions"

" It is important to resist the model of the so-called casino-economy in which the connection between the depositor and the investment is broken"

"The purpose of EB is to look after the financing of those firms operating according to ethical principles"

" The profitability of the firm is one dimension, it is impossible to support such businesses which are unprofitable"

" Sane business also means using resources as effectively as possible.."

" The firm must be self-supporting, not necessarily a crude profit maker, but a survivor"

B. Discourse concerning society

" EcoBank is one part of a world-wide movement which is trying to promote ethical values as the basis for economic activities"

" The actions of EcoBank are like those of public institutions, the goal is in some way to promote the common good"

" Some social experiments are important, like living in communes, different work communities etc."

" To change the world and society by loaning money for ethical investments "

" To change the world and society by developing new forms of democracy and politics"

" The ultimate purpose of business should be to produce well-being in society"

" Sometimes the motives of business must be like housekeeping, to satisfy the needs of the community without the motive of maximizing profits"

" A firm should be socially responsible in order to survive, because in future the success of the firm will be dependent on social responsiveness "

C. Ethical discourse

" Ethical values, like equality, justice and well-being, are central elements of EB's logic of action"

" The ethicality of an investment is the main factor determining loan decisions and the rate of interest"

" The concept of utility must be broadened so that it also covers the existence of the individual as a group member. In the same way, the concept of utility should include dimensions of spirituality, not only material dimensions"

" If it is possible to maximize profits by aiming to friendship or humanity, then this is acceptable"

" None ethical excuses can argument behalf on ineffective uses of resources"

" Some kind of ethics are always behind the decisions and actions of individuals and firms, it is the source of choices"

4.5.3. Description of the real type of CASE V (GAMMA-1)

In the following table a summary of the main features characterizing CASE V is presented.

Table 6: Interpretation of real type GAMMA - 1

Real type GAMMA - 1: To loan money for ethically suitable purposes

indicator	definition obtained in CASE V
The ultimate purpose of business	To produce useful products and act for justice and other ethical values
Principles of doing business	Making a profit is necessary to survive, but it is only an instrument of social responsibility
Operating strategy	Social responsibility is a basis for strategy formulations
The task agenda of top management and social responsibility goals	The agenda should include social responsibility goals
Response to social pressures	Acting on behalf of removing social ills Proactive response strategy

The search for
legitimacy

The firm is an economic
unit, but it operates
primarily
in a societal context

Business social responsibility

The law-abiding principle is
not enough in order to
gain sufficient legitimacy
for business

Moral justification of business
activities is needed

The most important
interest groups

This depends on the situation
Exploited people
Nature and environment

Business
ethics

The firm's interest is not
the most central issue, but
to act according to some duty
values
Altruistic principles

Philanthropy

This is only one way to be
socially responsible, but not the
best way.

CASE V: The concept of business social responsibility in CASE V (real type GAMMA 1)

The EcoBank is a so-called alternative firm, the purpose of which is use deposits for investments made on an ethically durable basis. The subscribed capital is gathered from members of the

cooperative bank and depositors' accounts.

Social responsibility is the primary issue for EcoBank. The business idea is based on the realization of wide business social responsibility. Operations are financed by EB depending on their ethical desirability as evaluated by the bank. EcoBank strives to change the world by "using money".

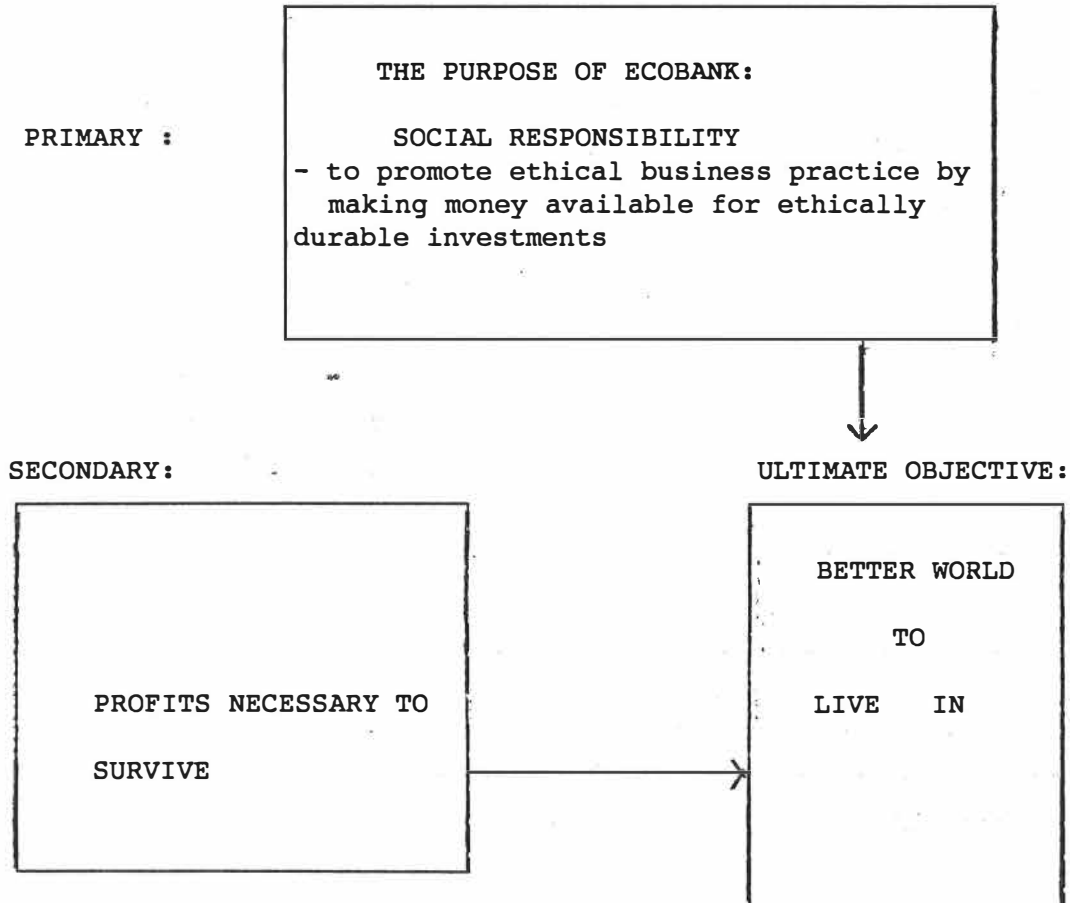
The most desirable firms are those promoting socially beneficial goals in addition to making a profit. However, the profitability of the firm is an important question. The firm should be profitable in order to survive, but "crude" profit maximizing is not accepted.

This is the polarity of doing some good on one hand and making a profit on the other. Two conflicting rationalities hold sway at the same time. Fitting these together will be difficult. However, a firm can develop several forms of social responsibility. A firm can search out areas of its know-how which come close to social responsibility issues and it can become socially useful in these sectors. On the other hand, firms intended clearly as "alternative firms" with an "odd" goal structure are also needed.

A chance for business ethics is believed. It is possible to educate firms to be more socially responsible in several ways. Incentives, restrictions and pressure from popular movements are needed. The future demands more responsibility on the part of business life.

Figure five presents the elements of EB's action philosophy.

Figure 5: CASE V. Action philosophy and social responsibility of EcoBank



PART IV: ANALYSIS OF CASES AND CONCLUDING REMARKS

The final part of this study concentrates on the analysis of cases and the presentation of concluding remarks.

In earlier chapters several phases have been conducted:

First, in part one the research task was defined and ideal types of social responsibility were developed.

Second, in part two the empirical research settings were presented.

Third, in part three the cases were illustrated and reconstructed, and preliminary interpretations were put forward.

Now, in part four, the final analysis will be set forth.

The structure of the present chapter is as follows:

First, some reservations have to be taken into consideration before the final interpretations of the cases can be made.

Second, two complementary viewpoints can be thematized as alternative ways of considering the analysis of cases.

Third, the interpretation is put into an ethical framework constructed on the basis of deontology and utilitarianism.

Fourth, an attempt is made "refine" three new real types from the five schemas of reasoning of each of the cases.

Fifth, results obtained from empirical part are compared with the theoretical framework presented in the first part of the study. These are the final results of the study. In this way, the chaotic mass of verbal expressions produced by the managers are structured as refined types of managerial speech.

In the next chapter some reservations regarding the following interpretations are expressed because of the abstract nature of

the social responsibility concept, and on the other hand, taking account of the complexity of the phenomena of reality.

5.1. Some reservations about an interpretation made on the basis of empirical case studies

In the first part of this study, in ch. 2.1., it was claimed that the most proper ideal type of responsibility can be constructed on the basis of Kantian deontological tradition. If this is accepted and it is taken as granted standpoint for analysis of managerial talk, some difficulties of interpretation may exist. The gap between the everyday thinking of managers and these deontological social responsibility principles may be wide, and so the interpretation of talk resulting from managers' ideas may be difficult. Several researchers have pointed out the ambiguity of managerial moral thinking and talk, e.g. in the study made by Bird and Waters (1987) on managerial moral standards it was found that managers infrequently invoked the principle of corporate social responsibility to discuss ethical issues which arose in conjunction with their work. The interviewed managers discussed only a very few cases in which the ideals of corporate social responsibility principles were invoked. Without any consistent pattern, individual managers made references to isolated cases in which they expressed concern about the responsibilities of their organization to people in a larger social milieu, e.g. with respect to air pollution, consumer goods that might pose health hazards, corporate philanthropy, and the impact on the local community of a plant closure (p.10).

Waters, Bird and Chant (1986) found in their study that managers did not discuss at any length what might be termed "the big issues" that dominate debates about the role of the corporation in society. Questions of the type such as whether Polaroid should invest in South Africa or whether Nestle should sell infant milk formula in the developing countries appeared to be simply beyond the scope of issues on which the managers interviewed felt they could exert influence (p.383).

Further, Bird, Westley and Waters (1989) studied the uses of moral talk of sixty managers and found that moral talk has little public role within most business organizations. Moral talk is used in an often unacknowledged role to identify various professional, organizational, legal, societal, and managerial conventional expectations. Moral talk is sometimes used privately to advocate or criticize policies, but much more characteristically to blame, praise and to express frustrations and rationalizations (p.86).

If we think of Finnish conditions, certain reasons for avoiding ultimate moral issues can be supposed. First, the world view of a manager running his own business or carrying out professional demands are supposedly constructed around utilitarian principles. It is believable, that the structuring of managers' world view does not begin with the consideration of various deontological principles, but usually by considering the gains and losses brought about by different actions and operations.

Second, professional training and the whole managerial work environment are focused on interest theory-type thinking. This might be the truth, even partly, because of the consensus-type political practices carried out in Finland since the beginning

of the eighties.

In their own professional environment managers are forced to try to maintain a balance between various conflicting demands caused by different interest groups. So, managers' speech is likely to be a reflection of these kinds of professional practices.

Taking into account these interpretational reservations, two complementary aspects of managerial talk produced in the cases can be distinguished.

5.2. First aspect of analysis - ideal types vs. real types

In part III the cases were illustrated and deconstructed; interpreted real types were presented at the end of each case. The results of these comparisons can be summarized as follows
See table 7 , page 119.

In this table the ideal types and real types are put together and compared.

IDEAL TYPE ALPHA / REAL TYPE ALPHA 1

The empirical research process introduces some new points in respect to the "old" ideal type ALPHA. The issues emerging are as follows:

- to aim at profitable business making
- to take care of employees
- economic responsibility is stressed
- social responsibility is secondary in respect to profit making
- some mention of environmental responsibility
- to take account of the community interest

In addition, this real type ALPHA -1 is characterized by the following issues:

- willingness to include some social responsibility goals in the agenda of management in principle
- creating public discourse by taking part in politics
- to refrain from moral points of view if the interest of the firm is threatened
- philanthropy is seen as an investment in the image of the firm
- the firm is seen mainly as an economic unit

If compared with the ALPHA ideal type the points which differ are:

- open information giving
- no explicit mention of profit maximizing
- agreement to social responsibility goals

Explicit concept of firms' social responsibility:

This firm is said to have some kind of responsibility for both the community it operates in and its employees. However, the success of the firm and profitability as a central goal were the most important objectives.

IDEAL TYPE BETA/ REAL TYPE BETA 1

In this case the ultimate goals of doing business are seen as

- surviving, to achieve satisfactory financial results
- to keep the personnel happy, to be a human employer
- to prevent pollution by refining plastic waste

The areas of social responsibility are perceived as follows:

- "to do our job as well possible" (to refine plastic waste)
- to offer meaningful work
- to carry out some "good" (= be socially beneficial)

However, social responsibility is not a "calling" in this firm.

The business of this firm is to be profitable in some degree in order to operate, survive and "produce a living for the gang". Some conflict sources will emerge between the "service idea of the firm" and making a profit on the other hand.

Typical themes which emerged in real type BETA 1 are:

- satisfying principle in profit seeking
 - adaptive business strategy
 - the "mission" of this firm does not include any concrete social responsibility objectives
 - customers, personnel and environment are perceived as the most important interest groups
 - philanthropic activities are marginal and have no meaning for business
 - the legitimacy of doing business is achieved by a pro-environmental business idea, not by acting as a social activist
- BETA 1 can be defined as a "mixed type" stressing the features of holistic responsibility more than one dimensional economic responsibility.

The explicit concept of the firm's social responsibility:

The social responsibility of the firm is more than profit making. In addition to this, social responsibility means offering meaningful jobs, being profitable in order to pay one's taxes, to perform the firm's job (to gather and refine plastic waste).

IDEAL TYPE BETA / REAL TYPE BETA 2

In this real type the main accentuations were:

- to carry out the purpose of the business unit
- to yield profits
- to take care of relations with the local environment

- to take care of relations with the employees

To get a satisfactory profit on capital invested is one of the main goals of the unit.

The "mission" of this unit is to do business. The product manufactured is a way to make a profit, but not at any cost. The main term used was "profit making in the long term or long range action and safeguarding the operating conditions for business". The business idea of the unit is rewarding to justify, because action is directed clearly towards beneficial purposes from society's point of view, i.e. to reduce pollution in our environment. For this reason arguments in favour of the firm's operations are easy to find and use. Honesty and playing the game according to the rules of business community are seen as the main ethical advice when doing business. The firm has no special duty to act in a socially responsible way in society. Real type BETA 2 stresses the managerial philosophy of "getting results in business". This connects this real type to ALPHA 1. BETA 2 emphasizes intensive cooperation with the local community, this distinguishes BETA 2 from ALPHA 1.

Compared with ideal type BETA several differences appear:

- the strategy in respect to the local environment is paternalistic in nature
- the written policies of the unit do not include any concrete social responsibility goals
- philanthropic activities are only marginal, the benefit of the firm is stressed

The explicit concept of business social responsibility expressed by business unit manager B: The unit's social responsibility is

more than to maximize profits, or crude result-making. It is to:

- make good products
- safeguard the jobs in the unit
- get our "job" done
- pay our taxes
- take account of the interests of the local community

IDEAL TYPE ALPHA / REAL TYPE ALPHA 2

Social responsibility is not a central issue, it is not considered or planned by the entrepreneur. The more important issues seem to be those involved in doing business and gaining success. The purpose of the firm is to "achieve the best possible results through the stock business". Social responsibility means something like safeguarding jobs in the firms owned. Generally laws are seen as the main factors guiding the firm to social responsiveness.

The firm in general has no duty to be of influence in society or take care of social ills. The interests of the firm are the foremost matter, and no duties should take which might threaten the firm's benefit. The most central interest group is the employees of the firms owned, because "they make the results". Banks are another important interest group; financing investments is achieved by means of loan capital. The place to operate depends on the usefulness of the district; no affective factors are involved.

The business philosophy of real type ALPHA 2 is characterized by a traditional entrepreneurial attitude to doing business. The objectives governing actions are like "achieving good financial results, surviving in business"... The purpose of this stock

business is "to do business " The firm is said not to be able to include any concrete social activities in its action philosophy, although a willingness in principle is expressed. Legitimacy is created by stressing the economic side of the enterprise. The firm is seen clearly as a profit maker and producer of goods acting within the framework of laws. The firm's own advantage must come first and comments threatening the firm's interest must be avoided. Philanthropy is seen as an investment in the image of the firm.

Compared with ideal type ALPHA some differences exist:

- profit maximization as a main objective of the firm is not seen as relevant, rather "satisfying" returns are seen as reasonable objectives
- aggressive and/or exploitative business strategy is not mentioned
- open information giving to interest groups
- some efforts are made to safeguard the jobs in the firms in which shares are owned,

The explicit concept of business social responsibility:

The firm in general has no duty to concern itself with social responsibility issues. The only form of social responsibility should be the employer's responsibility to the personnel of the firm, so far as profit making is not threatened.

IDEAL TYPE GAMMA / REAL TYPE GAMMA 1

Social responsibility is the first and foremost issue for EcoBank. Its action philosophy is based on carrying out certain ethical values like equality, justice and doing one's duty. The ultimate purpose of EcoBank is to make the world a better place to live in. This will happen partly by giving loans for "good" purposes, i.e. putting money into investments made on a solid ethical basis. Ethical operations carried out by firms are seen to change the whole economic and democratic system.

The most desirable companies are those which promote social and ethical goals in addition to profit making. However, the economic point of view is important because an unprofitable firm will not survive. So, doing business is not purely idealistic idea.

Companies can be useful in many ways. A firm can be socially beneficial in the areas of its special know-how; it can develop socially responsible goals, plans and programs. If the firm defines itself as "an alternative firm" it can carry out social responsibility by way of its unique action philosophy. The potential of business ethics is believed. In that way the change is possible. Firms can become more responsible in their actions. The performance of the firm should be assessed from a social point of view.

The most central interest group is our environment - it has no spokesman. Therefore it should have priority in most cases when loan decisions are made.

This real type is called GAMMA 1. It differs in some respects from ideal type GAMMA. The following differences can be found:

more emphasis is put on the necessity to make profits than is assumed in the ideal type

the signals given by interest groups are perceived as very important when the action strategy of EB is formed.

- philanthropy, direct aid, is not seen as a relevant model for the social responsibility of the firm. Rather, developing unique know-how in social responsibility areas is put forward

the idea of the firm as totally dedicated to social responsibility is rejected as Utopian

- the idea of sacrificing all benefits of one's own in order to carry out global responsibility is doubted.

The explicit concept of social responsibility of the firm:

At the general level; firms should carry out social responsibility in as wide an area as possible, sometimes even at the cost of profit making.

To sum up:

The following table summarizes the findings:

Table 7 : Comparations of ideal types and real types of social responsibility of the firm

IDTYP	alfa	beta	gamma
	<ul style="list-style-type: none"> - profit max - economic resp. - soc. resp is acceptable issue in business if it is same as profit max. 	<ul style="list-style-type: none"> - satisfying principle - managerial theory as background - soc. respon. is acceptable in principle 	<ul style="list-style-type: none"> - profit making is an instrument for social responsibility -soc resp. is the most central issue in business
REALT	<p data-bbox="196 778 463 884">ALFA 1 Case I middlesize firm owner manager</p> <ul style="list-style-type: none"> - profitable action - take care of employees -economic resp. primary - take account of interest of the community -soc. resp is not any central issue 	<p data-bbox="491 778 813 884">BETA 1 Case II small firm enterpriser</p> <ul style="list-style-type: none"> -to survive in business - satisfying princ. in profit making - satisfied personnel -to do some good -to refine waste - soc resp through the purpose of the firm 	<p data-bbox="841 778 1136 884">GAMMA 1 Case V alternative firm</p> <ul style="list-style-type: none"> - profitable action - altruistic principles - to promote human values - soc resp is the most central issue in business - the wide interpretation of SR
	<p data-bbox="196 1300 552 1387">ALFA 2 Case IV The Stock investor</p> <ul style="list-style-type: none"> - to survive in competition - to make money in the long range - taking care of jobs in the firms owned - social resp. is not any central issue 	<p data-bbox="642 1300 1142 1406">BETA 2 Case V A business unit of corporation Professional manager</p> <ul style="list-style-type: none"> - profits in the long range - satisfying principle - taking care of employees - cooperation with the local community - social responsibility must be one main point in business -developing pro-environmental products 	

5.3. Second aspect - internal logic of managerial speeches

5.3.1. Argumentation and models of managerial reasoning expressed in talk

In the former chapters an attempt is made to make a comparison between the old ideal types and new real types distilled from reality.

In addition, it could be interesting to set some WHY -questions to explain the phenomena under research. It is possible to try to explain the existence and seek out the causes of these phenomena. Further, the processes leading these models are phenomena of great interest. However, the main purpose of this study has been to describe, classify and compare different elements constituting the concept of a firm's social responsibility. Thus, in this study the explanatory function is placed in the background.

The main focus has been put on business social responsibility issues as belief systems expressed through managerial talk. Thus the focus has not been directed at "what has really happened", but "what is really thought and said about business social responsibility". The argumentation models, including the components and chains of reasoning used by managers and entrepreneurs, are of great interest. Consequently, one can define the viewpoint selected as studying social responsibility issues as discursive phenomena.

In this context several topic areas become relevant:

- What is the form and content of economic, societal and ethical discourses?
- What are the forms and content of the argumentation models used

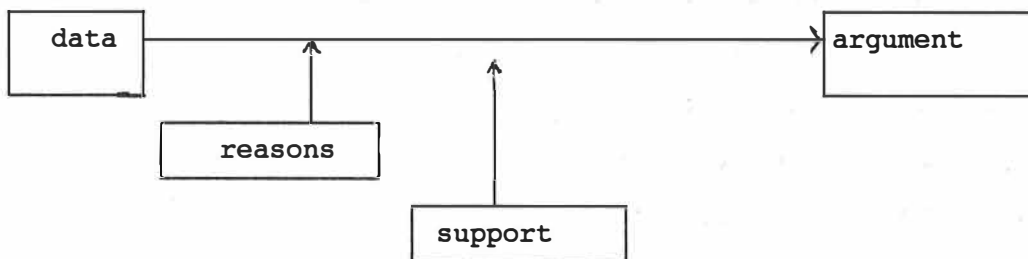
by actors?

- What kinds ethical conceptions are included in managerial talk? Together these parts form " a rhetorical concept of business social responsibility"; a new perspective from which to study social responsibility issues.

When one wants to structure the models of reasoning the so- called "doctrine of defending arguments" developed by logician Stephen Toulmin can be used. According to this doctrine a person can defend his arguments by referring to facts (data). In spite of this an opponent may question whether these facts are relevant at all. In the next move the proponent has to express some "reasons" which justify the relevance of the argument under defence. Further, these reasons can be questioned again and more "support" has to be expressed.

The idea is as follows:

Figure 6. The model of argumentation used as a basis for case analysis



But what does this mean for the study in question ?

The figures on pages 123-127 present the chains of reasoning concerning in particular social responsibility issues and the principles of doing business.

Each real type is presented separately and conclusions and comparisons are put forth at the end of the chapter.

To begin with, one very fundamental point is that in those firms guided by normal economic rationality, the reasoning process starts from the priority of making a profit. This is seen as a unchangeable fact for which arguments, reasons and support are sought. Reasons, for example, include "efficiency in business, effective production etc." which are seen as necessary conditions for profit making. More support, if needed, is provided by statements like "we create the material well being in society, we give jobs and take care of employees" and so on. In every case the chains of reasoning are quite the same, except for GAMMA 1, which differs crucially from the other cases. The basis of reasoning is in this case causing social responsiveness in society. This purpose demands profitable activity to some extent, but only in a reasonable sense. The "principle of making a profit" has only instrumental value in respect to the ultimate purpose of this firm. Next, the goals of the firm, social responsibility issues and sources of legitimacy is put into the models of managerial reasoning.

The models of reasoning are as follows:

Causal models of reasoning concerning the elements of doing business and social responsibility - Goals of doing business, legitimacy and social responsibility.

Figure 7: The models of reasoning used in ALFA -1

ALFA 1

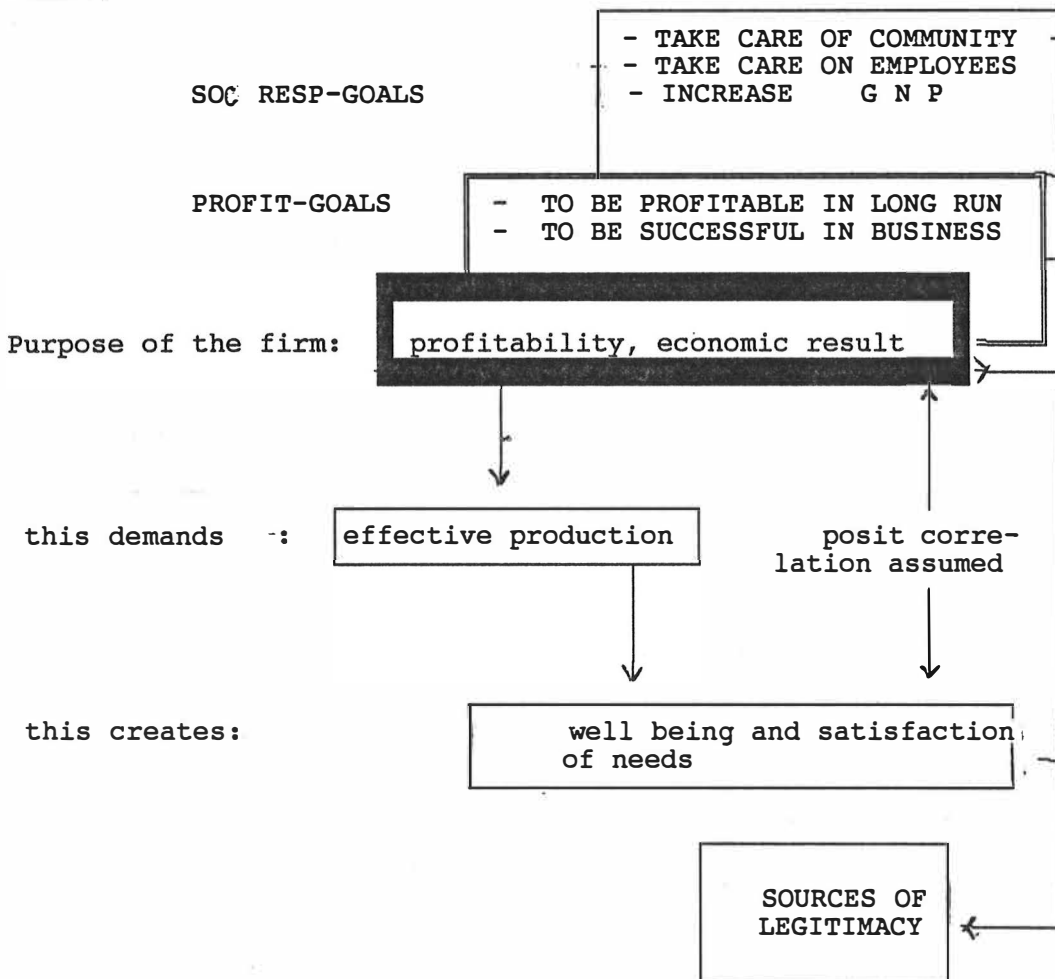


Figure 8: The models of reasoning used in ALFA -2

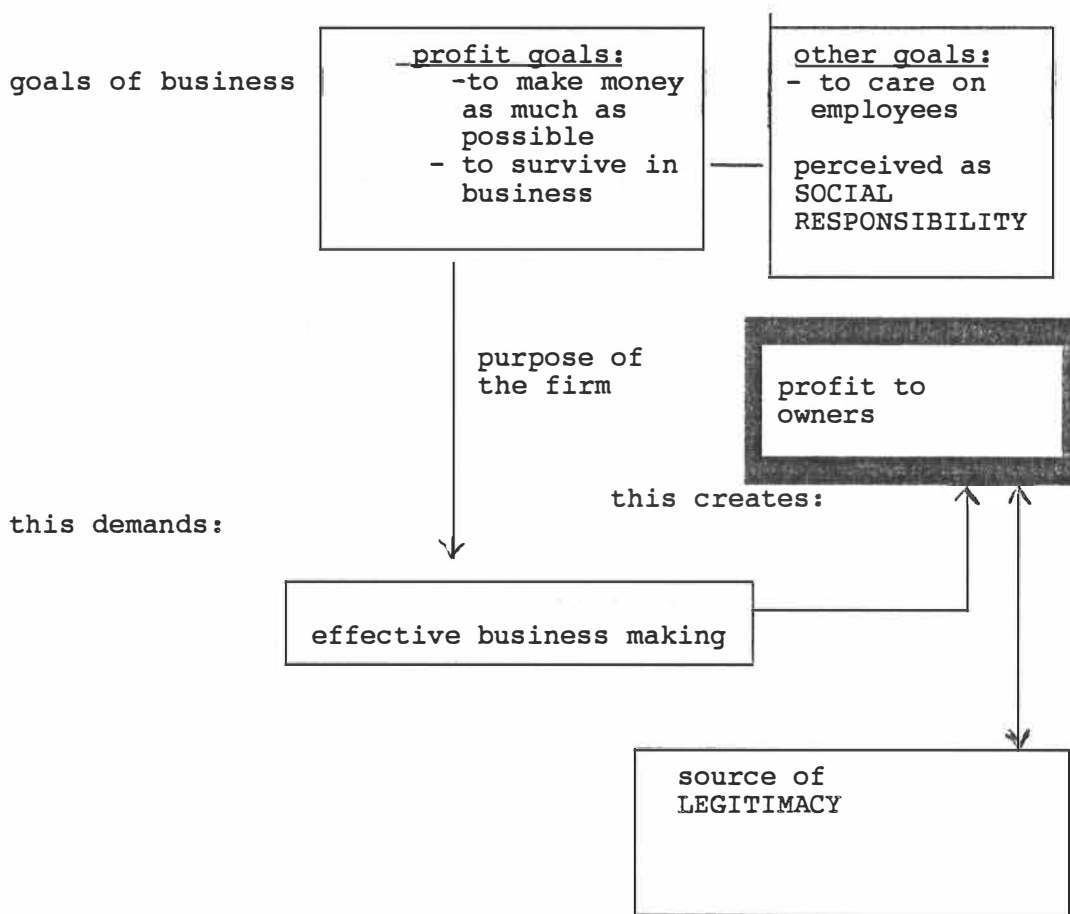
ALFA 2

Figure 9: The models of reasoning used in BETA - 1

BETA 1

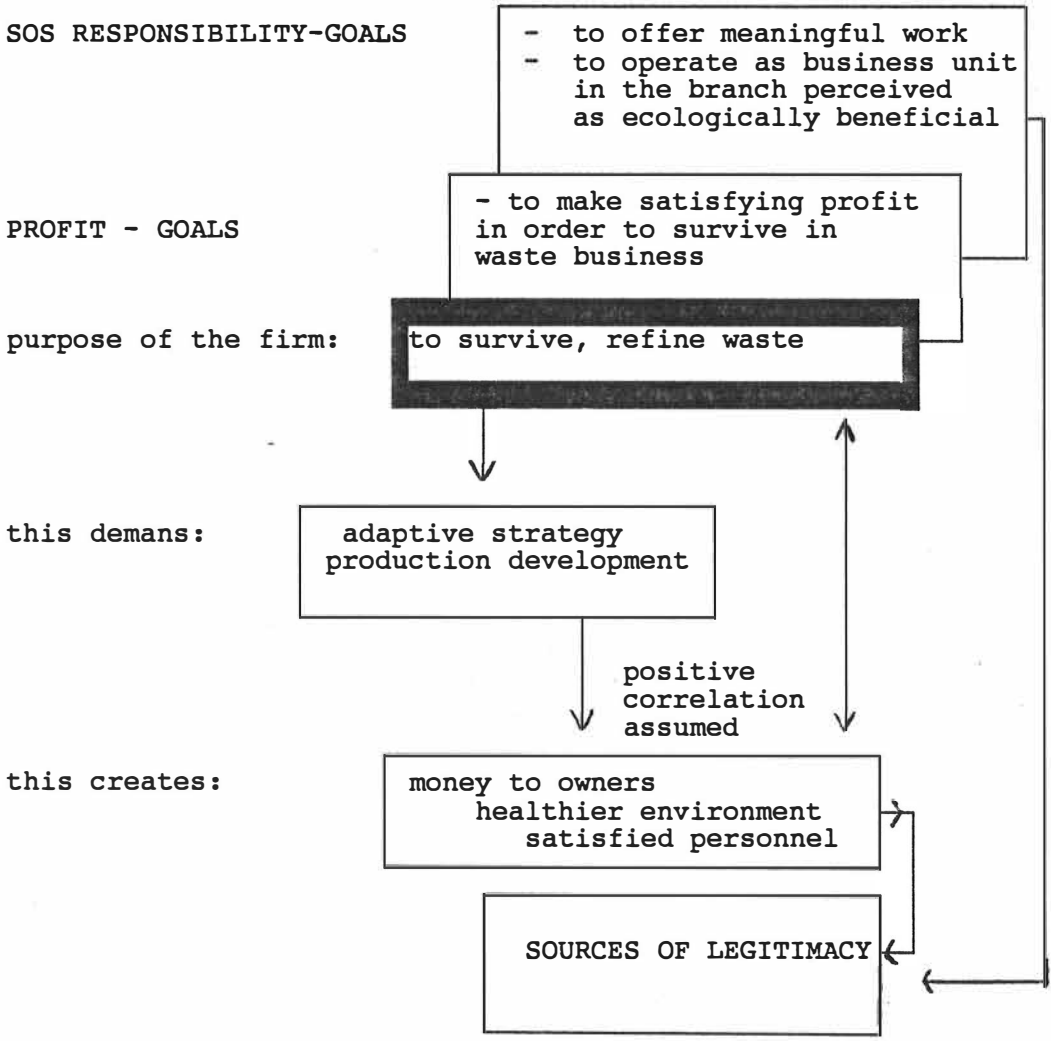


Figure 10 : The models of reasoning used in BETA - 2

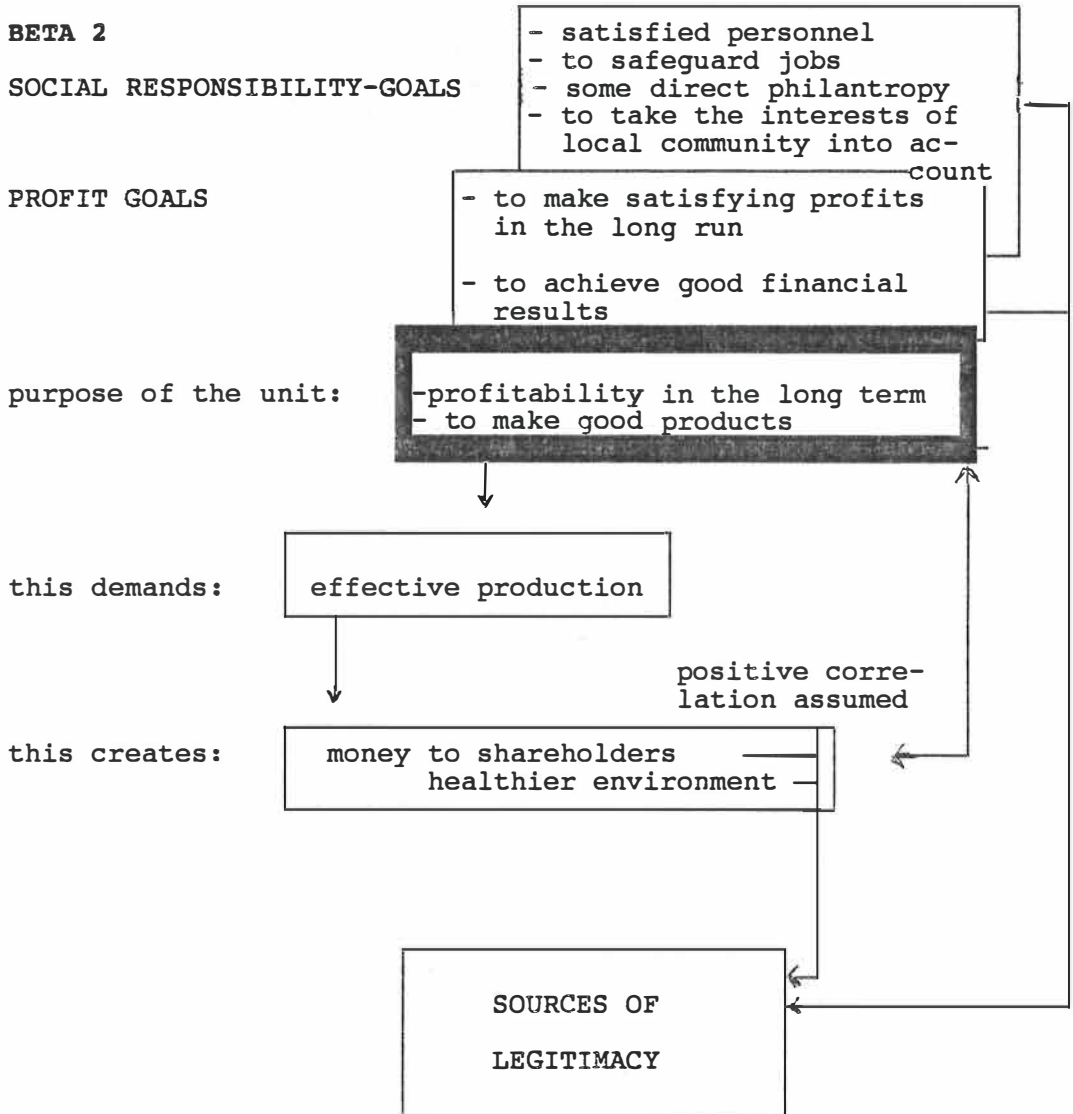
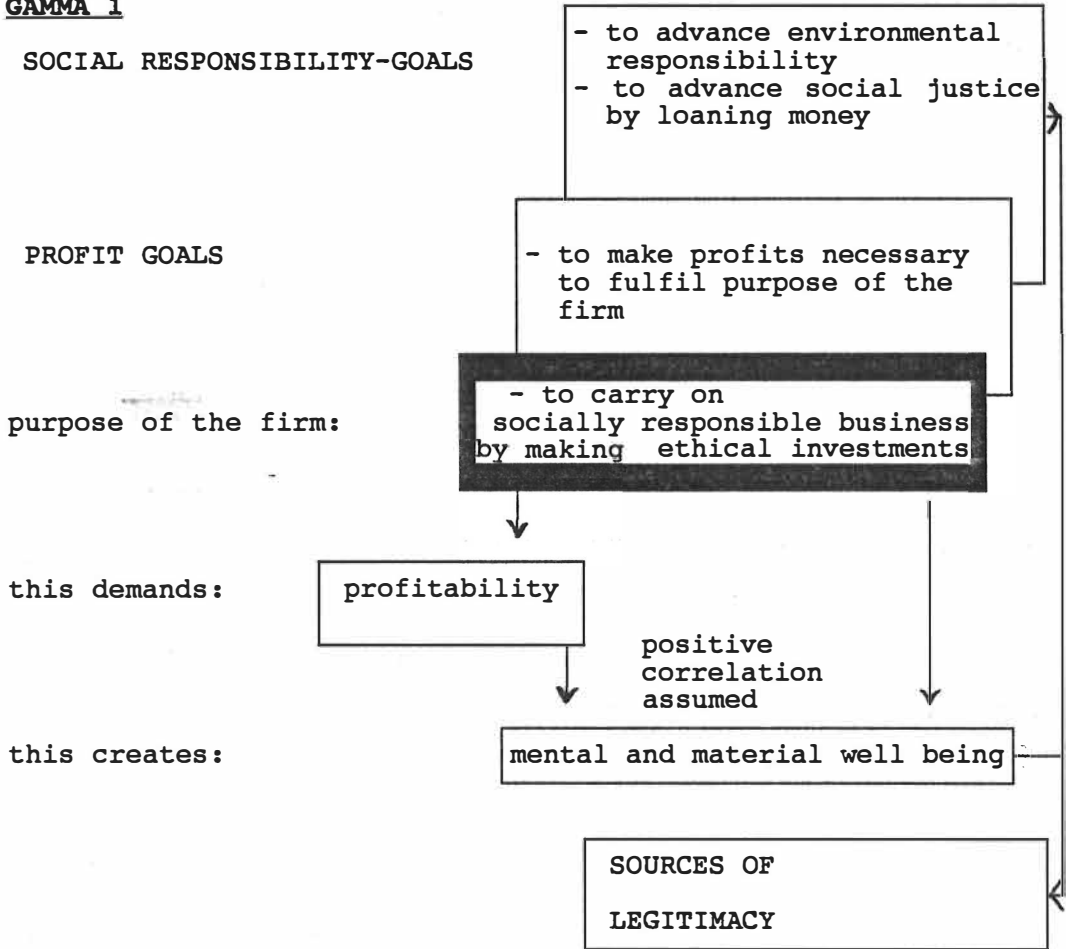


Figure 11: The models of reasoning used in GAMMA - 1

GAMMA 1



In real type ALPHA 1 "profitability" or "economic result" is seen as the primus motor of doing business; this demands effective production and creates well being and the satisfaction of needs. The goals of business can be seen as including some societal goals in addition to economic goals. The source of legitimacy is both on the side of certain societal factors and profitability goals. Common well being and satisfied needs are seen as outputs of business-making.

ALPHA 2 differs in several respects from ALPHA 1. In ALPHA 2 "profit making" is seen as the foremost objective of the firm's actions and no other outputs are mentioned than profit-output. Other goals hardly exist, the personnel is seen as having some instrumental value in order to make a profit. The source of legitimacy is obtained from this "economic side", so in this perspective ALPHA 2 can be defined as a "more one-dimensional" actor compared to ALPHA 1.

Compared with the ALPHA real type BETA 1 offers a "softer" business philosophy. Profit goals are not put forth as often as in the real types above. In BETA 1 satisfactory profit is seen as the profit goal of the firm; the linkage to the purposes of business being evident; it is not possible to fulfill the ultimate purpose of surviving and operating without profits. Other goals such as offering a meaningful job are seen important being as important as profit goals. Legitimacy is obtained from the societal side; carrying on the waste business is enough to justify the existence of the firm.

In BETA 2 the more alpha-type profit-accentuation prevails, although societal goals are also expressed. The reasoning starts from the necessity to make a profit through good products. This demands effective action and creates money for shareholders and, on the other hand, a healthier environment through the products manufactured. The ideology of this real type is something like "good profits with good products" and it comes close to ALPHA 1 in this respect. Societal goals are linked with profit goals as instruments of business philosophy, and are subsumed to profit goals. Legitimacy is taken from the profit, economic and societal spheres. Making a good profit is seen as safeguarding both the interests of the unit and society, while in addition the nature of the products manufactured is seen as providing legitimacy for business making.

GAMMA 1 real type differs crucially from the others presented above. The premise of this reasoning is "advancing socially responsible business making in the world". In this case economic rationality is subsumed to another, societal rationality. This also demands profits to assure the continuity and preconditions of socially responsible business. The mental and material well-being of mankind are seen as the outputs of this causal process. Profit goals are subsumed to societal and ecological goals, and legitimacy is obtained from the societal sphere. Connections with the BETA 1 real type can be seen; the accentuation of non-profit goals and sources of legitimacy represent similarities.

5.3.2. Managerial models of reasoning in a wider context - legitimating talk of business making and social responsibility

In each of the cases there emerges a strong need to justify the reasons for the existence of the business unit in question. This conclusion can be explained by the fact that every organization has to possess a certain legitimacy in modern society, it has to legitimize its activities. Firms in general, and most of all large corporations must gain acceptance for their activities basically from citizens, the political system and ultimately from the whole society. So, one of the main points is how to create this legitimacy. One effective tool for this is speech. Words can offer us the meanings that are needed.

In the cases investigated, the actors, i.e. speakers, tried to rule the situation by defining the concept of business social responsibility. They give new and new meanings for social responsibility to make some sense of the "mass" of thoughts they had.

This kind of situation includes a strong meaning-giving process, which is much more than listing certain "facts" which are evident to all. That process can be described as naming the facts, in which the speaker brings out certain facts and interprets them as he wishes. This meaning-giving is symbolizing through which reality is reconstructed. The terms used define and reconstruct our world.

Thus the talk produced by managers and entrepreneurs about social responsibility is talk creating legitimation for the operating arena of the firm. This talk also includes strong symbolizing elements. The symbolic nature of taking social responsibility

illuminates well the fact that SR is accepted in principle but no concrete actions are undertaken.

Further, organizational legitimacy can be defined as a quality of congruence between an organization's actions and social values (see Takala,1988). The fact that corporations have to survive in an increasingly complex and politicized environment means that managers must consider the legitimacy aspects of a society's perception of corporations to a greater degree. Obeying laws and producing profits is not enough. Various demands concerning ecology, equal treatment of gender and minorities, employment etc. must also be met. Besides engaging in "real" practices which avoid frustrating interest groups, the achievement of legitimacy is partly a matter of symbolic activity aiming at producing the right kind of impressions (see Alvesson,1990). Richardson & Dowling (1986) have suggested a framework drawn from semiotic theory. Within this framework symbolic and procedural legitimation emerge as moments in process through which social values are recursively clarified, encoded in symbols, linked to action and critically evaluated by relevant publics.

One idea is that the form of legitimation used in these cases comes near to the kind of semiotic mode Richardson & Dowling define:

" ...In the semiotic modes of legitimation the legitimacy of action is established or defended by placing it within a framework which allows it to be interpreted as a valid reflection of social values.."

So in this mode, legitimacy is based on generally accepted social values. The actor places himself among those values and defines himself as an executor of them, and in this way legitimacy is

gained. In the empirical cases studied the actors will conceive of themselves and their own actions as executors of common values. Thus the legitimacy of actions has to consist of two parts, the societal and economical elements of legitimation.

Talk and actions are different matters. As was mentioned in chapter 2, Brunsson found in his studies that the talk produced in organizations has several purposes. One of these is to carry out internal control in organizations by reconciling inconsistent norm structures. The same kind of conclusions can be drawn on the basis of the case studies researched.

The necessity of making a profit is clear: "profits must be made". But, at the same time the concept of profit seems to be unclear to the actors. After this comes a symbolic willingness to take care of the employees, take account of the interest of the local community, to be environmentalists and so, but only in principle. One interpretation for the many variety of meanings given to social responsibility may be the aim at organizational controlling. In organizations many concessions must be made in different directions, although the realistic concrete actions could be impossible to execute. So, talk about social responsibility may be a tool for making concessions in opposite directions and this may constitute a way to control the total overall situation. Further, it is always quite easy to appeal to the "realities of the economy" when promises are left open. One can speculate that in modern society it is a generally accepted fact that in business "profit goals" have priority and other goals are secondary. In the economic discourses (presented in part III) one can find from the

statements that the limits of profitability are usually left open to some degree.

On the basis of this study and also studies made earlier (see Takala 1987) one can argue that a clear dichotomy exists between the economic sphere and other issues, those connected with social responsibility. Firms are thus forced to explain their activities to both "sides", the main point being perhaps the strength of emphasis placed on one often at the expense of the other.

First, on "the side of the business economy" the slogan may be something like "Our business is business. We do not interfere in politics and carry out our job in society by providing profits and making good products". This view clearly fits in with the classical pattern of market ethics. The firm insisted on a separation of business and politics and justified its participation by referring to the economic prospects of the project.

I wish to claim that on this "side" various, also mythical, assumptions prevail. One of these is the existence of right or proper profit, profitability and economic results. This ontology of profit is something similar to that assumed in the correspondence theory of truth (see e.g. Rescher, 1973, pp. 23-27; Hallet 1988, pp.41,160). The basic idea is that somewhere there exists "The Great Profit" which is the same for all and can also be defined clearly by common consent. However, the scientific attitude must be more reflective, questioning the ontology of the concept of profit (see, e.g. Lukka, 1990). Thus the claim is that one and only one "right" profit does not exist.

These ideas can also be found in the discourses of cases where the myth of "Iron Laws of Economy" prevails. But this is only a belief, and the permanence of that myth is dependent on people's willingness to believe in the existence of such "laws". To this myth it is also connected a standpoint that all in the business economy is extremely solid, and all the parameters are right, although all these things are based on mutual agreement and are part of our institutionalized behavior. But perhaps it is a fact that this kind of thinking belongs to the world view of businessmen and managers. Economic issues come first and perhaps because of that the financial advisers' position is firm, and they say how things should be in firms. Further, people trust these advisers and forecasters who practice this "number magic". The dominance of economic matters is essential in business life and the trust in numbers is even stronger.

Second, the other side, social responsibility, can be analyzed from different angles, but it is evident that socially responsible behavior demands that the non-economic consequences of business decisions are taken into account as well.

This implies an obligation to argue on behalf of the firm's social acceptability. This conclusion originates to light, from a methodological point of view, that the idea of socially responsible business implies an important shift from pure strategic action to communicative action (in the sense of Habermas, 1981).

"In the terms of Habermas strategic action is directed against rational opponents (actors) who engage in intelligent counteraction. Accordingly, an actor's chosen strategy must be measured by taking into account the effects of his actions on situations: what benefits one actor may be harmful to another. Thus an actor must cope with co-operative and conflicting interest situations and find the best strategy for pursuing his goals.

An actor may also pursue communicative action. In this case the success orientation is replaced by a desire to understand a communicating partner. Communicative action is oriented towards "consensual norms", which define mutual expectations about how the actors in a given situation should behave in terms of communication. Communicative action takes place by way of language or other sign-systems. Through the use of language mutual understanding about the world is achieved. This, of course, presupposes the existence of a shared pool of background assumptions and beliefs" (See Hirschman & Lyttinen, 1988)

To a certain degree the manager must become a moral agent ready to justify his actions, not only by pointing to their profitability, but also by showing that they are in accordance with the common good.

In this process the individual must also always explain to himself the reasons and the logic of why to carry out business in the way he does. On the social responsibility side of the firm's action there is no such firm basis on which people can rely. It is a kind of grey area in which everybody gives his idea of what is important and what is not. In business practices this "grey area of social responsibility" has always been secondary and subordinated in respect to the economic side. Economic rationality has occupied a dominant position in respect to the rationality of social responsibility.

On the side of social responsibility there is no commonly accepted system of concepts (compared with the economic side). There are no fixed social responsibility rights in the recent economic-political system. This fact is reflected also in the contents of various discourses in the cases. It is difficult to talk about issues which do not exist. In their daily work managers do not think about business social responsibility issues continuously, but rather concentrate on their own professional routines.

So, beliefs, concepts, and their relations are largely unformed and confused in this sector, and this emerges on the level of speech too. The descriptions and explanations given are very "home made" and simple.

In respect to the discussion on legitimacy, one interesting point is that the legitimacy of social responsibility actions must be explained using the terms of economic gains. Economic rationality does not allow any kind of waste or putting money to unproductive purposes. So, social responsibility operations must be explained as part of a company's business strategy aimed at increasing its profits. This comes into question particularly when attempting to gain legitimacy within an organization, e.g. justifying the activities of the company to stockholders, employees, etc. When business transactions are justified to different interest groups, in the case of an ordinary firm, the only way is to show that social responsibility activities are at least in complementary relation to the business activities directed straight toward the pursuit of profit. This has led to a situation in which virtually all (non-profit) activities, like sponsorship and investments in the image of the firm, are seen as social responsibility actions. These activities are also justified by arguments of extra profits. To show real social responsibility actions as substitutes for profit making activities may be unacceptable in the eyes of many interest groups. The fear of losses could be too strong.

This is an interesting phenomenon. On one hand profit making activities must be explained to some extent in terms of social responsibility activities, and on the other social responsibility activities must be justified in terms of profit-pursuing operations. Both sides must be legitimated using the arguments

accepted by the other. One explanation for the confusion prevailing in social responsibility concepts may be the nature of this arena. This arena is quite new, but of increasing importance, both in the field of management practices, and especially in respect to discussion about the firm's societal relations.

5.4. Locating the real types with respect to utility and the limits of doing business

In chapter 2 two ethical positions behind social responsibility were presented. These were teleological and, on the other hand, deontological positions. It is possible to formulate other kinds of classifications, but my opinion is that these classifications can be reduced to the above dichotomy. The main point is that these two differ from each other in respect to the motives for action and the results caused by this action.

Teleological ethical theory consists of utilitarian lines of thought. These emphasize the utility obtained from projects and the results (= telos) as a moral criterion.

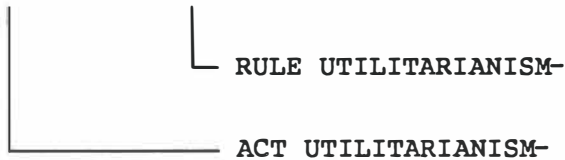
Deontological ethical theory emphasizes the motive for action as a moral criterion for judgement, and usually the proper motive for action is seen as duty. The degree of absoluteness with which duty must be done distinguishes the different lines within this ethical theory.

One possible classification is as follows:

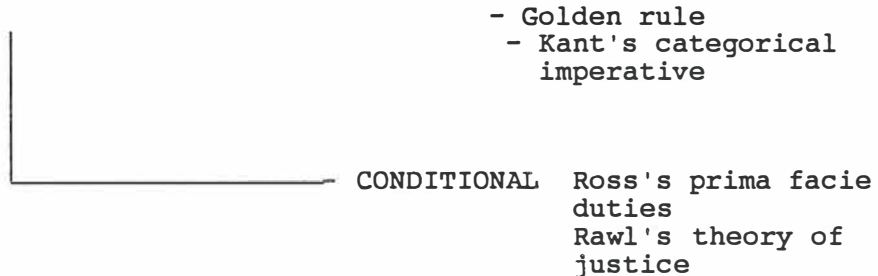
One possible classification is as follows:

Figure 12: Ethical theories

TELEOLOGICAL ETHICAL THEORIES



DUTY ETHICS-----ABSOLUTE



I have considered these positions in more detail in my former study (Takala, 1984). Should the reader have a particular interest in this issue a cursory look may be useful. However, there is debate over which of these positions is better or comes closer to THE TRUTH. My view is that this question may be impossible to resolve. One sensible opinion is that they are suitable for different purposes and situations (see also Airaksinen, 1987).

The next question is their relevance in respect to business life, and for the purposes of this study, how these positions help us to illuminate the discourses produced in the cases in a new way. As is defined in ch. 2.1, p. 10, the real and proper concept of social responsibility is based on Kantian duty ethics. This implies, among other things, that the gap between the stories (talk or speech) expressed in the cases and the Golden Rule -type norms is quite wide. Especially when the acts really committed are excluded from consideration. The interpretation is difficult to

make, but not irrelevant. Thus the interpretation that follows must by its nature be unique, and is made according to personal feelings developed during the research process.

If one looks at the statements made in the interviews (especially ethical discourse) one discovers the need to justify the benefit of one's own actions. This happens almost always by appealing to utilitarian ethics. The basic mission of business is seen as "to be profitable, make profits and do business", and this is also seen as an anticipating element for the production of utilities and creating material well-being. Only real type GAMMA 1 emphasizes that "the limits of utilitarian action are imposed by the duty to execute universal values".

My own opinion is that the firm is always obliged to define interdisciplinary boundaries in respect to what is allowed and what is not. Another aspect of this matter is "what the firm should do, and what it should not do." Generally the basis for the task definition is the utility produced for other interest groups or the subject (firm) itself. If this is accepted a quadrant can be constructed:

PART I includes the GAMMA1 real type. Its goals of action, means to these goals and also motives for action follow altruistic business ethics. The benefits achieved through business are directed to groups other than the owners or managers of the firm. Thus one can talk of an altruistic motive basis. This in turn creates the basis for action strategies. The norms setting the boundaries for business are seen as being formed by autonomous duties and on the basis of one's own conscience. Deontological duty is the main motive to act. In this case it is possible to talk of intentional business ethics.

PART II does not contain any cases, if the dimensions defining the location are the advantages and boundaries of the firm itself. If we speculate a little, a possible representative of this quadrant might be a firm practicing illegal activities, such as dealing drugs.

PART III can be called a segment for "ordinary firms". This part includes the rest of the cases (i.e. ALPHA1, ALPHA2, BETA1, BETA2). BETA1 comes near to GAMMA1.

ALPHA1 is defined as the type most eager to pursue his own advantage. It is also a firm obeying its own rules.

The professional manager case draws away from the ALPHAs on the "boundaries set by others" dimension.

Thus these three (A1,A2,B2) form a group of their own.

PART IV is the most unusual segment. In the case of business firms it is quite difficult to find one guided and restricted by law and public opinion which aims to produce benefits for other people. One can imagine a societal institution where the actions are ruled and

guided by the law and the benefits are aimed at others, e.g. the poor (such as social assistance).

But where is the real Kantian-type social responsibility attitude, stressing the duty to do good and sacrifice benefits for others? This question is more rhetorical by its nature, because references to this type of action are rather an exception. Only the GAMMA real type put forth these kinds of utterances. This "change-the-world talk" is in a fundamental position, but to produce it at this time is quite easy. This is because EcoBank does not yet have any economic action, and so talk can be well-intentioned but putting it into practice might be more problematic.

In general, the lines of thought move in a utilitarian spirit, and the responsibilities of the firm are seen as founded on a utilitarian value-basis. This notion is exactly the same as that outlined in the study (Takala, 1987) on social responsibility - ideologies in Finland 1930 -1940 and 1972- 1982.

5.5. Refined managerial social responsibility talk - three final real types

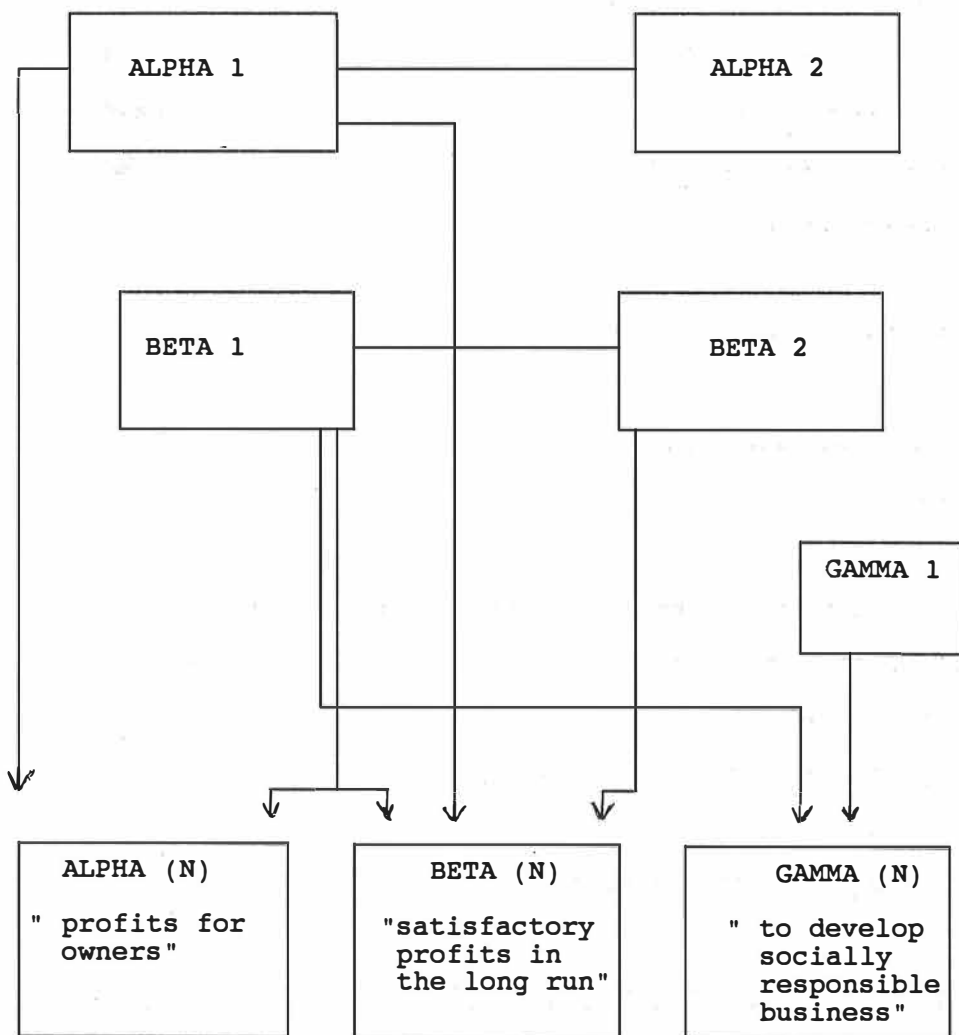
The purpose of this chapter is to try to form three new real types of social responsibility on the basis of the five schemas of real types presented in ch. 5.3.

As we have seen the empirical phenomena are richer than the so-called "ideal types" which are simply models distilled from reality. Five models of reasoning were formed during the research process. However, it is relevant to try to form some even more abstract "final" types of the social responsibility of business distilled from these five types.

The final types can be called ALPHA (N), BETA (N) and GAMMA (N); these can also be characterized as "mixed types", because they contain elements of all five real types.

The table on the following page presents this "synthesis" in the form of a picture. It contains the five types described on pages 123-127, and their main features summarized as ALPHA (N), BETA (N) and GAMMA (N).

Figure 14: Three final types



Type **ALPHA (N)** can be described by the term "we make profits but not at any cost". Interest groups such as employees are important as a product factor, in an instrumental sense, creating the capital of the firm. The final output for the common benefit is seen in terms of creating G N P and material well being.

In **BETA (N)** the basic features making up this final and fundamental type, are taken from types ALPHA 1, BETA 1 and BETA 2. Final type ALPHA (N) can be described by the term "achieving satisfactory profits in the long run through cooperation with other groups". The emphasis on extended interest groups is stronger in this case compared with ALPHA (N). The final output of business making in the sense of common good are seen as creating mental and material well-being in society.

In **GAMMA (N)** the basic features making up this final and fundamental type are taken from types BETA 1 and GAMMA 1. This type can be seen as a mixed type containing some elements of an "ordinary soft-business philosophy firm " and "alternative firm". The basic difference between this type and the others is the point of departure in reasoning. The ultimate purpose is seen as being "to advance socially responsible business" (GAMMA 1). On the other hand, in this case too the necessity of making a profit was admitted. The emphasis on doing business to make profits, but incorporating profit making in a soft manner into the business philosophy was stressed in BETA. 1. Thus certain conflicting elements can be noticed.

The final results of action are viewed as something like happiness for all, a better world and material well-being.

Figure 14 on page 143 can be further deconstructed into the basic

models of reasoning, as follows:

Figure 15: Elements of ALPHA (N)

In the case of ALPHA (N):

Purpose of the firm

Goals:

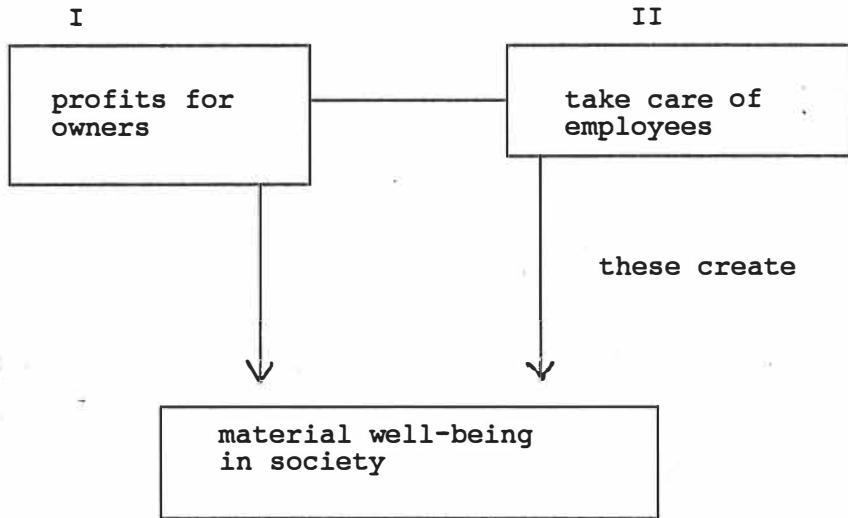


Figure 16: Elements of BETA (N)

In the case of BETA (N):

Purpose of the firm

Goals:

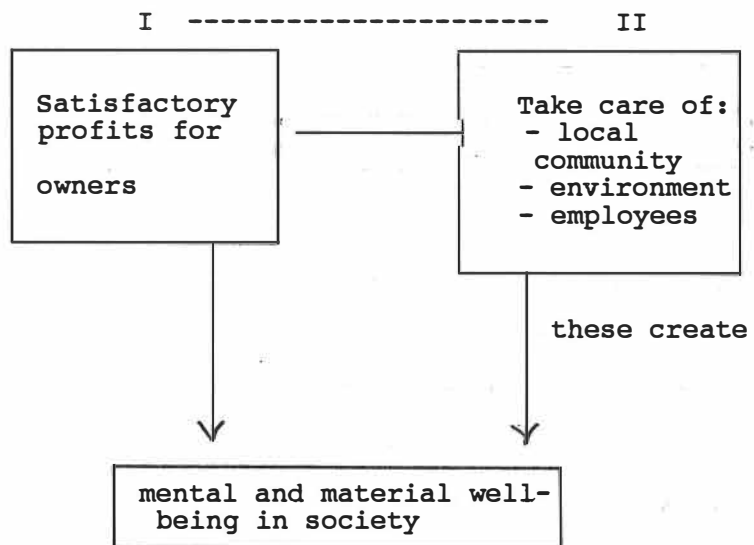


Figure 17: Elements of GAMMA (N)

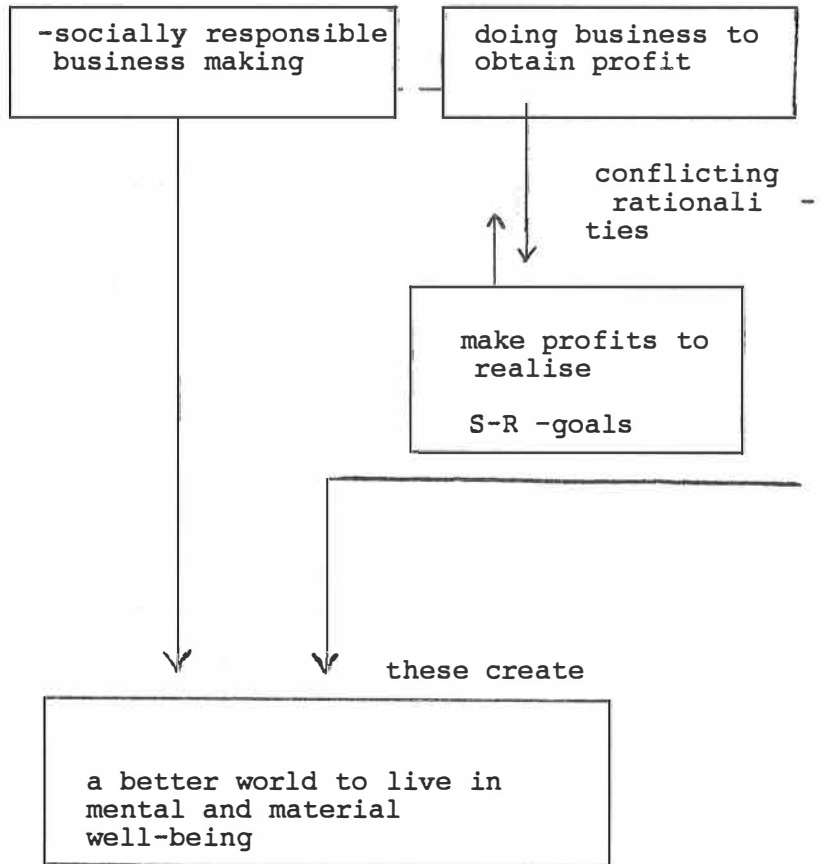
and, in the case of GAMMA (N)

Purpose of
the firm

Goals:

I

II



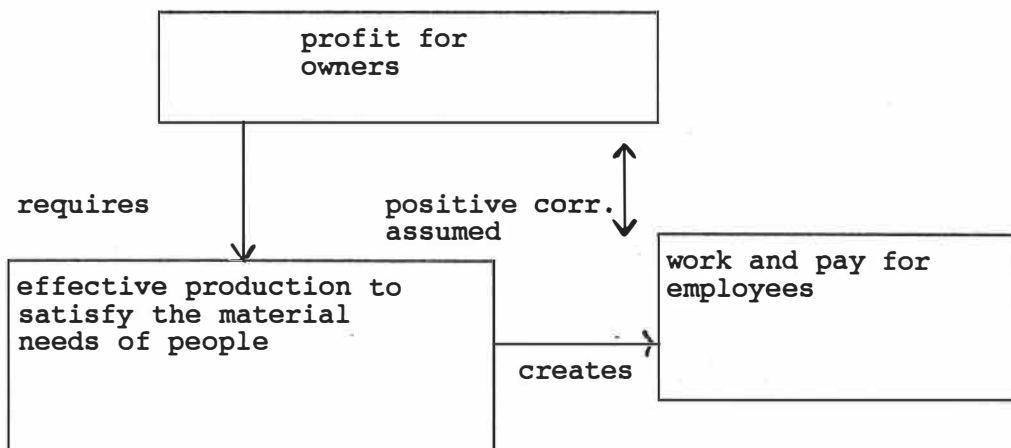
5.6. Linkages to the framework presented in part I

In part I the preliminary framework was presented. Of it the main part was made up of the presentation of three ideal types of social responsibility. To sum up, the basic elements of these "original" ideal types can be listed as follows:

(The first two ideal types are formed around the framework presented in Kettunen 1981, the last GAMMA type was developed by the author, see e.g. Takala 1987 and 1984).

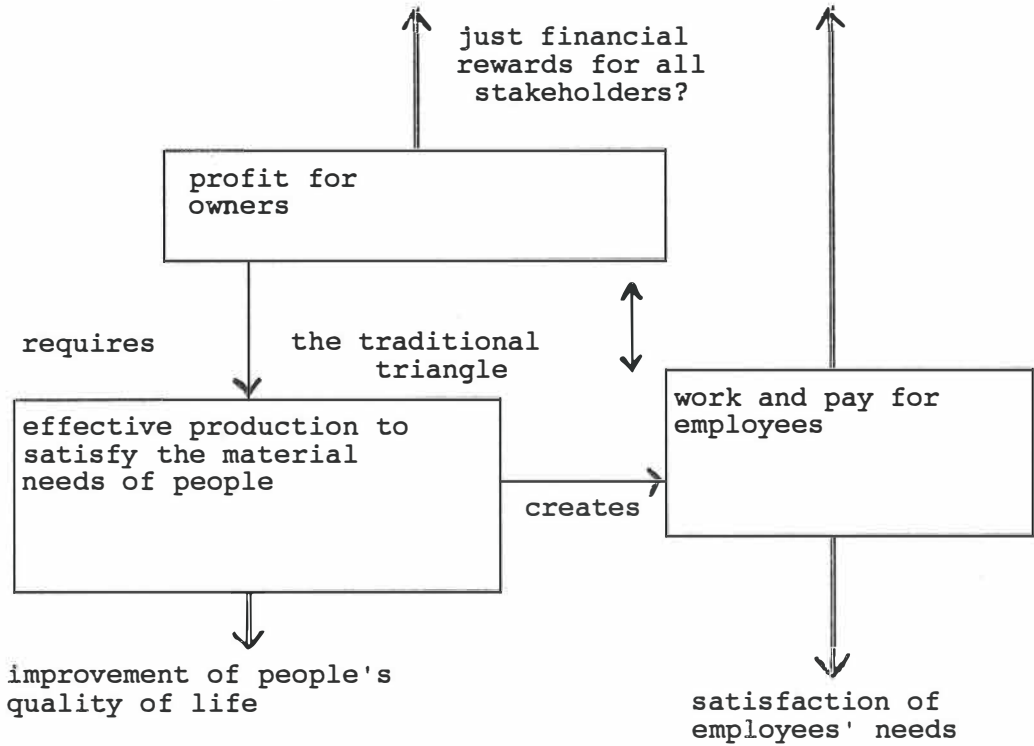
1: ideal type ALPHA: Social responsibility of business is the same as maximizing profits for owners:

Figure 18: Traditional tasks of the firm



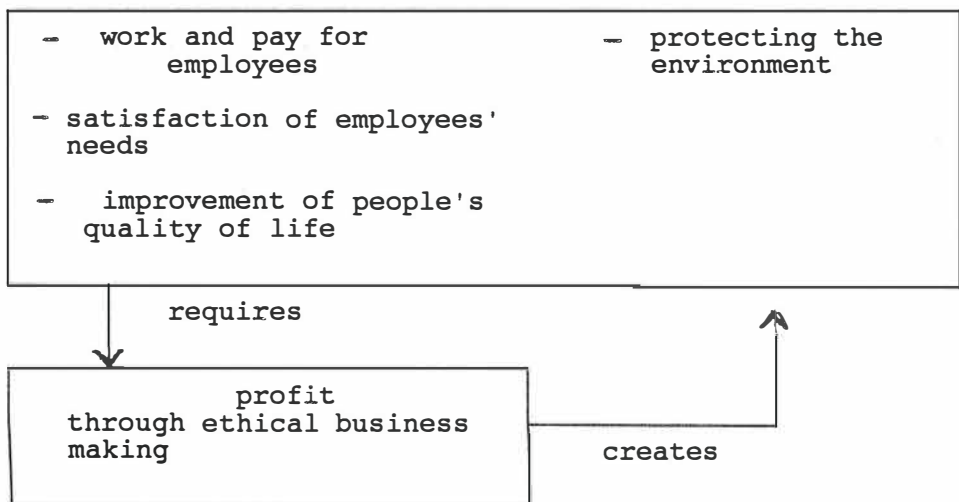
2: ideal type BETA: Social responsibility of business is more than maximizing profits for owners

Figure 19: Enlargement of the tasks of the firm



3:ideal type GAMMA: Social responsibility of business is the most fundamental principle of business making

Figure 20: "Utopic" tasks of the firm



Comparison of the real types with the original ideal types

If a comparison is made, one discovers certain similarities and differences between the "old ideal types" presented in the framework and the new real types which were formed.

One general conclusion is that in the **ALPHA mode** the accentuations are of the same kind when the old ideal types and new real types are compared. As was stated earlier profit maximization is not stressed, but "achieving satisfactory profits". The ultimate purpose of the firm and doing business is still maintained to be in accordance with the "profit for the owners" principle. Some extra responsibility is seen to exist where employees are concerned. They are perceived as an important product factor, having some instrumental value with respect to the profit gaining function. Creating material well-being is said to be the most important societal part of the firm's action.

On the next page, figure 21 presents this comparison in the form of cross-tabulation.

Figure 21: Differences and similarities between the old ideal types and final real types

	DIFFERENCES	SIMILARITIES
A L P H A	<p>P U R P O S E :</p> <p>PROFITS IN THE LONG RUN/ NOT PROFIT MAXIMIZATION</p> <p>= P R O F I T S A T I S F Y I N G</p>	<p>TASKS OF THE FIRM</p> <p>EMPLOYEES MENTIONED AS IMPORTANT PRODUCT FACTOR</p> <p>MATERIAL WELL-BEING AS OUTPUT IS STRESSED</p>
B E T A	<p>ENLARGED VIEW OF INTEREST GROUPS</p>	<p>PROFIT SATISFYING</p> <p>SATISFYING THE MENTAL AND MATERIAL NEEDS OF EMPLOYEES</p> <p>STRESSING MENTAL AND MATERIAL WELL-BEING AS RESULTS OF BUSINESS ACTION</p>
G A M M A	<p>SOME CONFLICTING PRINCIPLES EMERGED</p> <p>PARTLY UTILITARIAN ACCENTUATIONS</p> <p>NOT PURELY PRINCIPLES OF SACRIFICE, BUT ALSO REALISTIC SURVIVAL (own benefit of the firm)</p>	<p>THE PURPOSE OF BUSINESS IS TO ACT IN A SOCIALLY RESPONSIBLE WAY</p> <p>ACCENTUATIONS OF ETHICAL BUSINESS MAKING</p> <p>MATERIAL AND MENTAL WELL-BEING AS RESULTS OF THE FIRM'S ACTION A</p>

In the **BETA mode** the elements of social responsibility which are of especial interest are as follows.

The main point of interest is the broader view of the interest-groups perceived as important in business making.

As one can see from the figure 21 on page 150, the community, environment and employees are classified as important factors in the traditional triangle of the firm's tasks. Profit making principles (to satisfy profits), and creating mental and material well-being for people can be counted as similarities.

Perhaps the most interesting part is the **GAMMA mode**.

Similarities, when compared with the old ideal type, can be found in quite large numbers:

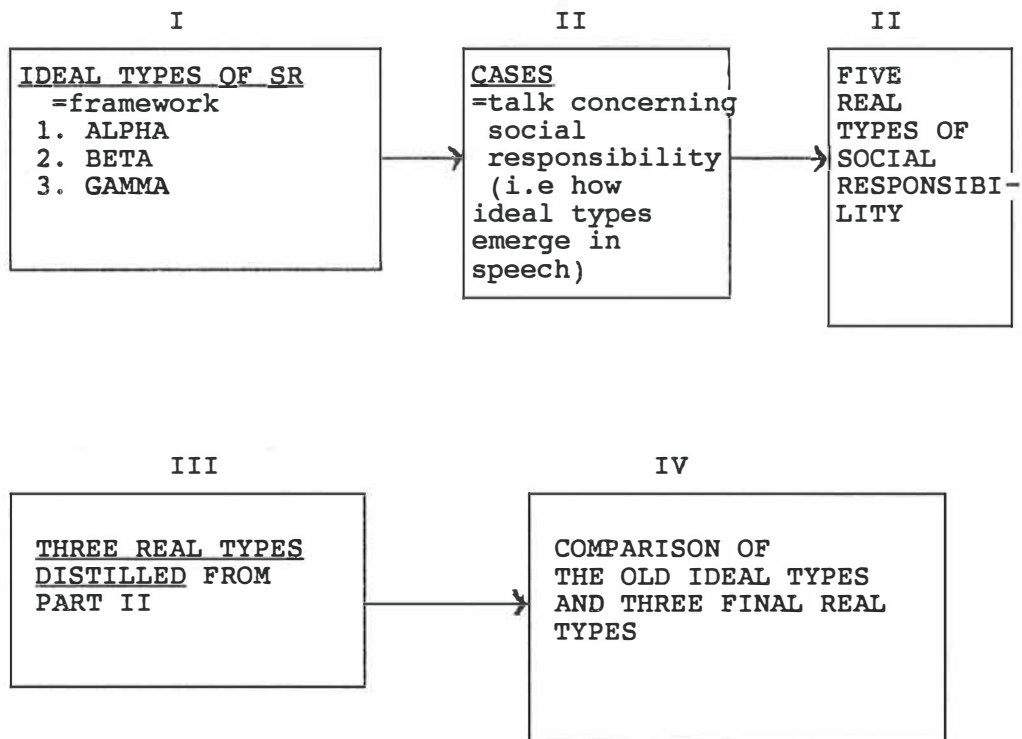
The purpose of business is seen as "creating material and mental well-being in society". This will happen by promoting ethically acceptable business. Thus the social responsibility becomes the foremost objective in business making.

However, some differences also exist. One interesting question is posed by the conflicting rationalities of "doing good" and "making profits". The necessity of profit making is accentuated and the "sacrificing principle" given less value than was anticipated in the new mode of the **GAMMA** ideal type.

Final remarks

In general, the study in question has proceeded in the manner presented in figure 22.

Figure 22 . Phases of the present study



As a final comment one could say that the ideologies of the social responsibility of the firm (in the same sense as used in Takala, 1987a) are multi-elemental constructions containing various, often inseparable, principles. However, the main conclusion is that these ideologies (ALPHA, BETA, GAMMA) are all still alive in some way or another.

If compared with the results obtained in Takala 1987a, the profit making principle as one important motive for being in business seems to be a very accentuated part of business making. But, what is remarkable, accentuations of crude, unscrupulous profit making do not appear. Profit making in a moderate sense was stressed. In the same way the accentuations of ethical viewpoints were utilitarian, the proper Kantian type of social responsibility emerging in only one case.

It is quite difficult to name a single main research result, due to the nature and purpose of the study. The main objective was to describe and compare social responsibility issues as discursive phenomena in different kinds of firms. This means that actions committed in reality were excluded, and importance was attached to "what has been said on social responsibility issues". So, all the phases of the study can be seen as results or contributions, if so wished.

5.7. Suggestions for further research

There are several ways in which the project could be continued. A direct extension of this study would be to consider an extended population of managers using an inductive approach, with the aim of finding patterns of ideas and reasoning in their discursive structures, e.g. how the narrative is put into discourse.

The tendency of moralizing discourse to polarize into strongly opposed categories (such as pro-environment vs. pro-profit) offers an opportunity to study the moral talk of managers.

The study of moralizing can offer an answer to various questions such as "How does a difference in taste or opinion become a moral difference ? How does moralizing generate intense beliefs?" The point of departure may be that "morality is a particular way of talking".

An important issue would be to try to develop a system in which the leadership of a large complex business organization can best incorporate into to their firms's decision-making processes the difficult but essential task of defining, evaluating and institutionalizing responsible business practices. And how to institutionalize ethical values as a part of the business strategy formulation process.

A more abstract way would be to try to evaluate business public discourse directed at various audiences, from "management of images" point of view. And, subsequently, to try to connect that to the debate on managerial work.

SOME NOTES ON CH. 5.3.2

The belief in a single proper concept of profit is one myth among others in our economy. As we have seen everything revolves around this topic although it is simply a matter of whether the flows of money going in and out are in balance in the long run. Around this a very mythical construction has been formed consisting of various parameters of cash flows etc. to forecast the rise and fall of a firm. There is an obvious analogy with the ancient manner of foretelling from the marks on a calf's liver whether the king would live or be overthrown. In the same way it is nowadays the practice in companies to calculate whether the cash flows will be balanced or not within a certain period of time. Similarly, profit is calculated for a brief period of the year and on this basis managers are fired or rewarded.

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Tutkimuksen tiivistelmä

Tutkimuksen kohteena on yrityksen yhteiskunnallinen vastuu ja erityisesti sen ilmeneminen erilaisten yrittäjien ja yritysjohtajien puheessa. Puheen katsotaan olevan heijastumaa näiden toimijoiden arvoista, asenteista ja mielipiteistä.

Tutkimus on eräs vaihe tekijän vuonna 1982 aloittamaa yrityksen yhteiskunnallinen vastuu ja yritysetiikka -projektia.

Tutkimusta voidaan luonnehtia prosessitutkimukseksi, jossa varsinainen tieteellinen kontribuutio muodostuu tutkimuksen eri osien kehittelyistä sekä loppuluvussa suoritettusta analyysistä.

Osassa I esitetään tutkimuksen tavoitteet sekä viitekehys, joka sisältää pohdinnan vastuun perimmäisestä luonteesta sekä eri yhteiskunnallisen vastuun ideaalityypit. Lopuksi käsitellään liikkeenjohdollista puhetta, yhteiskunnallisen vastuun -diskurs- sin käsitettä sekä liikkeenjohdollisia uskomusjärjestelmiä.

Osassa II esitetään tutkimusasetelma ja -metodologia. Tutkimuk- sen empiirinen osa suoritetaan ns. case-tutkimuksena, joka koos- tuu viidestä eri tapaustutkimuksesta. Otokseen on valittu viisi eri tyyppistä yritystä, joissa tietojen hankinta on tapahtunut haastatteleamalla kunkin yrityksen ylintä johtoa. Otokseen kuuluu viisi normaalia yritystä ja yksi ns. vaihtoehtoyritys.

Osassa III kukin case on esitelty omassa alaluvussaan. Tämän jälkeen haastattelujen pääkohdat on esitetty ja niistä on uu- dellenmuodostettu teemoja ja diskursseja. Yrityksen yhteiskun- tavastuuta ja yritysetiikkaa koskevat teemat on otettu erityisen tarkastelun kohteeksi. Näistä on esitetty tulkinnat kunkin ala- luvun lopussa.

Osa IV on tutkimuksen päätösluku, jossa casien varsinainen ana- lyysi tapahtuu. Aluksi esitetään joitain varauksia tulkinnoille. Toiseksi muodostetaan kaksi näkökulmaa, joista yritysjohtajien puheita voidaan lähestyä: 1) ideaalityyppien ja empiiristen reaalityyppien keskinäinen vertailu, joissa asemoidaan näiden vä- liset erot ja samanlaisuudet, 2) yritysjohtajien puheiden sisäi- nen logiikka, jossa muodostetaan viisi erilaista yhteiskunnalli- sen vastuun argumentaatiomallia. Lisäksi tuodaan esiin argumen- toinnissa esiin nouseva legitimaatioaspekti.

Kolmanneksi casit sijoitetaan eettisten teorioiden (teleologiset teorit ja deontologiset teorit) suhteen muodostettuun neli- kenttään ja pohditaan saatuja empiirisiä havaintoja suhteessa deontologiseen "Golden rule" -tyyppiseen vastuun käsitteeseen. Lopuksi muodostetaan kolme yhteiskunnallisen vastuun "lopullis- ta" tyyppiä ja pohditaan niiden suhdetta alussa esitettyyn vii- tekehukseen.