

PLAYING BY THE GAME RULES  
The business responsibility of Stora Enso

Anu Huotari  
Master's thesis  
Organizational communication and PR  
Department of communication  
University of Jyväskylä  
October 2012

## JYVÄSKYLÄN YLIOPISTO

Tiedekunta - Faculty HUMANISTINEN	Laitos - Department VIESTINTÄTIETEIDEN
Tekijä - Author Anu Huotari	
Työn nimi - Title Playing by the game rules. The business responsibility of Stora Enso	
Oppiaine - Subject Yhteisöviestintä	Työn laji - Level Pro gradu
Aika - Month and year Lokakuu 2012	Sivumäärä - Number of pages 121 + liitteet
<p>Tiivistelmä - Abstract</p> <p>Tämä työ tarkastelee yritys vastuun käsitettä ja sen merkitystä yritysten toiminnassa. Esimerkitapauksena tutkielmassa on tarkasteltu sisältöanalyysin keinoin suomalaisen metsä- ja paperiteollisuusyrityksen, Stora Enson yritys vastuun rakentumista yrityksen Internet-sivujen ja Helsingin Sanomien uutisoinnin kautta.</p> <p>Periaatteena yritys vastuun tarkoittaa yritysten vastuuta käyttäytyä eettisesti eli yhteiskunnan normien ja arvojen mukaisesti. Yritysten eettisen käyttäytymisen määrittämää lähestytään kahden diskurssin kautta. Yhteiskuntavastuudiskurssissa korostuu vastuu tuotantoprosessin kielteisistä vaikutuksista. Yrityskansalaisuuden diskurssissa painottuu yhteiskunnan hyvinvoinnin edistäminen liiketoimintastrategian lähtökohtana. Prosessina yritys vastuun saavuttaminen edellyttää sidosryhmien intressien huomioimista päätöksenteossa dialogin kautta. Yritys vastuun toteuttaminen edellyttää johdon sitoutumista, periaatteen siirtämistä osaksi työntekijöiden päivittäisiä työtehtäviä sekä yritystoiminnan jatkuvaa kehittämistä vaikutusten mittaamisen, arvioinnin ja raportoinnin kautta.</p> <p>Stora Enson Internet-sivujen sisältöanalyysin perusteella yrityksen eettisen käyttäytymisen määrittämisessä korostuu yhteiskuntavastuu ja tuotantoprosessin kielteisten ympäristövaikutusten estäminen. Sosiaalinen vastuu tarkoittaa Stora Ensolle lähinnä velvollisuutta noudattaa ihmisoikeuksia ja työntekijälainsäädäntöä. Helsingin Sanomien uutisoinnissa korostui yrityksen sosiaalinen yritys vastuun työntekijöitä ja paikallisyhteisöjä kohtaan tuotantoa menettävässä Suomessa ja uusissa tuotantomaisissa Kiinassa ja Brasiliassa. Suomessa Stora Enson odotetaan toimivan yritys kansalaisen roolissa Suomessa valtio-omisteisena yrityksenä säilyttämällä työpaikkoja kotimaassa. Uusilla tuotantoalueilla Stora Enson odotetaan toimivan yritys kansalaisena pyrkimällä ratkaisemaan epäselvään maaomistajuuteen liittyviä ongelmia. Tutkielman perusteella Stora Enson yritys vastuussa korostuu tuotantoprosessin ympäristövaikutusten sijaan sovitun liiketoimintastrategian vaikutukset suomalaisen yhteiskunnan työllisyyden ohella etenkin uusien tuotantoalueiden yhteisöjen elintilaan ja toimeentuloon.</p>	
Asiasanat - Keywords yritys vastuun, yhteiskuntavastuu, yritys kansalaisuus, sidosryhmät, Stora Enso	
Säilytyspaikka - Depository Jyväskylän yliopiston pääkirjasto	
Muita tietoja - Additional information	

## UNIVERSITY OF JYVÄSKYLÄ

Tiedekunta - Faculty FACULTY OF HUMANITIES	Laitos - Department DEPARTMENT OF COMMUNICATION
Tekijä - Author Anu Huotari	
Työn nimi - Title Playing by the game rules. The business responsibility of Stora Enso	
Oppiaine - Subject Organizational communication and PR	Työn laji - Level Master's thesis
Aika - Month and year October 2012	Sivumäärä - Number of pages 121 + appendices
<p>Tiivistelmä - Abstract</p> <p>This thesis investigates the concept of business responsibility and its meaning in the operation of corporations. Alongside a theoretical examination content analyses of case company website and the reporting of Finnish newspaper Helsingin Sanomat were conducted in order to analyse the concept in the case of Finnish paper company Stora Enso.</p> <p>As a principle business responsibility was defined as responsibility to behave ethically, acting according to the standards, norms and values of society. Two discourses were identified. Corporate responsibility emphasises responsibility over the negative impact of the production process. Corporate citizenship discourse focuses on contributing to the wellbeing of society through business strategy. As a process business responsibility is about taking the interests of stakeholders into account in the decision-making of the company. Stakeholder dialogue is the method to achieve a balance between the various interests of stakeholders. The performance of business responsibility in corporate practice requires the commitment of the management, the integration of the principle to the day-to-day activities of employees and measurement and constant improvement of operation by evaluating, measuring and reporting the impacts of the operation.</p> <p>In the basis of Stora Enso's website the company focuses on preventing the negative environmental impacts of the production process. Social responsibility is defined mainly as the legal responsibility to obey human and labour rights. The reporting of Helsingin Sanomat emphasised Stora Enso's social responsibility towards employees and local communities in Finland where operation is curtailed and in China and Brazil where new operation is established. Stora Enso is expected to act as a corporate citizen in Finland by keeping employment in Finland and in turn in new operation areas by solving the issue of land-ownership together with local communities and authorities. In the basis of the research the societal impacts of Stora Enso's newly adjusted business strategy central in Stora Enso's business responsibility instead of the environmental impacts of the production process.</p>	
Asiasanat - Keywords Business responsibility, corporate responsibility, corporate citizenship, stakeholder theory, Stora Enso	
Säilytyspaikka - Depository University of Jyväskylä, library	
Muita tietoja - Additional information	

## CONTENTS

<b>1 INTRODUCTION .....</b>	<b>2</b>
<b>2 THE PRINCIPLE OF BUSINESS RESPONSIBILITY .....</b>	<b>5</b>
2.1 Business responsibility as ethical corporate behaviour.....	6
2.2 Corporate responsibility - avoiding negative impact.....	9
2.3 Corporate citizenship - creating a positive impact.....	12
<b>3 THE PROCESS OF BUSINESS RESPONSIBILITY.....</b>	<b>17</b>
3.1 The role of stakeholder relationships in business responsibility .....	17
3.2 Balancing interests in the stakeholder network .....	19
3.3 The role of stakeholder dialogue in business responsibility .....	24
<b>4 THE PERFORMANCE OF BUSINESS RESPONSIBILITY .....</b>	<b>28</b>
4.1 Commitment of the management.....	28
4.2 From principle to operation practices - the role of employees.....	29
4.3 Standardising and reporting performance.....	32
<b>5 RESEARCH QUESTIONS AND RESEARCH METHODS .....</b>	<b>38</b>
5.1 Website analysis .....	39
5.2 Newspaper analysis.....	40
5.3 Case company.....	42
<b>6 RESEARCH RESULTS .....</b>	<b>44</b>
6.1 At the heart of our company - Stora Enso's website .....	44
6.1.1 The principle of business responsibility .....	44
6.1.2 The process of business responsibility.....	53
6.1.3 The performance of business responsibility.....	56
6.2 Stora Enso's business responsibility in the Helsingin Sanomat.....	65
6.2.1 The reported impacts in the Helsingin Sanomat.....	65
6.2.2 The interpretations of stakeholders.....	69
6.2.3 The account of Stora Enso in the Helsingin Sanomat.....	83
<b>7 CONCLUSIONS AND DISCUSSION .....</b>	<b>95</b>
7.1 Conclusions.....	95
7.2 Discussion .....	103
<b>REFERENCES.....</b>	<b>107</b>
<b>APPENDICES .....</b>	<b>122</b>
APPENDIX 1. Example of Stora Enso website .....	122
APPENDIX 2. Example of content analysis of media reporting.....	122
APPENDIX 3. Example of a report in Helsingin Sanomat .....	123

# 1 INTRODUCTION

One prominent theme nowadays in the field of organizational communication and PR is the concept of responsibility of corporations. The academic interest in business responsibility is perhaps best described as a natural consequence of the current organizational environment corporations live in. The public demand for responsibility is attached to various aspects of corporate behaviour and consequently also corporations communicate to various publics about themselves as responsible businesses. The word responsibility is used a lot in the context of corporations - both towards the corporations and by the corporations themselves.

The problem however is that often corporations are accused of using the concept of responsibility only as a marketing gimmick to retain reputation and business benefits while behind the scenes business continues as usual. There seems to be a discrepancy between societal expectations and corporate answers. According to the critics, the interest of receiving business benefits has led to a situation where corporations are making vigorous attempts to appearing responsible instead of being responsible. The big question to be answered is how business responsibility may meet societal expectations? Having a previous academic background in political sciences (Huotari 2007) the societal demand for business responsibility and especially the repeated

failures of corporations to meet the expectations incited an interest to investigate the concept.

The concept of business responsibility is studied empirically in the case of a Finnish forest and paper company Stora Enso. The industry and the company were chosen as the target of empirical analysis because the question of responsibility has been discussed repeatedly nationally in Finland over the few past years in this context. The company, often considered the backbone of the Finnish national economy, has been going through a major structural change that has resulted in a significant loss of employment. At the same time the forest industry has been moving industrial production to lower labour cost countries in east and south. What makes Finnish forest industry and the case of Stora Enso even more interesting is that the restructuring process and the flow of industrial production are not only national, isolated matters but global market developments. The interest in the case of Stora Enso is further enhanced by the fact that the company is also a noteworthy player in those global markets.

The basic research problem of this Master's thesis is how business responsibility is present in the case of Stora Enso. A theoretical conceptualisation of business responsibility is followed by empirical content analyses of the company website of Stora Enso and the reporting of Finnish newspaper Helsingin Sanomat. The content analysis of the company website will provide a picture of how Stora Enso defines business responsibility. As the media in general are considered to function as platforms of societal discussion, the content analysis of the reporting of Helsingin Sanomat is used to provide a picture of what the company is in turn held responsible for.

The structure of the thesis is the following. The second chapter discusses the principle of business responsibility as a normative contention of business-

society relationships. Corporate responsibility and corporate citizenship are presented as two prominent discourses describing ethical corporate behaviour. The third chapter elaborates how business responsibility as a process is implemented in stakeholder relationships. In the fourth chapter business responsibility is discussed as an organizational practice. The theoretical division of business responsibility to principle, process and performance elements follow thus the conceptualisation of Wood (1991). The research questions and methods are presented in the fifth chapter and the research results in the sixth chapter. The last chapter presents conclusions drawn from the research added with discussion.

## **2 THE PRINCIPLE OF BUSINESS RESPONSIBILITY**

The theoretical concept of business responsibility is based on a conceptualisation of business-society relationship as one of interdependence. The role of business is to provide various commodities for the needs of society and the society in turn provides the necessary resources for business to create those commodities. For this reason business and society are by nature “interwoven rather than distinct entities” (Wood 1991, p. 695). As a result, corporations are argued to have an obligation to act in a socially responsible manner in exchange for the various resources they obtain from society (Brummer 1991; Metzler 2001; Pfeffer & Salancik 1978, quoted in Hearit 2007, p. 167-168). The principle of business responsibility focuses on the dependence of business on society. The responsibility of business towards society is built on the norm of reciprocity, a moral obligation to modify behaviour if it has negative consequences on the other (Grunig & Repper 1992, p. 123).

The academic discussion around the basic premise of business responsibility is conducted under a vast array of different concepts and terms. The most common terms are corporate social responsibility (CSR), corporate citizenship (CC), and corporate social performance (CSP). The spirit of the agenda is reflected also in such concepts as corporate governance, sustainable development, socially responsible business, green management



and ethical business (Zorn & Collins 2007, p. 405-406). In this thesis business responsibility is used as the main term and corporate responsibility and corporate citizenship are presented as two prominent discourses describing business responsibility.

## 2.1 Business responsibility as ethical corporate behaviour

Defining the principle of responsibility as the obligation to behave in a responsible manner raises the question of what responsibility specifically means and entails. Generally business responsibility is depicted as an entire scope of different responsibilities (Geva 2008, p. 24). The scope of corporate responsibilities is quite often discussed from the framework of Carroll (1979, 1999) who divided business responsibilities into economical, legal, ethical and discretionary ones in their respective priority order. Simply put, corporations are responsible for being profitable, obeying the law, behaving ethically and contributing to the betterment of society by giving resources to philanthropic ventures. There are however diverse views on what is considered as the adequate scope for business responsibility.

The economic responsibility to make profit is recognised widely as one of the most fundamental responsibilities of corporations as profitability is what keeps the business in business. Since profitability is the basic premise of business operation the economic responsibility is considered to deserve the position as the main responsibility of corporations. Often views that focus on the centrality of economic responsibility consider the legal responsibility to obey the law a sufficient scope of responsibility together with the economic one. As the famous statement of Friedman (1970) goes, the responsibility of corporations is to “increase its profit so long as it stays within the rules of the game [by engaging] in open and free competition without deception or fraud”. For the most part the literature on business responsibility stresses that alongside making profit while obeying the law corporations have a

responsibility to behave in an ethical manner and that the principle of Friedman of “doing good by doing well” is not enough (Hearit 2007, p. 167). Instead, the agenda of business responsibility argues that corporations have wider societal obligations towards society than making profit and obeying the law (Rowe 2006, p. 441; Balmer, Fukukawa & Gray 2007, p. 10). From the original conceptualisation of Carroll (1979, 1999), the economic and legal responsibilities are deemed as insufficient for the definition of business responsibility. The main reason behind this is that economic and legal responsibilities are regarded as mandatory demands. Corporations must make profit in order to survive and obey the law in order to avoid punishments. The business responsibility agenda however emphasizes the role of discretionary and ethical responsibilities as important part of the scope of business responsibility especially due to their voluntary nature.

Matten, Crane & Chapple (2003) perceive ethical responsibility and philanthropy as the two central areas of business responsibility because they “differentiate corporate behaviour from mere compliance”, making them the most normative forms of responsibility (p. 110). The discretionary responsibility refers to corporate involvement in philanthropic ventures such as donations to social causes. Ethical responsibility in turn refers to behaving in line with general societal norms and standards guiding right and wrong behaviour. (Seeger & Hipfel 2007, p. 156-157.) Philanthropy and ethical behaviour both could be categorized as voluntary when making a comparison to legal responsibility. There is however a difference between philanthropy and ethical responsibility.

Philanthropy is often regarded as the sole voluntary responsibility because ethical behaviour is expected from corporations (Carroll 1999, p. 283-284). As Matten et al. (2003) describe, ethical behaviour is expected while philanthropy is something that is desired (p. 11). Philanthropy seen this way is only desirable because it is generally considered to cover only “a narrow

set of social needs” (Seeger and Hipfel 2007, 156-157.) such as sponsorship of youth athletic clubs or donations to charities. Ethical behaviour in contrast places a responsibility to act in accordance with the norms of society that is a wider and also more ambiguous responsibility than engaging in philanthropy.

Responsibility to behave ethically is the most extensive responsibility because it applies to all activities the corporation takes. Ethical behaviour is in essence about acting in a manner that society considers to be good and right. For this reason ethical responsibility is about making value judgments on the behaviour of corporations whether or not the behaviour is good for society (Geva 2008, p. 26-27). Ethical responsibility is thus connected intimately to the initial norm of reciprocity stating a responsibility to prevent harm on society. When ethical responsibility is place in the centre of discussion it means that the whole process of defining what is the considered to be responsible is about making normative value judgments on whether the behaviour of the corporations is good or bad, right or wrong, for society.

Interestingly the other three responsibilities presented here – economic, legal and discretionary – can be regarded as norms held against corporations: corporations are expected to be profitable, law-abiding and philanthropic businesses. For this reason it can be simply stated that corporations are expected to behave in an ethical manner, according to the norms and standards of society. The normative nature of ethical corporate behaviour means that the definition of what is considered good or bad behaviour is open to change. The meaning of the concept is dependent on the contingent societal conditions in time and space<sup>1</sup>. There is naturally a certain rigidity of the evolvement of meanings of societal concepts but basically there are no

---

<sup>1</sup> According to social-constructivist theory reality is constructed by giving meaning to objects with the usage of language, see further Berger & Luckmann 1966, 1991

absolute, stable conceptual meanings. As a result, there is not an absolute, stable meaning for what ethical corporate behaviour means.

In sum, business responsibility is therefore best approached as the responsibility to behave ethically, acting in line with the norms and values reflected in the expectations set by society towards corporations. Carroll (1979/1999) described the concept similarly by saying that it is about “expectations that society has for organizations at a given point in time” (p. 283). There is no stable definition for ethical corporate behaviour because it is dependent on contingent expectations on society and therefore can potentially cover almost “every possible obligation, concern, or effect that a corporation might encounter (Werhane 2007, p. 460). The next two chapters focus on elaborating the two prominent discourses describing the content of ethical corporate behaviour.

## 2.2 Corporate responsibility - avoiding negative impact

One prominent definition of ethical corporate behaviour is the responsibility over the negative impact of corporate operation. As the negative impacts of corporate behaviour on society in general and on the environment have risen, so has the demand for responsibility over those impacts (Bullis & Ie 2007; Crawford-Brown 2007). Specifically this demand concerns large transnational corporations (TNCs<sup>2</sup>) whose operation has significant consequences on the society (Wells 2002, quoted in Llewellyn 2007, p. 178). The role of corporations in the contemporary world is so significant that some have even declared that the governmental system of nation-states has come to an end and corporations taken their place as the primary institution of modern society (Deetz 1992, p. 17, quoted in McMillan 2007, p. 16). The

---

<sup>2</sup> TNC is a corporation, which has the power to coordinate and control operation in more than one country, even if it does not own them (Dicken 1998, p. 8, quoted in Pattberg 2006, p. 241).

comparison is not that unfounded - the scope of corporate operations and the consequent impacts of corporations today are global, reaching to all corners of the world.

The process of globalisation has facilitated the birth of corporations but also created an awareness of the impacts of corporate behaviour. Globalisation is defined by the development and intensification of communication networks among societies, cultures, institutions and individuals (Stohl, Stohl & Townsley 2007, p. 38) and therefore is the prerequisite for the global corporate operation also. The increased volume of communication has made the role of corporations more noticeable as a societal force (Cheney, Roper & May 2007, p. 4). This is because communication channels enable fluent communication between various parts of the world both horizontally and vertically. The end result is an increased awareness of corporate impact around the world and today the negative influences of corporate behaviour are discussed often in the context of major societal issues such as violations of human rights, degradation of the natural environment and unfair trade transactions for example (Waddock 2000, p. 324; Llewellyn 2007, p. 181). Because corporations have as a whole a systemic impact on society, the responsibility of business and consequently the responsibility of individual corporations are also societal issues (Leigh & Waddock 2006, p. 410).

The position of corporations as sources of systemic processes has created a demand for systemic responsibility (Werhane 2007, p. 465). Stohl et al. (2007) call this the 'third generation of corporate responsibility' where corporate responsibility is no more just obeying the law or ethics in business but about the totality of corporate influence on society. Corporations are expected to carry responsibility over the economic, social and environmental impacts in the various "spheres of influence". The impact of corporations is visible in the workplace, the marketplace, the supply chain, the community and the public policy realm. (Kennedy School's CSR initiative 2006, p. 5, quoted in

Rowe 2006, p. 444.) As a result, corporations have a responsibility for this “totality of impact” (Chandler 2001, quoted in Stohl et al. 2007, p. 30). The change is also visible in the terminology. In the literature the word ‘social’ is nowadays often removed from the term ‘corporate social responsibility’ to indicate that responsibility is inherent in all aspects of corporate behaviour (Waddock & Smith 2000, p. 49).

The negative societal and environmental impact of corporations as a whole has raised questions regarding the capability of corporations to behave responsibly voluntarily. There are demands that ethical responsibility – voluntary consideration to behave responsibly – should be renounced and replaced with extensive legal regulation in order to make corporations behave ethically. There are doubts not only about corporations’ willingness to be responsible but also their general capability to do so. In contrast to the status of corporations as distinct legal persons apart from the individuals making the decisions inside the corporation, it is difficult to regard corporations as full moral persons. This is because corporate decisions are the result of complex set of actions that cannot be traced to specific individuals. (French 1979; Velasquez 1983; quoted in Werhane 2007, p. 462.)

In this line of thinking, the way to prevent the negative impacts of corporations is by governing corporate behaviour with external regulation (e.g. Moreno & Capriotti 2009, p. 161). Voluntary mechanisms are seen to only hinder the accomplishment of corporate responsibility (McIntosh 2007, p. 46) because it gives corporations an opportunity to divert attention from the real impacts of corporate behaviour (Waddock 2007, p. 75). A tight regulatory regime is seen to be the only way to assure that corporations pay sufficient attention on the negative impacts on the society by making corporations legally accountable for it (Lawrence 2007, p. 238; Munshi & Kurian 2007, p. 444-445; Ganesh 2007, p. 387).

Despite the heavy criticism on the capability of corporations to carry responsibility over their negative impacts without coercion, there is also still strong support that in order to have any normative value, corporate responsibility has to be about taking voluntary actions (van Marrewijk 2003, p. 102, quoted in Pedersen 2006, p. 139-140; Ritz 2007, p. 200; Dubbink 2007, p. 295). Alongside the normative value, voluntary commitment is seen as the way to make corporations successfully responsible in practice (e.g. Waddock & Smith 2000, p. 53). Legal regulation may actually limit corporations' ability to be flexible and responsive to the changing values of society and eventually limit corporations' actions only to the legal responsibility to obey the law (Seeger & Hipfel 2007, pp. 156, 163). More importantly regulation cannot control the source of corporate operation that is business strategy. In complementary manner, the second prominent discourse on ethical corporate behaviour focuses to the role of business strategy in the definition business responsibility.

### 2.3 Corporate citizenship - creating a positive impact

The concept of business responsibility towards society is discussed alongside carrying responsibility over the negative impacts of production processes as the responsibility to create a positive impact on the society. In the literature this is usually referred with the concept of corporate citizenship. Originally Carroll (1991, p. 43) used the concept of citizenship in the context of philanthropy when stating that philanthropic responsibilities represent the corporation's efforts to "be a good citizen" (quoted in Carroll 1999, p. 23). Already then the term was used to refer to corporate activities that represent a positive corporate impact or participation to society. Today the term is often favoured instead of corporate responsibility due to the more positive connotation that does not imply that ethics and responsibility are absent from business (Matten & Crane 2003, p. 6). The two terms can be as

interchangeable but here the terms are seen as two prominent societal discourses, angles that are used to describe business responsibility.

By focusing on the negative impacts of corporate behaviour, corporate responsibility in a way views business as separate from society. Business and society are seen more as separate spheres that have contrasting rules where the only responsibility of corporations is to avoid negative impact of the business sphere on the societal one. Corporate citizenship in turn includes business as part of the societal sphere by envisioning corporations as members of society who contribute in some way to society. Corporate citizenship is therefore about defining business strategy as a societal strategy. As Rowe (2006) describes, corporate citizenship is about making the “core wealth creation process” itself to originate from a consideration to the good of the society (p. 444-445). Corporate citizenship portrays corporations becoming more informed and enlightened members of society and transforming themselves as “agents of positive change” (McIntosh et al. 2003, quoted in Juholin 2004, p. 23).

This new definition of corporate citizenship moves from philanthropic activities not related to the impacts business operation to participation to the betterment of society through the core business operation (Waddell 2000, quoted in Matten et al. 2003, p. 111). Corporations carry their responsibility when they use their special, individual competences, the resources and skills they have, to solve major social problems and connect making profit more directly towards the good of society (Geva 2008, p. 28-30). In this respect corporate citizenship is sector-based (Timonen & Luoma-aho 2010, p. 6) where companies benefit the society in varying ways in accordance to characteristics of their specific sector.



The notion of corporate citizenship equates corporations with individual citizens as members of society who participate in society in similar manner as individuals (Moon, Crane & Matten et al. 2003, p. 3-4). The participation of corporations however happens more in the role of governments than the average citizen as protectors and facilitators of civil, social, and political rights of individuals themselves (Matten et al. 2003, pp. 117-118). According to Sethi (1999) corporations must take their place alongside public and non-profit sectors and present how their products and services increase the well-being of whole human kind (p. 240-241). Also Pattberg (2006) supports this by saying that there has been a re-configuration in the roles of the three sectors of society where corporations are participating in the system instead of just being faced with demands from society (pp. 263-264).

The new role of corporations is connected to the general aim to replace the current unsustainable system to one where all actors in society operate as accountable to people and environment (Ritz 2007, p. 190). Here corporations, governments and civil societies work together (Altman & Vidaver-Cohen 2000, p. 5). This collaboration is characterized by cross-sector partnerships (CSSP) where different challenges such as economic development and poverty alleviation are addressed together (Selsky & Parker 2005, p. 850). According to corporate citizenship philosophy, corporations must create in their organizational processes something that benefits the well-being of society. This in turn places corporate values in pivotal position as the driving force of corporate operation. The core values and corporate strategy define the operating practices and the relationships corporation has with society (Waddock & Smith 2004, pp. 55-56). A corporate citizen has a sense of purpose to contribute to the well-being of society and is motivated to participate with other players beyond solely material gains (Collins & Porras 1994, p. 48; quoted in Graves & Waddock 2000, p. 414). The

good of the society becomes the impetus for corporate strategy and operation.

In sum, corporate responsibility and corporate citizenship can be seen as the two sides of business-society relationships. Corporate responsibility emphasizes the negative indirect impacts of business strategies on society that need to be addressed. Corporate citizenship turns the attention on making the corporate strategy directly benefit the well-being of society. There are signs that the definition of ethical corporate behaviour is beginning to move towards the viewpoint of corporate citizenship. Increasingly the responsibility to prevent negative impacts is now considered mandatory while contributing positively to society is the new form of ethical corporate behaviour (Whitehouse 2005, quoted in Timonen & Luoma-Aho 2010, p. 4). At the moment it seems that corporations are expected to be corporate citizens especially in developing and emerging countries and to operate as a positive force in their development. Instead of exploiting the lower standards of payment and regulation, corporations are expected to actively strive to make a positive impact by ceasing oppressive working conditions (Sethi 2002, p. 21). The role of corporate citizens is to hold the same levels of responsibility as in the Western societies and to 'fill the gaps' left by the local governments for example by providing healthcare for employees (Radin 2004, p. 433-434).

Corporations are expected to avoid negative impacts of production processes and increasingly to make a contribution to the well-being of society through their business strategies. What is then a negative impact or a positive one? Since definition of good or bad is innately a normative value judgement, the only way to provide an answer in a complex modern world, as Dubbink (2007) describes it, is through open societal discussion. This means that corporations are required to explain 'morally relevant decisions' they have

made in relation to such issues as human rights, workers' rights or the environment (Dubink 2007, p. 301). In this respect business responsibility compels also a political role for corporations (Matten et al. 2003, p. 109). Corporations no longer operate just in the realm of market competition but are also involved in political competition between different interest groups (Oberman 2004, p. 249).

At this point, the discussion moves from the context of business-society relationships and societal issues to the organizational level of individual corporations. This is because an individual corporation can only be held over their own specific impact not over the systemic impact of business as a whole. The impact of a corporation on society is a different matter from the impact of business in general on society as a whole (Clarkson 1995, p. 102). Next business responsibility is discussed in the context of corporate-stakeholder relationships, where the interpretation of the impact of the corporation on the scale of negative - positive is determined through a process of balancing interests in the stakeholder network of the corporation.

### **3 THE PROCESS OF BUSINESS RESPONSIBILITY**

The previous chapter discussed business responsibility in the institutional level as a relationship between business and society. In this chapter business responsibility is discussed in the organizational context of corporate-stakeholder relationships.

#### **3.1 The role of stakeholder relationships in business responsibility**

On the organizational level business responsibility is diffused into relationships with various stakeholders. Business responsibility is about stakeholder relationships (Waddock & Smith 2000, p. 48) because corporations can manage only their relationships with stakeholders, not with society in general (Clarkson 1995, p. 101). The general societal obligation to be responsible is thus transformed into an obligation to act responsibly towards stakeholders (Balmer et al. 2007, p. 10). Simply put, stakeholders represent the society in the organizational context of individual corporations.

Stakeholder theory is a way to operationalise business responsibility by identifying or concrete groups to which the corporation has responsibilities to. It provides a basis for legitimising and prioritising stakeholder influence in corporate decisions. (Matten et al. 2003, pp. 110-111.) The definition of stakeholder as “any individual or group who can affect or is affected by the

actions, decisions, policies, practices, or goals of the organizations” (Freeman 1984, p. 25; quoted in Grunig & Repper 1992, p. 126) illustrates well the connection of corporate impacts with stakeholders.

The determination of ethical corporate behaviour is in the hands of stakeholders and for this reasons business responsibility becomes about stakeholder acceptance of corporate behaviour. The end result of stakeholder acceptance of corporate behaviour is legitimacy, the license to exist. Suchman (1995) defines legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p. 574). Because corporate behaviour impacts stakeholders, stakeholders have a legitimate interest in corporate activity (Preble 2005, p. 413). The connection of legitimacy to ethical corporate behaviour and to business responsibility is clear in this definition. The purpose of business responsibility is to gain the acceptance to exist by adopting the kinds of principles and practices that show corporate behaviour is congruent with societal, ergo stakeholder expectations (Llewellyn 2007, p. 179; Hearit 2007, p. 168). In order to be considered legitimate part of society, corporations must in other words make their behaviour such that it meets the expectations of stakeholders (Sethi 1994, quoted in Bridges & Nelson 2000, p. 101-102).

Legitimacy can be described as a measure of the adequacy of corporate behaviour (Idemudia 2007, p. 373). If the corporation fails to act in line with the dominant norms, rules and values of society that the stakeholders represent, the corporation is removed the right to be in business (Pedersen 2006, p. 139). There is a normative and a business case for behaving according to stakeholder expectations - a “mixed-motive” to protect human, labour and environmental rights and to seek at the same time legitimacy, reputation and brand equity (Jørgensen, Pruzan-Jørgensen, Jungk & Cramer

2003, p. 15). Ethical corporate behaviour towards stakeholders can be described as a simultaneous normative obligation and strategic self-interest (Morsing, Midttun & Palmås 2007, p. 92). Especially with regard to corporate citizenship, this is about working for social betterment (Geva 2008, p. 34) by solving social and environmental problems and simultaneously finding economic profitability by creating new innovative ways to resolving them (Backer 2007, p. 50).

### 3.2 Balancing interests in the stakeholder network

Since stakeholders represent the expectations of society in the organizational level of an individual corporation, in order to gain legitimacy to exist corporations must pay attention to what the stakeholders construe as ethical, desirable corporate behaviour. Stakeholders are defined in terms of their interests because they have a stake in the focal corporation's action since the decisions of the corporation affect them (Savage et al. 1991, quoted in Rowley & Moldoveanu 2003, p. 206). The interests of stakeholders therefore determine what kind of corporate impacts are construed as desirable.

The process of behaving according to the interests of stakeholders is complicated by the fact that there are various kinds of stakes, interests that stakeholders have towards corporations from the equity stakes of stockholders to the economic stakes of customers (Huse & Eide 1996, p. 213). The most challenging task in this "interest-based" responsibility is that quite often the interests of stakeholders can collide with the interests of the corporation but also with each other. Especially in the case of transnational corporations, the likelihood of conflicting interests increases when there are many stakeholders with various interests (Pedersen 2006, p. 148; Morsing et al. 2007, p. 102). The behaviour of corporations impacts various stakeholders in various ways who in turn have various interests. This leads to a situation

where there is no single definition of what is desirable corporate behaviour due to the connection corporate responsibility has to stakeholding (Moon et al. 2003, p. 6). The interests of stakeholders create a whole mosaic of business responsibilities depending on the stakeholder in question.

The role of the stakeholder network is crucial in the process of interpreting the desirability of corporate impacts. Corporate impacts are the basis of the formation of stakeholder network around the corporation – regardless of the diversity of stakeholder interests, the stakeholder have at minimum one common interest – an interest towards the behaviour of the corporation. As a result, corporations have their own social systems where responsibility is determined through balancing the claims and interests of stakeholders (Mitchell, Agle & Wood 1997, p. 859). It is important to note that since the corporation is a member of its own stakeholder network, it also has interests to be balanced with the other members. Corporations are not representative democracies (Kaptein and Van Tulder 2003, p. 211) where stakeholder voting determines the behaviour of the corporation. Instead business responsibility is about stakeholder governance, interaction between the corporation and its stakeholders (Morsing & Schulz 2006, p. 325).

The primary stakeholders are regarded generally the most important because without the continuing participation of primary stakeholders - shareholders, investors, employees, customers, suppliers and also governments and communities that provide the infrastructure – the corporation cannot survive on a daily basis (Clarkson 1995, p. 106). When a stakeholder perceives the behaviour of the corporation to be in conflict with their interests, the stakeholder diminishes the investment made to the relationship with the corporation – for example intellectual capital of employees, trust and loyalty of customers, or raw materials of natural environment (Waddock & Smith 2000, p. 50). Because the corporation is dependent on the inputs of primary

stakeholders they are salient stakeholders because they have not only the power to influence the corporation but also possess the legitimacy to do so (Mitchell et al. 1997, p. 854).

The business responsibility agenda however emphasizes the role of secondary stakeholders alongside the primary stakeholders. Corporations are seen to have a responsibility to not only to primary stakeholders but towards any other individual, institution, culture of society that its affects or is affected by, in addition to the natural environment (Werhane 2007, p. 460). Secondary stakeholders are considered important normatively because they receive the impact of externalised costs or benefits of the primary stakeholders' activities (Waddock & Smith 2000, p. 51). For this reason secondary stakeholders are seen to deserve a place alongside strategic primary stakeholders as moral stakeholders who are affected by the corporation (Frooman 1999, p. 192) regardless of whether the corporation has any corresponding functional interest in them (Preble 2005, p. 409-410).

Business responsibility therefore mandates that corporations take into consideration in their decision-making not only the primary stakeholders who have high level of power, legitimacy and urgency but also less salient secondary stakeholders (Backer 2007, p. 52). The dependency of corporations from primary stakeholders however places primary stakeholder groups to a vital position of holding corporations accountable for the social consequences of their activities and thus even out the power position of the corporation (Geva 2008, p. 34). Transnational corporations are often in a focal position in their respective stakeholder networks because they have the most ties with other members in the network or a direct tie to all other stakeholders (Rowley 1997, p. 899).



The position of secondary stakeholders in turn has changed largely because of the process of globalisation. Globalisation with increased interaction and communication between different parts of the world has decreased the position of corporations in their specific stakeholder networks by increasing the density between the other members of the network. Globalisation has given a more powerful voice to citizen groups by “democratising information flows and empowered even the poorest of people” (McIntosh 2007, p. 47). Especially NGOs form a strong source of pressure for corporations to behave ethically by utilizing the fragility of corporate reputation and globally “naming and shaming” corporations who violate their ethical responsibility (Bendell & Bendell 2007, pp. 61, 67). Secondary stakeholders can also pressure the corporation indirectly by utilizing the network structure and the ‘paths of influence’ and pressuring the primary stakeholders to in turn influence the corporation (Frooman 1999, p. 196, 198; Preble 2005, p. 410). Stakeholders rarely have only dyadic relationships with the corporations – instead they often have relationships also with each other (Frooman 1999, p. 196). Further, global scale communication has intensified the stakeholder networks around corporations and created similar behavioural expectations, making it more difficult for corporations to resist strong and unified stakeholder pressures (Rowley 1997, p. 897).

In general global consciousness has made the business responsibility of corporations even more central in the sense that different corporate publics are not only interested about those decisions and actions that affect them, but about the effects of corporate behaviour on other publics as well (Stohl et al. 2007, p. 36). This is evident for example in the context of natural environment – various stakeholders are today interested corporate behaviour impacts this non-human stakeholder (Luoma-aho & Paloviita 2010, p. 53). Globalisation has simultaneously facilitated the rise of corporations but also downplayed their power. Corporations have to balance interests more carefully because

stakeholders have the global communication channels to oppose its action in unison if necessary (Rowley 1997, p. 901-902). Stakeholder networks are characterised by the interplay between the institutional pressure to behave according to societal expectations and power struggles resulting from the dependencies between the members of the network (Greening & Day 1994, p. 470). The density of the network can be for this reason seen to reflect the legitimacy function between corporations and stakeholders.

Ultimately the power struggles and the resource dependencies in the stakeholder network determine to what extent the corporation must behave according to normative expectations in order to uphold the legitimacy to exist in the system. As Greenwood (2007) describes, business responsibility means that the corporation acts in the interests of legitimate stakeholders (p. 315). This means that business responsibility is always a portrayal of the relative ethicality of the corporation's network. The stakeholders having the most power, influence and media attention – the most active and resource-rich publics – get to determine what is defined as responsible behaviour (Kingo 1996, quoted in Cheney & Christensen 2001, p. 261.) This also points to temporal dimension of stakeholder networks – the positions of members of the network, their power and legitimacy of their interests, is defined contingently (Reynolds, Schultz & Hekman 2006, p. 289). For this reason balancing interests is a continuous process – the urgency of the claims of the stakeholders varies (Mitchell et al. 1997, p. 854).

What is important to recollect that the corporation itself participates in this socio-political negotiation process attempting to make its position legitimate in the eyes of at least some influential segment of society (Oberman 2004, p. 250). The contingency of stakeholder network and the changing positions of the members of the network require constant communication among the

members of stakeholder networks in order to determine what in each particular situation is considered a positive impact on stakeholder society.

### 3.3 The role of stakeholder dialogue in business responsibility

The definition of business responsibility is contingently dependent on the result of the power struggle between possibly conflicting expectations and demands of the corporation's stakeholder network. Moreover, the corporation itself as a member of its own stakeholder network participates in this political process of defining what the "right" thing to do is. Since business responsibility is defined in the relationships between the corporation and its stakeholders it compels the corporation to communicate with different stakeholders (Pedersen 2006, p. 151). In other words, communication is how the principle of business responsibility can be linked to the practice of the corporation (Dawkins 2005, p. 109). Because the definition of business responsibility - what is construed as ethical corporate behaviour - is created in the relationships of the stakeholder network, communication is an essential part of corporate responsibility.

In order to provide a solid basis for stakeholders to participate in the decision-making of the corporation, corporation must supply candid accounts for stakeholders about its behaviour and the impacts of the behaviour. According to Sz wajkowski (2000) disclosure is the most essential characteristic of stakeholder management because it increases the control stakeholders on the corporation. This in turn increases stakeholder empowerment and leads to the most important characteristic corporations can have with its stakeholders, trust (p. 389). Transparency is necessary because it is the only way to ensure that stakeholders can hold the corporation accountable (Pedersen 2006, p. 142). The stakeholder approach is

about acknowledging that the various parties involved in the activities of the corporation are entitled to know how corporation's decisions affect their interests (Lawrence 2007, p. 236). Transparency is however only the prerequisite for corporate-stakeholder communication.

Stakeholder dialogue is especially important in business responsibility because it is a way to tackle the various interpretations being made from the impacts of the corporation. Dialogue as a form of two-way communication enables the corporation to engage with stakeholders in a "simultaneous process of sense-making and sense-giving" where the corporation attempts to understand the position of stakeholders and in the same time advocate in favour of corporation's own perspective (Morsing & Schulz 2006, p. 323-324; Simcic-Brønn & Brønn 2003, p. 299). The corporation exchanges opinions, discusses interests and expectations in order to develop standards with respect to its business practice with both primary and secondary stakeholders (Kaptein & Van Tulder 2003, p. 208). A dialogue, open discussion with others is a way to determine what the "right" thing to do is (Dubbink 2007, p. 301) and to produce a meaning for ethical corporate behaviour. Dialogue thus enables the corporation to constantly re-align its behaviour according to the changing societal as they are reflected in the interests of stakeholders (Litz & Litz 1996, quoted in Pedersen 2006, p. 154).

The purpose of dialogue is to essentially allow stakeholders to participate in the decision-making process of corporations. By doing this, corporations act as metaphorical citizens by engaging with stakeholders in a way that resembles the key *process* of citizenship – participation (Moon et al. 2003, p. 20-21). Stakeholders represent different points of view with respect to an issue under question (Simcic-Brønn & Brønn 2003, p. 293) and because they are affected by the behaviour of the corporation, they have a right to cast their 'vote' in the decision-making process of the company. Dialogue can be

described as ethical political action when all relevant stakeholders have access to participate in the decision-making process (Oberman 2004, p. 255).

Two-way communication is proposed as the best way to balance stakeholder interests but especially in the case of global transnational corporations involving all stakeholders in all decisions is not possible (Kaptein and Van Tulder 2003, p. 211). Two-way dialogue is only feasible with limited number of key stakeholders because it requires face-to-face communication such as focus group discussions. Stakeholders can be engaged also in other levels by consulting stakeholders and listen the opinions of stakeholders by setting up formal meetings, conducting questionnaires and interviews or even getting feedback through complaint processes. It is also possible to move beyond dialogue into proactive direction by setting up a stakeholder council or allowing stakeholder representatives in management of the company. (Gao & Zhang 2001, p. 243, quoted in Gao & Zhang 2006, p. 727.) The main point is that the principle of including stakeholders to the decision-making is underlying in all communicative activities and the function of building relationships is incorporated with the management of the corporation itself (Heath & Palenchar 2009, p. 12). As a result, the corporation is able to make decisions that prevent it from ending up in a situation where operation is constrained by stakeholders that do not accept corporation's behaviour (Grunig 1992, p. 11).

The most important part of business responsibility is that the stakeholder dialogue leads to concrete actions. As Greenwood (2007) notes, stakeholder engagement and dialogue do not connote a responsible treatment of stakeholders. Business responsibility, achieving ethical corporate behaviour requires alongside stakeholder engagement stakeholder agency: the interests of stakeholders must be heard and taken into consideration in the decision-making of the corporation (Greenwood 2007, p. 322). This does not however

denote that the corporation can hide behind stakeholder dialogue – the corporation is still responsible for its own policy and conduct. Letting stakeholders participate in the decision-making does not make the corporation a representative democracy. (Kaptein and Van Tulder 2003, p. 211.) The next chapter moves on to the third element of business responsibility – how the principle of responsibility is integrated into corporate practice.

## **4 THE PERFORMANCE OF BUSINESS RESPONSIBILITY**

The previous chapter presented the process of business responsibility where stakeholder dialogue is used to determine what kind of corporate behaviour congruent with stakeholders' interests. The next element of business responsibility is implementing the expectations of stakeholders into corporate practice. Corporate social performance (CSP) can be used as a term to refer to the basic principle of business responsibility (e.g. Turban & Greening 1997, p. 658) but it describes even better the necessary practice element of creating ethical corporate behaviour. As Graves & Waddock (2000) describe, CSP refers to the day-to-day operations of implementing stakeholder relationships (p. 397).

### **4.1 Commitment of the management**

The first building block of creating business responsibility into a solid corporate practice is the commitment of the individuals to the principle of ethical corporate behaviour (Wood 1991, p. 699). The commitment of top management is an obvious crucial prerequisite for it (Leigh & Waddock 2006, p. 416). This is because the management is in charge of developing the strategy that steers the corporation (Maak & Pless 2006, p. 101). In short, a responsible corporation needs a responsible leadership (Maak 2007, p. 329).

The whole top management of the corporation and especially the CEO of the company must take a highly visible leadership role in promoting business responsibility in corporate practice (Martens & Day 1999, p. 165). Managers have to take the initiative in developing sound ethical behaviour by starting an ethics program and by setting an example for employees (Verkerk, De Leede & Nijhof 2001, p. 372). The role of the board is to act as guardian of the principle of responsibility (Collier 2007, p. 282) as a part of their general task of overseeing the behaviour of executives. The board should also provide counsel and advice on business responsibility instead of only controlling the management (Daily, Dalton & Cannell 2003, p. 375). The board is in charge of articulating the standards and values that underpin the practice of business responsibility (Collier 2007, p. 282).

The efficient adoption of the program in the level of employees requires not only a strong commitment of management to ethical corporate behaviour but also specifically that also the management follow established principles and policies. Business responsibility programs and policies cannot be directed only to the lower levels of the organization - it is essential that everyone, including senior management follows them. (Martens & Day 1999, p. 165.) The role of mid-level managers and supervisors is important because they are in charge of ensuring that change processes are diffused inside the organisation (Stolz & McLean 2009, p. 176). The commitment of top management is however only the crucial beginning in creating ethical corporate behaviour.

#### 4.2 From principle to operation practices – the role of employees

After an internal commitment to the principle of business responsibility is achieved in the managerial level, the following phase is to integrate the principle to the day-to-day production processes and operating practices of



the corporation. As Wartick & Cochran (1985) state, performance of responsibility is about the interaction between the principles, processes, policies and programs designed to address corporate impacts on the society, that is stakeholders (quoted in Hillman & Keim 2001, p. 126).

Performance of business responsibility transpires commonly through the creation of code of conduct, implementing monitoring and performance verification and public reporting processes (Sethi 1999, p. 233). This approach to performance of business responsibility can be referred as total responsibility management (TRM). Where business responsibility is performed through three basic processes: inspiration, integration, and innovation and improvement. (Waddock & Bodwell 2002; Waddock, Bodwell & Graves 2002; quoted in Leigh & Waddock 2006, p. 411.) Business responsibility requires an internal commitment to the principle of responsibility, making the principle visible in every part of corporate practice and constant cycle of evaluation and improvement. Integration is about making the vision present in strategies, employee relationships and working standards, operating practices and management systems (Leigh & Waddock 2006, p.411).

The code of conduct is the main vehicle of integrating the principle of responsibility into practice. The corporation defines its responsibilities towards the stakeholders and the norms and values that guide the operation of the corporation (Kaptein & Van Tulder 2003, p. 204). The code of conduct must be concrete and entail specific content of how the rights of the stakeholders are fulfilled in practice in the operation of the corporation. (Sethi 1999, p. 226.) A code of conduct can be seen as a form of 'private law', a voluntarily made promise to operate according to certain standards of conduct (Sethi 2002, p. 28). And although the code of conduct is directed especially towards employees (Dawkins 2005, p. 116), external stakeholders

can use it as a guide in holding the company accountable that it also keeps the given promises (Kaptein & Van Tulder 2003, p. 205).

In order to succeed in integrating the principle to the day-to-day operation of employees, it is essential to pay close attention to the role of responsibility policies and programs as a form of internal communication. Corporate norms and standards have to be elaborated in the context of each employee's workplace in order for their meaning to be understood and responsibility integrated successfully in the corporate practice (Verkerk et al. 2001, p.375). It is critical that the policies and programs are not stand-alone 'projects' but clearly integrated into other business practice because it sends a signal to employees that business responsibility is inseparable from business practice (Martens & Day 1999, p. 168). The code cannot be applied if the employees do not comprehend it and for that reason it is best that the material meets the needs of the average employee and is uncomplicated, focuses on single unifying theme either according to stakeholder responsibilities or by corporate values statement, and is elaborated with 'real-life' examples (Martens & Day 1999, pp. 166-167). It is also important to provide the material in the native language of the employees (Radin 2004, p. 435). And since employees have a wide reach among other stakeholder groups and are considered as particularly credible information sources (Dawkins 2005, p. 118), employees are in a critical position in terms of both internal execution and external communication of business responsibility.

A central challenge in implementing the principle of business responsibility in corporate practice is the global scope of corporate operation. Organizational consistency must be ensured despite the cultural differences between the operation locations in various regions, countries and communities (Radin 2004, p. 426). Corporation can choose to apply all standards universally in all geographies but as the definition of ethical

corporate behaviour is contingently dependent on the societal context it would be advisable to establish a core set of global principles and standards that can be modified or supplemented locally within certain limits. The global overall principles can also be complemented by regional standards that are tailored to a particular geography. (Martens & Day 1999, p. 169.) Global scale standards must be however flexible enough to allow responsiveness to different national and local challenges and encourage context-specific solutions on how business responsibility is implemented (Hamann, Agbazue, Kapelus & Hein 2005, p. 16). In addition to the challenges of ensuring the internally consistent practice another main challenge of performance of business responsibility is taking the whole supply chain into account. Standardisation systems can be used to not only implement, monitor and evaluate the company's own performance but also to ensure that the same standards are implemented throughout the supply chain. Company as a buyer can encourage or demand that also suppliers operate according to the same standards as the company (Jørgensen et al. 2003, p. 23.)

#### 4.3 Standardising and reporting performance

An important part of the implementation of business responsibility is the evaluation of corporate performance. This is because often the main problems with business responsibility are related to the implementation, measurement, and evaluation phase, moving the principles into corporate practice (Timonen & Luoma-aho 2010, p. 2). The principle of business responsibility must be implemented, monitored and consistently enforced in order to that the principle of business responsibility is reflected in the operation of the corporation (Martens & Day 1999, p. 169). Even though the commitment of individuals is an important part of business responsibility, the evaluation of performance must be on the policies, programs and operations (Wood 1991, p. 711). In order to make a strong connection with

the principles and practice of business responsibility, it is advisable to include to the code of conduct how the different activities are measured (Sethi 2002, p. 29). Usually independent outside agents are used to ensure the impartial representation of the results (Stolz & McLean 2009, p. 186). As financial performance is audited by independent actor, also performance on business responsibility is usually evaluated by independent monitoring system because it will give the necessary credibility that the audit does reflect the actual corporate behaviour (Sethi 1999, p. 232).

The standards of business responsibility are generally modelled after the ILO Declaration of fundamental principles and rights to work and the UN Declaration of human rights and the environment (Waddock & Smith 2004, p. 54). There are three broad categories of standards of global business regulation: traditional national and intergovernmental regulation, hybrid forms of individual governments, intergovernmental organisations, corporations and NGOs, and finally self-regulation or multi-stakeholder approaches of co-regulation (Pattberg 2006, p. 243). Global standards that companies choose to voluntarily adopt are congruent with the initial criterion of business responsibility as voluntary and therefore are favoured in order to show commitment to business responsibility (Leigh & Waddock 2006, p. 410).

The four most prominent international standardisation systems used globally are perhaps Global Reporting Initiative (GRI) of CERES (the Coalition for Environmentally Responsive Economies), SA8000 of CEPAA (the Council on Economic Priorities Accreditation Agency), AA1000 of ISEA (Institute for Social and Ethical Accountability) and Global Compact of United Nations. The GRI Reporting Guidelines focus on the business impacts on the natural environment (Logsdon & Llewellyn 2000, p. 429), SA8000 on labor and workplace practices of suppliers and procedures on matters such as health and safety, child labor, forced labor, remuneration and working conditions

(Waddock & Smith 2004, p. 55). Whereas GRI focuses on only natural environment and SA8000 to minimum level of performance suppliers and vendors, AA1000 is more comprehensive in concentrating on linking social and ethical issues to business strategy by focusing on stakeholder engagement throughout the processes of accountability. The aim of AA1000 is to develop a process standard for social accountability that would result in dialogue with all relevant stakeholders and a means of communicating effectively with them. (Logsdon & Llewellyn 2000, pp. 429, 431.) The Global Compact aligns business operations with the universal principles of human and labour rights, the environment and anti-corruption (Vidaver-Cohen & Simcic-Brønn p. 451) as stated in the UN declarations. The differences with Global Compact with the other standards is that it does not endorse companies; instead it only asks companies to act on these principles in their own corporate domains (Tencati, Perrini & Pogutz 2004, p. 176).

A more viable option for reporting thus seems to be in devising company-specific objectives according to stakeholder dialogue instead of the more generic standards. Moreover this kind of stakeholder dialogue originated standard would truly represent the specific impact of the company in question. Here 'stakeholder satisfaction' on the wealth and value creation of the company would represent the relevant measure of performance (Clarkson 1995, p. 111). The standards of GRI, AA1000, SA8000 and Global Compact are general in nature and while representing the important elements of the principle of business responsibility, developing company-specific objectives as part of the business scorecard (Higgins & Currie 2004, p. 306) would be in line with the basic premise of the central role of stakeholders in defining business responsibility. This would mark a movement to social auditing where monitoring and evaluation of corporate behaviour is done according to specific stakeholder expectations (Preble 2005, p. 419).

Social auditing is about assessing corporate practices by using stakeholder perceptions to evaluate how well a company is living up to its vision and values. The result of social auditing is unique, company-specific responsibility audit on company practices. (Waddock 2000, p. 341). Stakeholder auditing could be seen as a form of what Sethi (2002) describes as 'go-it-alone strategy' where a company by stakeholder engagement can not only carry responsibility over negative impacts but also discover rising customer needs for new products and services (Sethi 2002, p. 26). As defined in chapter 2.3, this would be in line with the notion of corporate citizenship, where the business strategy of the company is aligned towards creating positive impacts, not only mitigating adverse ones.

The standards also function as the basis for reporting on corporate performance to stakeholders. CSR reports are essentially certificates of upholding a certain standard in corporate practice (Pattberg 2006, p. 244). Corporations have been keen in adopting CSR reports as a way to show transparency by publicly accounting the corporate behaviour (Chavarría 2007, p. 140-141). The aim of the reports is to create stakeholder trust by informing the stakeholders how their interests have been taken into account (Kaptein & Van Tulder 2003, p. 208). CSR reports have however received a lot of criticism due to the fact that corporations control both the content and the channel of reporting (Chavarría 2007, p. 146).

Corporations have attempted to remove the taste of 'home-made' and to increase the transparency of reports by using the standardisation systems to present the information in a uniform manner and basing on objective measurements (Dubbink 2007, p. 292). The authenticity of reports is often increased by third-party endorsements such as external auditing by consultants, recognition in rankings or image analyses or positive statements of academics or professionals (Morsing 2006, pp. 178-179). In addition of

building credibility by externalising evaluation of corporate performance to third-parties, corporations should improve CSR reporting by engaging the stakeholders who are impacted by the corporation in the reports. At the moment CSR reports present only 'simulated' conversations with stakeholders where the stakeholders are not involved in creating the report and the corporation just attempts to present the information in a manner that is presumed to appeal to stakeholders (Benhabib 1992, quoted in McMillan 2007, p. 24). A central challenge is to tailor communication on business responsibility to different stakeholder audiences because stakeholders have different information needs. For example the best audiences for reports are legislators, investors and NGOs that expect detailed indicators, external recognition and adherence to standards whereas regards to the general public it is better to integrate the messages into other mainstream communication in addition to providing local level information on corporate behaviour (Dawkins 2005, pp. 110-111, 112-113, 116).

The main problem with corporate-originated reporting is that it lacks the characteristics of dialogue and especially the possibility to give feedback (Hess 1999, quoted in Llewellyn 2007, p. 185). While most corporations list their stakeholders in the reports, there are no comments from stakeholders in the reports (Morsing & Schulz 2006, p. 334). Giving the stakeholders a voice in the reports would enable stakeholders to take an active part in the sense-giving and sense-making process. Corporations need to still both inform by giving sense and respond by making-sense but also involve stakeholders in actual CSR communication. (Morsing & Schultz 2006, p. 336.) This would in turn improve the role of CSR reports to function as a tool of facilitating stakeholder relationships. Stakeholders should be involved in the process of creating the report on corporate performance (Dawkins 2005, p. 112). Stakeholder involvement in the report would increase the credibility of the

report especially when also more critical stakeholders are given a voice (Morsing 2006, p. 180).

According to Kaptein & Van Tulder (2003) reporting and stakeholder dialogue support each other. When reports have the possibility to respond, it leads to greater stakeholder involvement that in turn leads to more relevant reporting, a more detailed and accurate picture of how the company has dealt with its stakeholders. Stakeholder dialogue can be used to construct stakeholder-specific objectives in contrast to the limited set of objectives of the current standards of GRI, SA8000 and AA1000. (Kaptein & Van Tulder 2003, p. 209.) Stakeholder involvement will lead to better business responsibility in terms of enabling the corporation to improve their performance in the basis of stakeholder feedback.

Corporations should however be careful to not over-communicate on business responsibility because intense promotion of corporate worthiness will evoke suspicion that the corporation is hiding something because responsible corporations do not need to beat their own drum. Over-communication might lead to a paradoxical situation where the communication on responsibility results in lessened legitimacy. According to Morsing & Schulz (2006) communication should be done through minimal releases such as annual reports and websites. (Morsing & Schulz 2006, p. 332.) Because external communication is always in some extent auto-communication towards inside the company itself, the negative reaction of stakeholders towards communication on business responsibility may also raise doubts among the employees and damage the corporate self-image (Morsing 2006, pp. 171, 175-176).



## **5 RESEARCH QUESTIONS AND RESEARCH METHODS**

The basic research problem in this thesis is how business responsibility is present in the case of Stora Enso. The presence of business responsibility was analysed by conducting content analyses of Stora Enso's website and the reporting of Helsingin Sanomat in 2009. Company websites are the most important channels for companies to communicate on corporate responsibility (e.g. Moreno & Capriotti 2009) and in turn the media have a significant role in reporting about the behaviour of corporations in general. The assumption is that the combination of website and media reporting analyses will bring a more balanced picture of Stora Enso's business responsibility.

The content of the company-controlled website is expected to be more favourable towards the corporation. In turn the media reporting is expected to include also less favourable and critical judgments on the behaviour of corporations in the basis of the general news criteria. The media are interested about stories that impact a large group of people, are negative and are societally significant for example (see e.g. Galtung & Ruge 1965), making corporations almost predestined to be targets of reporting and especially one that is critical towards them. The content and tone of media reporting is important for any company because people value and trust media as a source of information (e.g. TNS Gallup 2009). For this reason the media can affect

the perception of the general public about company's responsibility or irresponsibility and have an impact on the legitimacy of the company (Elsbach 2006, p. 41). Naturally the stakeholders of the company are also part of the general public and for this reason what is said about the company in the media is also relevant for them.

## 5.1 Website analysis

The content analysis of Stora Enso's website, [www.storaenso.com](http://www.storaenso.com), focused on analysing how the principle, process and performance elements of business responsibility are present in the sustainability section of the website. The content analysis focused on the following set of research questions:

RQ1. How Stora Enso defines business responsibility? The subquestions are: Does the definition of the principle of business responsibility include elements of corporate responsibility discourse? Does the definition of the principle of business responsibility include elements of corporate citizenship discourse?

RQ2. Does the approach of Stora Enso to business responsibility include the process of business responsibility? The subquestions are: Does the company recognise stakeholder relationships and balancing of interests in the stakeholder network as central to business responsibility? Does the company apply stakeholder dialogue as the method of achieving business responsibility through balancing interests in the stakeholder network?

RQ3. How business responsibility is intertwined into the operation practices of Stora Enso? The subquestions are: Is business responsibility part of the management of the company? How business responsibility is transferred to the day-to-day operation of the company? How the performance is monitored, evaluated and reported by the company?

From the company website, [www.storaenso.com](http://www.storaenso.com), to the analysis was selected only the content of the specific section where the company presents its approach to business responsibility. The analysis was restricted to concern only this section because the section in question can be argued to contain the information the company wants to represent to various publics as their approach to corporate responsibility. The English language version of the website was selected because the other language versions were limited to only some of the content in the website. Since the content of websites is often updated the text data was collected from the Sustainability section in one go in April 20<sup>th</sup> 2010 and saved as doc or pdf documents in order to gain a stable and clearly defined research data.

The research method used to analyse business responsibility in Stora Enso's website was qualitative content analysis. Content analysis was chosen as a research method because it offers a way to study directly unobservable social phenomena, such as the concept of business responsibility, via all kinds of texts, in this case with written words (See further e.g. Krippendorff 2004). The content analysis of the website was a qualitative one because the purpose was to analyse how the company approaches or defines the concept of business responsibility. The qualitative content analysis of the company website was executed by going through all the pages of the sustainability section (Appendix 1. An example of Stora Enso website page). To the analysis was selected only texts, pictures and videos were excluded from the analysis.

## 5.2 Newspaper analysis

The media analysis was built on the reporting of Finnish newspaper Helsingin Sanomat. The newspaper was selected as target of analysis because Helsingin Sanomat is the biggest newspaper in Finland in terms of

circulation numbers and generally regarded as the leading national agenda-setter in Finland. The selection of only one newspaper will provide an illustration of one representation of business responsibility created by the media reporting. The main interest in the content analysis of the media reporting is to investigate how the elements of business responsibility are present in the reporting of Helsingin Sanomat. Three research questions were derived in order to analyse the presence of business responsibility in the media reporting concerning Stora Enso.

RQ 1. What impacts (decisions, actions, policies) of Stora Enso were reported in Helsingin Sanomat?

RQ 2. What were the interpretations of the stakeholders in the Helsingin Sanomat?

RQ3. What was the account of Stora Enso on the reported impacts in the Helsingin Sanomat?

The media reporting can be seen as an evaluation of the behaviour of the company - the very phrasing 'media reporting' makes a fitting analogue with the reporting corporations themselves give on their behaviour. For this reason in the context of media reporting, the performance element of business responsibility is more about the accounts a company gives on its decisions, actions, and policies. As a result, the performance element becomes intertwined with the process element of interpreting corporate impacts. The media are central public societal platforms for discussing the impacts of corporations and this compels also the company itself to participate in the discussion.

The research period for the analysis of the media reports was 1.1.2009 - 31.12.2009. The search engine in the electronic database of Helsingin Sanomat was used to collect the research data. The search included all sections provided in the search engine. The search word used as "Stora Enso" and the search engine provided a total of 191 hits. To further analysis were selected altogether 139 reports where an impact - a decision, action or policy of Stora Enso, or the result of them was identified. The reports were divided into main reports and related reports. The topic of main reports is specifically the impact made by Stora Enso whereas in related reports there is only a reference to the impact of Stora Enso.

The research method used to analyse business responsibility in the reporting of Helsingin Sanomat was qualitative content analysis combined with quantitative research techniques due to the size of research data. In the content analysis the reports were categorised by topic in order to derive the different impact categories. From each report also the stakeholder groups mentioned were identified together with possible stakeholder comments that were categorised as positive, neutral or negative. (Appendix 2.) The qualitative content analysis focused on analysing the interpretations of stakeholders and Stora Enso's account on the reported impacts. The comments from both the stakeholders and Stora Enso were analysed in the context of each impact category defined.

### **5.3 Case company**

Stora Enso is a global paper, packaging and wood products company producing newsprint and book paper, magazine paper, fine paper, consumer board, industrial packaging and wood products (Stora Enso 2009a, p. 4). The company was formed in 1998 through the merger of the Finnish company, Enso Oyj, and the Swedish Stora Kopparbergs Bergslags Aktiebolag (STORA) (Stora Enso website 1.4.2010a) and the domicile of Stora Enso is in

Finland (Stora Enso website 1.4.2010b). The CEO of the company is Jouko Karvinen who was appointed to the position in 2006 (Stora Enso website 1.4.2010a). Today Stora Enso has over 30 000 employees in more than 35 countries worldwide (Stora Enso website 19.8.2012). The operation of the company is concentrated to Europe. In 2011 22 % employees were in Finland, followed by 23 % in Sweden and 10 % in Germany. In comparison 16 % Stora Enso's employees are in China. (Stora Enso Global Responsibility Report 2011, p. 23.)

The recession of the forest industry and the global economy in general has also affected Stora Enso. In 2000 the market situation of the company was good – Stora Enso was the world's largest producer of magazine paper and graphic paper, fourth-largest producer of newsprint and one of the leading producers of consumer packaging and the third-largest producer of sawn softwood (Stora Enso website 1.4.2010a). The global recession and declining sales have affected the profitability of Stora Enso. In 2009 the company made a net loss of 878 EUR million (Stora Enso 2009a, p. 46).

The market situation of forest industry propelled Stora Enso to adjust its business strategy. The company has closed from 2006 down 810 000 tonnes of non-competitive magazine paper capacity (Stora Enso 2009a, p. 50) and focused on business opportunities from growth markets, fibre-based packaging and selected paper grades and cost-competitive plantation-based pulp raw material. The company has adjusted its strategy and will in the future focus on growth markets in China and Latin America, fibre-based packaging, plantation-based pulp and selected paper grades (Stora Enso 2009a, p. 4). This changing business environment of Stora Enso provides an interesting background to analysing business responsibility.

## 6 RESEARCH RESULTS

### 6.1 At the heart of our company – Stora Enso’s website

#### 6.1.1 The principle of business responsibility

The principle of business responsibility was present in the website of Stora Enso. The company refers to the concept with ‘sustainability’ (Stora Enso 2005a, p. 6). The company builds the concept onto the familiar three-fold profit, people and planet conceptualisation by recognising to have economic, social and environmental responsibilities. The economic responsibility is defined as the responsibility to make profit:

“We must be a profitable business and an attractive and trustworthy investment, employer, supplier and business partner. We strive to contribute to the economic well-being of the societies in which we operate.” (Stora Enso 2006a.)

The company considers it a “must” to be a successful business whereas the states to have a “strive” to contribute to the economic well-being of communities. The foremost economic responsibility is to make profit and to be a trustworthy player in the business realm while benefiting the economies of societies is described as an attempt. The economic responsibility is mentioned quite briefly in the content of the sustainability section but the positioning of it in the sustainability policy alongside environmental and social responsibilities signals a strong position of economic responsibility. As

the company says “sustainability is the term we use to describe economically, socially and environmentally responsible business operations (Stora Enso website, 1.4.2010c).

Stora Enso concentrates in the sustainability section on elaborating how the social and environmental responsibilities are carried out whereas the economic responsibility to be a profitable business is discussed in other sections of the website. The decision to leave economic responsibility out from the sustainability section signals that Stora Enso follows the popular assumption that separates the business realm and societal realm where economic responsibility concerns foremost the business realm and social and environmental responsibility the societal one.

The social responsibility in turn comprises of elements of legal and discretionary responsibilities accompanied with ‘business ethics’. As defined by the company:

“Being socially responsible for us means that our business practices are ethical, that we respect internationally accepted human and labour rights wherever we operate, that we create a healthy and safe workplace for our employees and that we are a responsible member of the communities in which we operate.” (Stora Enso website, 1.4.2010c.)

The definition of social responsibility of Stora Enso is mainly built upon to fulfilling the legal responsibility to obey the law because business transactions, human and labour rights and the safety of workplace are all matters regulated by the law. The responsibility as a member of the communities the company elaborates in rather vague fashion in the sustainability policy by saying to do “our part in supporting social development”.

“We shall be a responsible member of the communities in which we operate through focused partnerships at local, national, and global levels.



We encourage our employees to take part in local community work.”  
(Stora Enso 2007, p. 1)

Being a responsible neighbour of communities for Stora Enso in the basis of these statements is likely to refer to philanthropic activities because the quality of ‘social development’ or ‘focused partnerships’ is not further elaborated nor connected to the business strategy of the company in the form of corporate citizenship. The social responsibility includes obeying the law whether it concerns business transactions, human and labour rights or regulations regarding workplace safety. It contains also a dimension of discretionary responsibility, where the company engages in philanthropic community activities.

The environmental responsibility is defined mainly as the responsibility to avoid negative impacts of the production process on the environment. The definition reflects corporate responsibility discourse.

“To minimise our impact on the environment, we consider a life cycle approach and use applicable control technologies. We use raw materials, energy and other resources efficiently. Our products are mainly produced from renewable raw materials, are recyclable and safe to use. We verify the origin of wood and fibre, only procure them from legal and acceptable sources and promote sustainable forestry.”  
(Stora Enso 2006a.)

Stora Enso states to minimise the negative impacts on the environment in different phases of the industrial production process. The company says to make as much as possible from the input, raw material it consumes and also to minimise the output, pollution of the production process. The main raw material is renewable and recyclable that also minimises the burden the production process has on the environment. Further the wood is attained from sustainable sources to further reduce the negative impact on the environment is lessened.

An element of corporate citizenship discourse is also present in the context of environmental responsibility. Stora Enso promises to not only to use wood from sustainable sources but also to promote forest certification. The company in this way is acting as an agent of positive change by transforming the practices of the forest industry. The company has established a separate position to signal again the principle level commitment to sustainable forestry in general. Stora Enso is in a good position to promote sustainable forestry because according to the company globally less than 10% of the world's forests are certified whereas close to 70% of Stora Enso's wood comes from certified forests (Stora Enso website, 1.4.2010l).

“Stora Enso aims to increase the volumes of wood originating from third-party-certified forests globally. Stora Enso has decided upon a set of actions to be taken in the Group's various wood procurement regions to actively promote forest certification and to increase the areas of forest under certification.” (Stora Enso 2006b, p.1.)

Moreover Stora Enso argues the establishment of tree plantations to produce raw material has also positive outcomes in terms of both the environment and the people.

“Tree plantations sequester more carbon than the previous land uses, which almost entirely has consisted of grass lands for cattle grazing or unused lands” (Stora Enso 2009b).

“Tree plantations can provide new opportunities for local communities and help to reverse economic decline and rural depopulation” (Stora Enso website, 1.4.2010m).

In this way Stora Enso's tree plantations are moved from the corporate responsibility into the corporate citizenship discourse – the impacts of plantations are presented to increase the well-being of communities. According to Stora Enso the plantations boost socio-economically the local communities and also mitigate climate change.

Stora Enso elaborates their approach to business responsibility by summarizing it to four principle level statements. The company refers to them as promises and they form the basic framework for Stora Enso's business responsibility. In the promise "we play by the game rules everywhere" Stora Enso determines that ethical corporate behaviour mainly is about legal responsibility to obey the law and to not violate human and labour rights and to not deceive in business. The promise could be argued to entail an element of corporate citizenship discourse because Stora Enso decided to add the words "same" and "everywhere". Stora Enso says to uphold same standards of behaviour everywhere in the world. This can be seen to refer upholding Western standards and especially human and labour rights in the developing countries.

*"As a global company we operate according to our values, policies and principles everywhere; we respect different cultures, customs and values of the societies where we operate. We comply with and when necessary go beyond the requirements of national legislation and regulations." (Stora Enso, 2006a.)*

Going beyond national legislation seems to refer only to the situation in developing countries where the basic Western standards are not necessarily in place. Stora Enso does not state to exceed Western standards everywhere. In sum, the promise of playing by the game rules defines ethical corporate behaviour as obeying the mandatory, minimum level of legal responsibility that is expected from Western companies in general.

Two of Stora Enso's promises add to the definition of ethical corporate behaviour environmental responsibilities. The promises "we only use wood from sustainable sources" and "we are dedicated to reducing our environmental impact" reflect corporate responsibility discourse. The promises are about preventing a negative impact of the production processes

on the environment. Stora Enso recognises the business case alongside the normative case in attaining raw material in a sustainable manner:

“Wood is our most important raw material. Our continued business success relies upon the availability of this renewable resource. It is in our interest both as a forest industry company and as responsible citizens to keep forests healthy and productive through sustainable forest management.” (Stora Enso website, 1.4.2010d.)

To this end, Stora Enso says to “actively work to combat illegal logging wherever the Group operates” and to also act “to prevent any other illegal activities related to the wood supply” (Stora Enso 2005b). Stora Enso recognises not only the economic responsibility to obtain the raw material in order to continue business operation, but also the responsibilities to prevent negative environmental and social impacts of wood sourcing.

“We never convert natural forests into plantations. We respect biodiversity. We respect the rights of people in and around forests and plantations.” (Stora Enso website, 1.4.2010d)

Stora Enso thus carries business responsibility over negative impact in the beginning of the production process by balancing the three responsibilities. The promise to reduce the negative environmental impact in turn concerns the phase of manufacturing the products. Stora Enso says to reduce negative environmental impact of the pulp, paper and board production by minimising emissions and maximising resource efficiency:

“We minimise emissions to air and water and impact on soil by using advance control technologies and finding new ways to reuse and recycle waste. [---] We use raw materials, energy and other resources as efficiently as we can. This ‘more with less’ approach reduces both the environmental impacts and our costs”. (Stora Enso website, 1.4.2010q.)

Stora Enso’s aim to find new ways to reuse and recycle waste signals that the company is going beyond what regulations mandate. The company also acknowledges the business benefits gained from preventing a negative

impact on the environment: the costs of the production process become lower when the resources are used efficiently.

The fourth promise represents the company in the role of a corporate citizen – the purpose of Stora Enso as business is to “curb climate change on a global scale”. Whereas the connotation of the other three promises is to avoid negative impacts of the production process, here Stora Enso moves to the corporate citizenship discourse. The company explains how the business strategy is making a positive impact that is systemic in nature. According to Stora Enso the business strategy contributes to mitigating climate change via the “unique product life cycle”.

“Our main raw material, wood, is renewable and recyclable, while forests act as carbon sinks. Sustainably managed growing forests sequester CO<sub>2</sub> from the atmosphere and store it as carbon. This carbon is further stored in our products. Our products have a much smaller carbon footprint than similar product made of non-renewable materials. These products can be recycled and at the end of their life cycle used to generate bioenergy”. (Stora Enso website, 1.4.2010e)

Stora Enso therefore portrays its core business strategy as an answer to control climate change. Wood, paper and board products are climate-friendly substitutes to products made from non-renewable materials (Stora Enso website, 1.4.2010f). In addition the by-products of pulp and paper production, such as black liquor, de-linking sludge, bark and logging residues are used as bioenergy (Stora Enso website, 1.4.2010g). Stora Enso’s business strategy creates a positive impact to climate because it offers a way to substitute to modern industrial process that only consumes and pollutes the environment. The business strategy is described strongly from the corporate citizenship discourse. Stora Enso’s business strategy and the “unique product life cycle” in turn is presented as a part of the cycle of life itself – not interrupting or harming it like non-renewable products and production processes but belonging to it ‘naturally’.

The portrayal of Stora Enso's business strategy as a solution to mitigating climate change is further reinstated in a separate "position" of the company regarding climate change. In the position on climate change the company connects the ways to combat climate with its business strategy:

"Stora Enso believes that many of the key solution for limiting climate change will be based on the use of renewable raw materials, cleaner and more energy efficient production processes, and sustainable forest management practices. It is crucial to stop deforestation and start reforestation programs in areas that have already been degraded." (Stora Enso 2009b.)

The company then moves to explain their "natural starting point" that is connected to the effort of mitigating climate change. First the company uses as raw material wood that is a renewable resource. Second the company sources wood only from sustainable sources and thereby ensures that during their growth forests and plantations act as carbon sinks. Third the company re-uses the by-products of pulp and paper production to produce bio-energy, replacing the fossil fuels as energy sources and further reducing fossil CO<sub>2</sub> emissions of production processes. As a result the products of the company have a lower carbon footprint than products made from non-renewable materials. (Stora Enso 2009b.) Stora Enso uses its company specific competences to develop even more products and solutions based on renewable materials.

"Through our R&D work we have developed products including: disposable and ovenable materials to use in food trays instead of aluminium; fibre-based CD covers to replace plastic cases; and prefabricated cross-laminated timber (CLT) construction elements for walls, ceilings and roofing." (Stora Enso 2009b.)

In addition the company has set up with Neste Oil "a second generation wood-based biodiesel test plant to explore opportunities for the commercial production of transport biofuels" and is "one of the Europe's leading

producers of wooden pellets - a useful biofuel that can be made from sawdust and shavings from our sawmills and from harvesting residues". (Stora Enso 2009b.)

Furthermore the company creates a picture of itself as an agent of positive change by informing in the section "What you can do" how individuals as citizens and consumers can participate in curbing climate change. Stora Enso aims to change system as a whole together with other parties.

"We take our environmental responsibility very seriously but this takes us only so far. To find truly sustainable solution we all need to do our share" (Stora Enso website, 1.4.2010h.)

The company moves on to educate how individuals can participate by doing their part by recycling waste paper and packaging that Stora Enso can use as recovered paper further to manufacture newsprint and book paper. (Stora Enso website, 1.4.2010i.) The company encourages consumers to recycle paper by making their mill a showcase for recycling. The company has set up an initiative in Langerbrugge Mill in Belgium where visitors are required to bring to the mill used paper. The visitors have an opportunity to sort the paper themselves and drop it onto conveyor belt that takes the paper for further handling. (Stora Enso 5.3.2009.) The company informs consumers how consumers can participate in preventing climate change:

"You can choose materials with low climate impacts. Such a thing as the packaging material can make a huge difference. Opting for cardboard based CD and DVD packaging instead of plastic can result in CO<sub>2</sub> savings of up to 90%." (Stora Enso website 1.4.2010j.)

"You can choose to build with wood. A house built from wood can store carbon for more than 100 years. Building with wood can also result in carbon dioxide savings of up to 86% compared to building with materials such as concrete and steel." (Stora Enso website, 1.4.2010k.)

The products of the company are portrayed as solution of how consumers can contribute to combating climate change by reducing CO<sup>2</sup> and saving carbon dioxide by choosing the products of Stora Enso. The company therefore intertwines the consumer to the natural life cycle of the Earth alongside the production process of the company. The consumer contributes to the whole by recycling paper back into to the production process as raw material and by choosing the products of Stora Enso.

### 6.1.2 The process of business responsibility

The sustainability section of Stora Enso's website contained also references to the process element of business responsibility. First and foremost the company recognises stakeholder relationships as central in creating ethical corporate behaviour. Stora Enso specifically describes stakeholder engagement as their approach to business responsibility.

“Stora Enso's operations have an impact on a wide range of stakeholders. These include employees, investors, customers, suppliers, and the communities where we operate. We listen and engage with all stakeholder groups with the aim of finding solutions and succeeding together.” (Stora Enso website, 1.4.2010c.)

In the statement Stora Enso recognises business responsibility to be the responsibility over the impact of corporate behaviour on stakeholders. The stakeholder list mentions only primary stakeholders that the company requires in order to continue operation. However the phrase “all stakeholder groups” infers that the list of stakeholders is only partial and that the company recognises to having a wider set of potential stakeholders. Stora Enso also signals to recognise the reciprocal benefits that engaging with stakeholders can create for both the company and to the stakeholders.



The company signals to recognise the role of balancing stakeholder interests in business responsibility. The phrase “finding solutions and succeeding together” refers that Stora Enso recognises the presence of various interests of stakeholders. The last two words in the quote, “succeeding together”, in turn indicates that Stora Enso sees stakeholder engagement to lead to positive end result for both the company and the stakeholders. Stora Enso states to engage stakeholders in two-way communication in order to find solutions together that create mutually beneficial results. Furthermore Stora Enso mentions dialogue as the method stakeholders are engaged in simultaneous sense-making and sense-giving.

“We are transparent in our communication and engage our stakeholders in active and constructive dialogue” (Stora Enso 2006a).

The company recognises the necessity of communicating with stakeholders in order to balance stakeholder interests but also the role of transparency in stakeholder driven business responsibility. Stora Enso states to act in a manner of total disclosure and to provide the relevant and accurate information for stakeholders on its behaviour.

Whereas the principle of business responsibility is elaborated extensively in the sustainability section Stora Enso’s website, the description of the process element is rather limited in comparison. Stora Enso could have elaborated for example how stakeholder engagement is executed with regard to the four promises on the company’s ethical corporate behaviour. Instead the company mainly describes rather briefly how stakeholders are involved with regard to the promise of using only sustainable wood. The company says to take the interests of stakeholders into account when establishing tree plantations.

“A new tree plantation has an effect on the local landscape and can

raise questions in local communities. For this reason, we engage local stakeholders in dialogue.” (Stora Enso website 1.4.2010m.)

The company also engages the stakeholder network more widely to advance sustainable wood sourcing in the industry by supporting forest certification, which is used to show that the products made from wood are made from well-managed forests.

“Independent nonprofit organisations develop and manage such forest certification schemes in partnership with a wide range of stakeholders, of which Stora Enso is one. [---] Stora Enso helps increase forest certification by working with both certification systems and stakeholders.” (Stora Enso website 1.4.2010l.)

In addition to advancing forest certification, Stora Enso says to support stakeholder processes relating to protection and restoration of old-growth forests. There are numerous definitions for old-growth forests since old-growth is an ecosystem-specific condition and Stora Enso states to follow the definitions created for each specific condition:

“In each region, we apply definitions that have been agreed upon in national stakeholder processes where representatives from a wide range of interest groups have participated” (Stora Enso website, 1.4.2010n).

The company signals to support and accept the interpretations of the stakeholder network in the process of determining the well-being of the environment. Stora Enso participates in the determination process of the stakeholder network and utilises the results of the collaboration done by other members of the network. The company recognises the relational nature of business responsibility – that the evaluation of ethical corporate behaviour is interpreted between the members of stakeholder network. Stora Enso recognises the network structure present in the process of determining sustainable forestry and also itself as a member of the stakeholder network that is not always in the focal point. The involvement with the stakeholder

network more widely than dyadic basis Stora Enso is pursuing to create impacts that meet the interests of critical stakeholders as in the case of sustainable forestry and environmental NGOs.

Stora Enso participates in the stakeholder network through various organisations. The memberships of Stora Enso provide examples of collaboration the company engages in order to fulfil the promises given in regard the behaviour of the company. For example, Stora Enso is a member of UN Global Compact Nordic Network that promotes human and labour rights alongside ethical business practices which connotes with the promise of playing by the game rules. The Forest Dialogue (TFD) in turn concerns the conservation and sustainable use of forests, touching the promise of using sustainable wood. Water Footprint Network (WFN) promoting sustainable, fair and efficient use of fresh water resources is connected to the promise of reducing negative environmental impact. The promise of curbing climate change in turn is present in the effort of the World Business Council for Sustainable Development (WBCSD) which is “a coalition of international companies united by a shared commitment to sustainable development” (Stora Enso 2009a, p.11). The memberships in various organizations portray the characteristics of corporate citizenship where Stora Enso collaborates in order to create a positive impact by working to change the current practices for the better.

### 6.1.3 The performance of business responsibility

The performance element of business responsibility was present in the content of Stora Enso’s website. According to the company the principle of business responsibility is integrated to the management and to the production processes of the company.

“Sustainability is part of Stora Enso’s corporate governance, and responsibilities are assigned throughout the organisation” (Stora Enso 2006a).

The assignment of responsibility begins from the top management of the company. The Group Executive Team (GET) is responsible “for all policy issues relating to sustainability” and a sustainability management team to handles the “day-to-day management and preparation of the proposals for the sustainability policies”. The team has representatives from the Group functions, all the four business areas, the Wood supply service units and the regional organizations in Latin America and China. The company structure includes also a specific Sustainability function.

“The Group Sustainability function’s role is to develop, support, and follow-up Stora Enso’s sustainability, strategy, and ensure that policies, agreed target and priorities are duly realized. The business areas are responsible for the operational management of sustainability (Stora Enso 2009a, p. 8.).

The responsibilities over the implementation of responsibility are assigned throughout the organisation to different levels of management (Sustainability policy December 2006). An example of how the leadership of Stora Enso promotes the commitment to responsibility is in the sustainability report 2009 where the CEO Jouko Karvinen in the “Message from the CEO”.

“I truly believe that at Stora Enso we have a good opportunity to make tomorrow better for our own people and our business partners. [---] How we make it all happen, how we compete, how we learn every day – that is what our corporate responsibility is all about. This is part of the DNA and spirit of Stora Enso, shared by all of us.” (Stora Enso 2009a, p. 3.)

In addition to the management level promotion of commitment to business responsibility the company recognises the significance of employees in putting the principle of responsibility into practice in the daily activities of the company.

“We expect all of our employees to observe these commitments and responsibilities in their everyday work” (Stora Enso 2006a).

The company recognises the conduct of employees as the source of corporate behaviour as a whole. Stora Enso has established a Code of Conduct in order to integrate the principle of responsibility to the daily activities of employees. The company provides in the website a general description of the code conduct. The code consists of three parts – Stora Enso’s behaviour towards employees and communities, employees’ behaviour towards Stora Enso and the way the company does business.

As representatives of the company, employees are expected to execute the promise of playing by the game rules – to follow laws and regulations, to respect human and labour rights and to be committed to sustainability, for example. As representatives of the company as a business the employees are expected business ethics – to not take bribes, to believe in fair and free trade and to avoid conflicts of interests. Towards the company itself, the employees are expected to follow the house rules, ensure that the workplace is safe, healthy and fair, take care of the company’s valuables and safeguard confidential information. (Stora Enso website, 1.4.2010o)

The most important prerequisite of implementing the principle of responsibility into the day-to-day practices of the company is that the employees understand the content of Code of Conduct. In the case of Stora Enso, Code of Conduct is a new element in the performance of the company – the code was launched only in October 2008. In 2009 only 80% of employees and 87% of management had undergone training either through e-learning tool or face-to-face training. According to Stora Enso the reasons for not having all employees relate to the restructuring process and the necessity to get the approval of the German Works Council for the scheme

first in Germany. The company aims to improve its performance and have all employees trained in mid-2010. Also during 2010 the company states to develop a performance standard to measure employee compliance with the code.

“During 2010 we will develop a compliance measurement for the Code of Conduct to ensure that employees have read and understood our Code of Conduct, and fully comply with it. This will also enable us to identify any needs for further training on specific issues.” (Stora Enso 2009a, p. 28.)

Stora Enso recognizes that the understanding of employees of how the principle of responsibility transcends into their day-to-day activities is crucial in the performance of business responsibility. Additionally, the company recognizes the valuable information employees as the ones putting the principle into practice in their every-day work have about the reality of company practice. To this end the company has established a communication channel called Code of Conduct grievance channel for employees communicate their observations “anonymously and in confidentiality” on the performance of the company in the context of daily activities. According to the company, all cases are handled and reported to Stora Enso’s Financial and Audit committee and serious cases are thoroughly investigated. (Stora Enso 2009a, p. 28.)

Finally, Stora Enso acknowledges that alongside employees the principle of responsibility over impact transcend down the whole supply chain. “We address sustainability throughout our value chain, and we expect our suppliers and partners to comply with Stora Enso's policies and principles related to sustainability” (Stora Enso 2006a). Stora Enso thus states to use standardization systems to implement, monitor and evaluate not only their own performance, but also to ensure that the same standards are met throughout the supply chain. Stora Enso provides an example of how the

company works as a corporate citizen by improving working conditions in China. Through the voice of assistant manager Li Xi, who works at Stora Enso's plantation project in Guangxi, it is described how the company pays attention to responsibility down the supply chain:

“I work with the supply chain to improve working conditions for the employees. As practically all of the operations at our plantations in Guangxi are out-sourced to local contractors, it is very important to have clear sustainability requirements for the contractors and monitor that these requirements are implemented.” (Stora Enso website, 1.4.2010p)

The standardization systems Stora Enso uses evaluate and monitor the policies, programs and operations the company has formulated as visible aspects of the principle of responsibility. The four promises given by the company are evaluated and monitored according to various third-party certified standardization systems. In the website Stora Enso presents a total of seven categories of certification systems used to evaluate the performance of the company. Occupational health and safety (OHSAS 18001 and AUVA, Austrian Social Insurance for Occupational Risks), and product safety (ISO 22000 and BRC/IoP, British Retail Consortium and The Institute of Packaging) certification is connected to the promise of playing by the game rules. The purpose of these certificates is to monitor the performance of the company on creating a safe and healthy workplace for employees and safe products for consumers.

The performance on the promise of reducing environmental impact is monitored with ISO 14001-certification that focuses on continuous improvement through environmental management systems. The promise of using only sustainable wood in turn is monitored with certification on wood traceability and forest management. The Chain-of-Custody systems show that wood comes from a certified forest and forest management certificates

(FSC and PEFC) that the forest is sustainably managed. The Business Excellence (ISO 9001) standard specifies requirements for quality management systems for contractual purposes and therefore is connected to ensuring that the performance of the supplier level is also evaluated and monitored as part of the responsibility of Stora Enso.

The report on Stora Enso's performance in 2009 follows the guidelines of Global Reporting Initiative (GRI) of CERES, focusing on business impacts on the natural environment. The report of Stora Enso follows the G3 guidelines and meets the GRI B+ level standard which means that in addition the report being externally assured, the company reports on wider set of issues such as describes key impacts, risks and opportunities, provides management approach disclosures for each indicator category and reports on a minimum of 20 performance indicators including economic, environment, human rights, labour, society and product responsibility (Global Reporting Initiative, p. 2, 16.01.2010). The economic indicators and information on organizational structure required by GRI standard are not included in the sustainability report but are instead included in the financial and annual reports. The sustainability report concentrates on the performance of social and environmental responsibilities in line with the content of the sustainability section of the website.

The sustainability report begins with "a message from a CEO" where Jouko Karvinen goes over the main events of the previous year and ends his letter with stating his belief that the business strategy of the company "can make a real difference for our customers, for their customers, for consumers and for the planet" (Stora Enso 2009a, p. 3). The main business responsibility related activities the company has done in the operation areas in Europe, Russia, China, Brazil and Uruguay are summarized in a sustainability map with references to other parts of the report where one can find further information



on them (ibid, p. 4-5). The performance on set targets relating to the wood sourcing, supply chain, mills and environment, climate change, code of conduct, occupational health and safety, and diversity are presented next in easily understandable form by portraying the performance as percentages (ibid, p. 6). The rest of the report informs on governance and management of corporate responsibility, engagement with stakeholders and goes over the main events relating to wood and fibre sourcing, mills and environment, climate action, social and product responsibility. The end of the report provides the detailed performance data in numbers. The overall content and style of communication of the report signals that the report is directed more towards to the general public than towards the specific stakeholders groups that the company impacts on a daily basis.

An important part of the performance element of business responsibility is involvement of stakeholders also into the reporting phase. The use of social auditing would allow the stakeholder evaluate corporate behaviour according to their specific expectations. Even though the responsibility report of Stora Enso follows the reporting guidelines of GRI, the company has incorporated some elements of stakeholder auditing in the report. According to the company the purpose of the report is to “focus on issues that are of high importance to our stakeholders, and to us as a company” (Stora Enso 2009a, p. 10). In order to “find out which sustainability issues are most important to our stakeholders” Stora Enso conducted a materiality review by interviewing customers, investors, partners, civil society, governmental bodies and authorities (Stora Enso 2009a, pp. 10, 11). The results of the materiality review were then analysed by the company and the conclusion of Stora Enso was that the approach of the company to business responsibility met the expectations of stakeholders.

“The exercise also confirmed that sustainable forest and plantation management, including forest certification and the origin of wood,

remain a top priority for our stakeholders. It is also clear that mills' environmental performance, their socio-economic impacts in local communities, climate change, and local peoples' rights in growth markets will all continue to be major concerns for our stakeholders. Emerging concerns seem to include the need to ensure sustainability along the supply chain, and water scarcity." (Stora Enso 2009a, p. 10.)

The decision to conduct a materiality review before drafting the actual report signals that Stora Enso is making some steps towards stakeholder auditing by making the content of report more relevant for stakeholders. The company however does not include any direct appraisals or comments from its stakeholders to the report. The engagement with stakeholders is however described in the report mainly in three ways.

Stora Enso enhances the credibility of the report by mentioning "major stakeholder disputes involving Stora Enso". These include critique in Finnish media on operations in Brazil, resolved long-lasting land-dispute in Finnish forest Lapland, criticism from Swedish environmental organisation on harvesting practices and four violent cases relating to land disputes in Guangxi, China. The listing of memberships in various associations in turn elaborates how the company participates in the stakeholder network. Stakeholder engagement is made concrete in the report by listing examples of stakeholder engagement methods and specific projects in 2009. For example, the company engaged with employees by employee satisfaction surveys, training and induction programs, internal communication channels, and supporting performance development. Specific projects with employees included in addition to the materiality review, Code of Conduct rollout 'Our Promise' training programme and change management training programs. (Stora Enso 2009a, p. 11.)

The performance of the company as a responsible business was also recognized in 2009 by several external third-party standards. For example,

the promise of playing by the game rules was credited especially by the FTSE4Good Index that focuses on alongside environmental management on human and labour rights, supply chain labour standards and efforts to counter bribery. The recognition of the Ethisphere Institute supports this – Stora Enso was credited as one of the World’s Most Ethical Companies in terms of ethics, compliance and corporate governance. The Dow Jones Sustainability Indexes (DSJI) in turn recognized the promise of reducing impact on the environment by giving top industry scores for environmental management and eco-efficiency of the company’s operations.

The promise of using only sustainable wood was not explicitly recognized in any of the standards. Last, the promise of curbing climate change was acknowledged by the Staples’ CSR Supplier award for being a supplier that provides “environmentally-preferable offerings” and engages in “product development with environmental benefits”. Recognitions of Storebrand Best in Class and Global 100 in turn credited Stora Enso among its peers in the forest products industry as a responsible company in terms of management of environmental and social responsibility. (Stora Enso 2009a, p. 7.)

In sum, Stora Enso has intertwined business responsibility into the operation practices in various ways. Business responsibility is part of the general management of the company because the executive team is responsible for policies regarding how the company as a whole executes business responsibility in corporate practice. The executive team has a separate sustainability management team to assist in the development of policy proposals. The fact that the sustainability management team has representatives from all group functions can be argued to assist the top management to create operation practices that take into consideration the impacts of company operation broadly. With regard to transferring business responsibility into the day-to-day operation of the company Stora Enso has

established a code of conduct to guide employees in order to put the principles and policies into practice. The code of conduct is however a rather novel instrument in Stora Enso's operation practice and all employees had not yet undergone code of conduct training in 2009. Whereas the implementation of the code of conduct was in progress, Stora Enso has in place various standardization systems to monitor and evaluate company performance. In the sustainability report Stora Enso follows the guidelines Global Reporting Initiative (GRI) and concentrates on elaborating performance of social and environmental responsibilities. The materiality review conducted before composing the report represents a step towards stakeholder auditing by making the content that better meets the expectations of stakeholders. The various external third-party recognitions serve as positive evaluations on Stora Enso's performance as responsible company.

## 6.2 Stora Enso's business responsibility in the Helsingin Sanomat

### 6.2.1 The reported impacts in the Helsingin Sanomat

The first impact category of most reported topics, reported in the Helsingin Sanomat was the management decisions to increase or decrease volume of production. Altogether 32 reports were about the decisions of Stora Enso to either decrease or increase the volume of production while 69 reports mentioned in other contexts. Most attention in the newspaper was given to the reduction of workforce in several paper and pulp mills located in Finland. In addition, the increase of production in Uruguay received attention. The reporting about the volume of production included also reporting about the decision of Stora Enso to move production from Finland to Sweden, to continue the operation of mills in Finland and delaying to build a mill in Russia alongside closing one there. The declared business

strategy of Stora Enso to reduce production in Europe and move the production to the growth markets was therefore the most reported impact category in the Helsingin Sanomat.

The second impact category reported in the Helsingin Sanomat concerned the business practice of Stora Enso. The pension payment of 57 000 euros per month to former CEO Härmälä was the most reported policy of Stora Enso reported in the newspaper. The second business practice related impact was the donations Stora Enso used to fund political parties in parliamentary elections in Brazil. The third impact category was Stora Enso's participation in price fixing in wood trade in Finland. Helsingin Sanomat also reported business - related policies with regard to payment of bonuses to employees participated in illegal strike and the decision of Stora Enso to postpone the payment of options to shareholders due to a mistake occurred in the accounting of the company. Additionally one report concerned the decision of Stora Enso to disburse lower dividends to shareholders.

The third impact category in the reporting of Helsingin Sanomat consisted of production process - related reports. The reporting included 6 main reports on the production process and 1 relating report. Most attention relating to production process of Stora Enso was given to sourcing wood in Finland. In the two reports relating to causing a danger to employee health and safety Helsingin Sanomat reported that falling pipes in a demolition site injured a man whereas the other report was about comparing work shift systems where Stora Enso paper worker was one of the examples. In the report an expert said the work shift system of Stora Enso included too long night shift. One report relating to the production process was about Stora Enso leaving a waste pond to a closed plant site in Kemijärvi.

The fourth impact category was defined as philanthropic activities because these articles were not connected to production process of Stora Enso. Stora Enso co-funded a project where a hybrid book combining mobile phones was developed for school children in Finland. The other philanthropic funding reported in the newspaper was participating in the funding of building a school for 250 pupils in earthquake area in China.

The fifth impact category was defined as corporate citizenship activities as this concerned where the aim is to create a positive impact the business strategy and production process of the company. Helsingin Sanomat Stora Enso was mentioned in one report to invest in the development of biofuels through the joint-company NSE Biofuels Stora Enso has with Neste Oil. The other report concerned the interest of Stora Enso to participate in the development of biomass transporting.

The reported impacts of Stora Enso are summarized in Table 1.

**Table 1. Reported impacts of Stora Enso in Helsingin Sanomat**

<b>IMPACT CATEGORY</b>	<b>TOPIC OF IMPACT</b>	<b>Main report</b>	<b>Related report</b>	
<b>Volume of production (24 main/ 62 related reports)</b>	Laying off and reducing of workforce in Finland	11	47	
	Moving production from Finland to Sweden	6	7	
	Investing to production in Uruguay	2	4	
	Continuing operation in Finland	2	2	
	Delaying building of mill in Russia	1	1	
	Closing a mill in Russia	1	0	
	Decreasing the amount of summer jobs	1	0	
	Retreating from an investment made in USA	0	1	
	<b>Business practice (19/17)</b>	Paying pension to former executive	4	6
		Funding political parties in elections in Brazil	6	0
Engaging in price fixing in wood trade		5	1	
Ceasing to pay bonuses to illegally striking employees		2	0	
Postponing the payment of shares		2	0	
Paying lower shares		1	0	
<b>Production process (14/8)</b>	Establishing plantations in China - violence towards the community	5	4	
	Establishing plantations in Brazil creating a negative impacts to local community	3	3	
	Sourcing wood in Finland	3	1	
	Causing a danger to employee health and safety	2	0	
	Leaving a waste pond to closed plant site	1	0	
<b>Corporate citizenship activities (1/2)</b>	Investing in the development of biofuels	1	1	
	Interested in developing biomass transporting	0	1	
<b>Philanthropic activities (2/0)</b>	Co-funding development of hybrid book for school children	1	0	
	Co-funding the building of a school in earthquake area in China	1	0	

## 6.2.2 The interpretations of stakeholders

The stakeholder discussion over the impacts of Stora Enso concentrated on decisions regarding the volume of production and policies as well as practices and production processes of Stora Enso. The stakeholder discussion concentrated on the impacts relating to the volume of production (32 comments, 44 %), followed by business practice (27 comments, 28 %) and production process (26 comments, 27 %). Corporate citizenship and philanthropic venture - related reports resulted only brief, neutral mentions of Stora Enso's participation but not any stakeholder comments. For example Stora Enso's work to establish an experiment plant together with Nest Oil to make a break-through in biodiesel production was only mentioned in a report where Minister Pekkarinen mentioned the aim to increase the use of biofuels in Finland in a faster schedule in comparison to rest of Europe (12.6.2009).

The stakeholder comments in Helsingin Sanomat on the impacts of Stora Enso were in general negative (Table 2). Out of the 95 stakeholder comments over two-thirds (61 comments) were categorized as negative. The share of neutral comments was about one-fifth (22 comments) whereas only 12 comments were positive. Table 2 presents the stakeholder commenting on Stora Enso's impacts in the impact categories of volume of production, business practice and production process.

**Table 2. Stakeholder commenting on Stora Enso's impacts**

	Volume of production	Business practice	Production process
Negative	20	19	23
Neutral	12	8	2
Positive	10	1	1
Total	42	27	26



The comments related to the volume of production in Finland was mostly negative (20 out of 42 comments). The share of neutral (12 comments) and positive (10 comments) was relatively same. The share of negative commenting (19/27) was also high in business practice - related impacts. About one-third (8/27) of business practice - related commenting was neutral whereas only one (1/27) positive comment was made. The share of negative reporting was the biggest in production process related reporting (23/26) with only 2 neutral and 1 positive comments on production processes.

Different parts of the stakeholder network around Stora Enso were active in the news reports depending on the topic category in question. Table 3 presents the stakeholder categories present in the reporting. The reports related to the volume of the production activated community, interest group, administration and expert groups, the most active being stakeholders belonging to the interest group. The business practice related reporting activated stakeholders belonging to the categories of employees, administration, government and interest group with the administration groups being the most active.

Business practice - related reporting was characterized by less stakeholder commenting in comparison to volume of production or the impacts of production processes. The reporting related to the production process activated stakeholders belonging to the groups of customers, government, expert groups, the community and NGO, the latter being the most active.

**Table 3. Stakeholder categories of Stora Enso in the reporting of Helsingin Sanomat**

<b>Category</b>	<b>Examples of stakeholders</b>
Employees	Finnish employees in Uimaharju, Veitsiluoto, Anjalankoski, Varkaus, Imatra, Heinola, Tolkkiset, Sunila mill in Kotka (together with Myllykoski Paper), students, young people, maintenance company Efora (together with ABB)
Communities	Kemijärvi, Hamina, Guangxi, Huashijang, Sichuan province
Partners	ABB, UPM Kymmene, Myllykoski Paper, Neste Oil (joint-company NSE Biofuels Oy) Arauco/Fibria in Uruguay, Aracruz in Brazil, Agora Center University of Jyväskylä, Metsäliitto
Owners	Solidium, Varma
Customers	Sanomapaino
Suppliers	Transport businesses, Chinese subcontractor
NGOs	Greepeace, Nature Conservation District of Southern Karelia, Luonto-Liitto, Suomen luonnonsuojeluliitto, Maan ystävät ry, The Movement of Landless People MST, Tax Justice Network, Asemblea Popular
Interest groups	The Finnish Paper Workers Union,, Independent Saw Entrepreneurs of Finland, The Union of forest owners of Southern Finland, Finnish Central Union of Agricultural Producers and Forest Owners MTK, Trade Union Pro, Swedish paper workers union (Pappers), Confederation of Finnish Industries, Finnish Forest Industries
Administration	Regional Council of Lapland, National Board of Patents and Registration of Finland, local Russian authorities in Nizhni Novgorod, District Court of Oulu, District Court of Kouvola, Kouvola Court of Appeal, Behai police, Bahia Province Court
Government	Employment minister Sinnemäki, Prime minister Vanhanen, Minister of Defence Häkämies, Mauri Pekkarinen, political parties in Brazil
Experts	Business law professor Castren, law professor Havansi, adjunct professor Pakkasvirta Helsinki University Renvall Institute, researcher Gröger, professor of world politics Teivainen, teacher and lecturer Heikkilä-Kyyhkynen

In the production process - related reporting the stakeholder comments concentrated on the reduction of workforce in Finland and the movement of production to Sweden. The decision of Stora Enso to lay-off and reduce Finnish workforce was generally attributed to the global recession and the structural change of the Finnish forest industry. The company was seen to be going through two simultaneous crises - a structural one caused by changes in the consumption of forest products in addition to the economic recession

further curbing the demand (HS 21.1.2009). Among the stakeholders especially the Finnish government saw that the economic conditions were forcing Stora Enso to curtail production in order to sustain as a business. For example Minister Häkämies said it is vital to consider how all – the state, companies, wood sellers, employees – can survive in a way that forest industry does not cease in Finland (HS 24.4.2009). The whole stakeholder network was seen to have a role and a responsibility in ensuring the operation conditions of forest industry in Finland.

The employees and employee representative interest groups recognized the role of global recession behind the decision but protested against the scale of the downsizing of the workforce. Head shop steward Kantanen regarded the actions of Stora Enso exaggerated and massive and questioned how the lost capacity can be retained when the economy improves again in the future (HS 6.2.2009). The employees also criticized the management for failing to adjust the business strategy in time in order to create new innovative products for future consumer demands. Paper worker Latosuo said that product development must start early on and the development of paper qualities and fuels would be one possibility (HS 6.2.2009). Head shop steward Pärnänen suggested that even crazy ideas from the grass root level could be gathered up and developed into sellable products (HS 20.1.2009). The president of the Finnish Paper Workers' Union Ahonen appealed in favour of training employees and refurbishing machinery instead of lay-offs that according to Ahonen would only worsen the economy of Finland and further weaken consumer demand (HS 26.3.2009). According to the employee stakeholder group, Stora Enso should have created a better balance between the interests of the company and the interests of employees. Further the competences of employees could have improved the economic profitability of the company.

The decision of Stora Enso to move production from Finland to Sweden because of cheaper currency and cheaper wood was connected by the Finnish employee representatives to reduction of workforce in Finland. According to The Paper Workers' Union the responsibility of Stora Enso is to keep as much employment in Finland as possible instead of moving production to Sweden. The state-ownership was seen to indicate a greater responsibility for Stora Enso and also a responsibility for the government to make a "state-owned" company meet the interests of society and keep employment in Finland. Union secretary Vanhala pointed out that the Finnish state still owns a lot of Stora Enso's shares and considered it odd for a state-owned company to move production towards cheaper currency when the company's home country has an economic crisis (HS 21.3.2009).

The Finnish government was seen to have a special role as a member of Stora Enso's stakeholder network in the issue. According to the president of the Paper Workers' Union Ahonen, the Minister of Defence Häkämies who is responsible for ownership steering should have intervened into the decision-making because the state owns 12 percent of the company (HS 26.3.2009). Ahonen questioned why the government is silent when Stora Enso is harming its major owner by executing mill closures and leaving the society to handle the aftermath. At least the state could have expressed its opinion whether there would have been alternatives for the mill closures, Ahonen argued. (HS 24.9.2009.)

The response of Minister Häkämies was that the Finnish state is not able to intervene in the decisions of Stora Enso's executive management and the board. In the basis of corporate law, the board of the company is responsible, Häkämies stated. (HS 28.3.2009.) According to Minister Häkämies state-owned companies must be profitable in the long run and adjustments in production have been done with this goal in sight. (HS 24.9.2009.) The

decision of Stora Enso generated strong debate between two stakeholder groups - the government and the employees regarding especially the contribution of the government in solving the issue. Thus, the employee stakeholder group attempted to advance the stakeholder network and influence Stora Enso's decision-making by pressuring another stakeholder, the Finnish government.

The decision to reduce workforce in Finland and to move production to Sweden activated also another part of the stakeholder network in addition to Finnish employees and their representatives and the Finnish government. First, the Swedish paper workers' union supported their colleagues in Finland. The president of Pappers, Sandberg said that if Finnish paper workers decided to start a strike the Swedish employees would make sure that Stora Enso could not circumvent the strike by moving production to Sweden (HS 21.3.2009). Second, also the forest manager of Finnish Central Union of Agricultural Producers and Forest Owners (MTK) Hakkarainen commented that in fact Stora Enso's decision to move production to Sweden in the basis of cheaper wood was not based on facts. According to Hakkarainen, the roadside price of pine fibre wood is actually lower in Finland and the mill price of wood also includes the transport from roadside to mill. (HS 26.3.2009.)

The impact of the reduction of workforce and mill closures on the communities was also mentioned in the context of the reports on how the communities have survived after the mill closures. In this way the negative impact of mills closures on the communities was implicitly re-stated. For example in the reports focusing on the Finnish community of Hamina that suffered a loss of employment of 450 when Stora Enso closed the Summa mill in 2008. The reporting described how the community found a new dawning industry when the search engine Google established a machine hall in

Hamina. A local member of the community said the news was really good because this would bring tax revenues to the city and the city mayor Hannu Muhonen said that the arrival of new industry has a significant impact on the community also in terms of mood because this would bring employment to the community. (HS 13.2.2009.) The other community that suffered in 2008 from a loss of employment after Stora Enso closed a mill was Kemijärvi. In 2009 the negative impact was re-stated when it was reported that the employment of Kemijärvi turned downwards again. Even though the community was expected to receive a death strike when Stora Enso closed the mill, the community was able to create new employment that consequently was curtailed by the economic recession and “ripped the wounds left by Stora Enso open again” (HS 21.2.2009).

The investments Stora Enso was considering in Uruguay were connected also to the curtailment of production in Finland in addition to the company’s decision to move production to Sweden. The reports in Helsingin Sanomat presented Stora Enso’s aim to establish production in the southern hemisphere as an unethical business practice. After reporting all through the beginning of 2009 about workforce reductions in Finland, the newspaper reported in 19.5.2009 that Stora Enso was planning a new, large pulp investment – to Uruguay, instead of investing in Finland. (HS 23.5.2009a.)

Uruguay was described as the favourite country of forest companies and at the same time also one of the worst tax paradises in the world. A Finnish expert from the Tax Justice Network investigating international taxing contributed to the perception of Stora Enso’s engagement in unethical investing by stating that direct production investments to tax paradises have an ethical aspect. Investments are acceptable only if foreign investors do not receive any tax advantages that are withheld from domestic investors. According to the expert, the joint operation Stora Enso is establishing with

Chilean partner Arauco does not pass this requirement in Uruguay. The joint company is building a factory in special economy area where companies do not need to pay taxes on profits. (HS 23.5.2009a.) Another report mentioned that according to the results of Doing Business report by the World Bank, out of 181 countries it is the easiest to lay-off an employee in Uruguay. According to Helsingin Sanomat Finnish investors however care only about the fact that eucalyptus is ready for harvesting in seven years. (HS 23.5.2009b.) A Uruguayan teacher Villalba who is a member of political party Asamblea Popular that protests against pulp companies accused that the eucalyptus plantations have negative impacts on the local communities. According to her the process of changing grass lands to wood plantations deprives the soil, consumes water resources and depletes rural areas when people sell their land to the pulp companies. According to Villalba the tax-free factory projects are perverse because Northern companies are getting rich on resources that belong to the local communities. The situation reminds Villalba of the age of colonialism - the only difference is that the conquistadors are coming from Finland and have the permission of the local government. (HS 28.12.2009.)

From the business practice - related reports stakeholders commented the most the amount of pension payment to a former executive in Finland and the funding of political parties in Brazil. Helsingin Sanomat initially reported about the pension payment from an ethical perspective by making a comparison to the situation of an average Finnish person. Normally the pension payment in Finland is 60 per cent from salary and the pension age is 63. In contrast Stora Enso's executives receive 66 per cent in the age of 60. When Minister Häkämies was asked to comment the payment he said that the contract was made ten years ago in different circumstances but that he also understands those who regard the pension sum too high. Law professor Havansi stated that a court can lower the pension payment to a more

reasonable level in the basis of changed public opinion. (HS 24.4.2009.) Helsingin Sanomat criticized the Finnish state as an owner of Stora Enso for not making sure that it is not possible to combine market-determined top salary with the pension benefits of government officials. (HS 18.5.2009.)

The funding of political parties in Brazil evoked intense stakeholder discussion. Stora Enso had paid electoral support in Brazil in 2006 over 350 000 euros. The company had paid 100 000 euros as direct support and the rest through the joint-company Veracel Stora Enso owns with a company named Aracruz. (HS 18.5.2009.) The prosecuting authority in Brazil accused the joint-company Veracel of illegal electoral support and money laundering (HS 16.8.2009). According to the authorities Veracel had bribed municipal politicians in Eunapolis and funded election campaigns in order to acquire environmental permits faster (HS 18.8.2009).

In Helsingin Sanomat the issue was approached as a question of whether or not it is appropriate for a Finnish company to fund political systems abroad. Minister Häkämies stated that the state as an owner of the company is not going to take any action due to the news. (HS 15.8.2009.) Also the position of the Finnish investment company Solidium that is in charge of the stock ownerships of the Finnish state was that there is no reason to intervene at this point. The CEO Järvinen stated that Solidium expects companies to operate according to laws and regulations and that he trusts Stora Enso's conduct to be careful and professional. According to Järvinen Stora Enso is a notable actor in Brazil that has created a lot of employment in the country. He is confident that the business practices of Stora Enso will stand all scrutiny. (HS 31.8.2009a.)

The reporting on Stora Enso's engagement in price fixing with two other Finnish paper and forest companies UPM and Metsäliitto comprised out of



verdicts of the courts. Finnish Competition Authority (FCA) demanded sentence for Stora Enso, UPM and Metsäliitto for illegal price collaboration (HS 3.10.2009). The Market Court sentenced Stora Enso and Metsäliitto eventually to fines for price fixing during 1997-2004. The companies were sentenced for exchanging information with each other when negotiating with timber sellers on price recommendation agreements. Stora Enso received a fine of 30 million euros whereas Metsäliitto was given a reduced fine of 21 million euros because the company aided FCA in the investigation. (4.12.2009b.) UPM was freed altogether because the company revealed the whole matter to the FCA and assisted in the investigation (HS 22.12.2009). The court considered it especially condemnable that the companies were fined for regional wood cartel already in 2000 (4.12.2009b).

Stora Enso's decision to withhold bonuses from employees who participated in an illegal strike comprised also out of verdicts of the courts. It was simply noted in the Helsingin Sanomat that Kouvola district court abandoned the lawsuit of employees who participated in 2006 in a two-day strike covering the whole paper industry in Finland. Labour court had earlier judged the strike as unlawful but according to the Kouvola district court companies have a right to limit bonuses in order to minimise unlawful strikes. (HS 12.3.2009.) Later it was reported that the Kouvola Supreme court sentenced Stora Enso to pay the bonuses to nearly 140 employees of Anjalankoski mill. According to the court Stora Enso did not inform the employees well enough about strike limitations concerning payment of bonuses. The Supreme Court considered Stora Enso's decision to withhold bonuses from employees for the whole year an unreasonably harsh and discriminating. (HS 10.4.2009.)

From the production process - related reporting the problems around establishing plantations in China and Brazil and the impacts of production process on the local environment and communities were commented the

most. Helsingin Sanomat reported that local authorities in South-China had evicted people from their lands out of the way of Stora Enso's plantations with the help of hired criminals (HS 28.4.2009a). According to the local farmers the hired men had not only attacked them but also their defence lawyer. Stora Enso had acquired the lands from the local authorities because there is no private land ownership in China. (HS 28.4.2009b.) Stora Enso had paid compensation for the farmers but they considered it to be only nominal (HS 28.4.2009c).

The problems of establishing production in China continued when a few days later a Stora Enso's supplier was involved in a conflict in the company's eucalyptus plantation where one person was killed. The incident was about a feud between two families and the supplier was a member of one of the families. The lawyer defending the local farmers, Yang Zaix, said that Stora Enso had not contacted him though he knew the background of the feud well and had communicated the concerns of the community to Stora Enso. Furthermore Yang stated to have seen documents where Stora Enso urges local authorities to render the land to the company on time. (HS 30.4.2009a.) Later Yang stated that the Chinese authorities had threatened him again that if he continues to talk publicly about the land disputes, he will be imprisoned and his attorney license taken away. According to Yang the authorities demanded him to sign a paper to promise not to bring media representatives there anymore. Also the local farmers were threatened by criminals with violence if they continue to speak about the issue in public. (HS 13.6.2009.)

The conclusion of Helsingin Sanomat was that Stora Enso is responsible also for the conflict because the company is collaborating with the Chinese government. The authorities have carried out the orders of Stora Enso to acquire the land for eucalyptus plantations and therefore Stora Enso cannot hide behind them by saying that no corporate function has been involved.

The problem is not just the violence but the loss of livelihood because local people have not received proper compensation for their lands and that local people have not been heard by Stora Enso and the local authorities. (HS 30.4.2009b.) According to Helsingin Sanomat the incident is an example of the problems that come from establishing operations in new countries and new cultures. Companies acquire large forest areas with the help of local authorities who secure order in exchange of foreign investments in developing countries. (HS 28.4.2009a.) The interpretation of Helsingin Sanomat was that the operation of Stora Enso is unethical and the established plantations have a negative impact on the local communities.

NGOs and expert stakeholder groups supported the interpretation that the incident in China was an example of the basic problem concerning establishing operations in developing countries. A citizen activist group Maan Ystävät (eng. Friends of the Earth) stated that forest companies do hardly hear the people of the local communities when making assessments to establish plantations. The vice president of Maan Ystävät Ojala stated that for example in Brazil Stora Enso collaborates only with organizations that are reconciling and co-operate without a doubt. In China labour unions and organizations are afraid to bring problems to daylight due to the pressure coming from local authorities. A member of the expert stakeholder group, adjunct professor Pakkasvirta who is specialized in Latin America, supported this interpretation. According to him, forest companies do not consider the political and societal impacts enough when making assessments to establish production. (HS 30.5.2009.)

The Finnish state and especially the government were seen to be in part responsible for the behaviour of Stora Enso. Helsingin Sanomat described that Finland has to carry a quarter of the responsibility over Stora Enso's actions because the state owns 25 per cent over its voting power. As a

consequence, violence has been used in China indirectly to further Finland's interests. (HS 30.4.2009c.) Prime Minister Vanhanen stated the government will contact the Chinese authorities regarding the land disputes around Stora Enso. According to him, Finland is not involved in the matter as such but because the state is an owner of Stora Enso it is normal that China is contacted in the government level. Vanhanen stressed that Finnish companies must operate according to laws and regulations to ensure that possible business partners uphold the same high morals. Vanhanen stated that the allegations must be investigated and if they turn out to be true, it is unacceptable because it is criminal activity. (HS 27.4.2009a.) Possible unethical and unlawful behaviour was considered a matter where the government must intervene to business behaviour whereas the profitability related decisions to reduce workforce in Finland was considered a matter where government intervention is not possible.

The impacts of establishing operations and plantations in Brazil created similar stakeholder commenting as the land disputes in China. Stora Enso had acquired land in the state of Rio Grande do Sul and owns half from Veracel pulp mill there. A local NGO, The movement of landless people, has protested against the eucalyptus plantations and clashed with authorities as well as with pulp companies. According to the NGO, pulp ventures lead to social problems when people move from rural areas to cities for work. (HS 28.4.2009c.) The Finnish NGO Maattomien ystävät (eng. Friends of the Landless People) supported this view by arguing that there is similarity between the events in Brazil and China (HS 10.9.2009). The NGOs are suggesting that the reported problems in China and Brazil are not separate incidents but reflect a more serious problem in the production process of Stora Enso in developing countries.

Furthermore Stora Enso has been involved in violent conflicts relating to land ownership also in Brazil. According to the Friends of the Landless People in 2008 Stora Enso apologized when military police attacked 60 women and children while evicting them from Stora Enso's plantations in South-Brazil. The NGO says to have tried several times to get Stora Enso and the Finnish state to pay attention to these problems. The demand of the NGO is that Stora Enso not only talks about socially and ecologically sustainable behaviour but also performs it in practice. This would mean that the company stops hindering the land reform desperately needed also in Brazil. According to the NGO land reform is a concrete and fast way to diminish poverty, increase equality and advance ecologically sustainable development. (HS 10.9.2009.) A co-founder of Friends of the Landless People and researcher of Latin America land reform Kröger stated that the vast land areas required by the pulp investments have inevitably negative impacts whereas a more proportional investment model – smaller factories – would take democracy, environment, and local development better into account (HS 13.9.2009). The interpretation was that if Stora Enso wanted to act in the role of a corporate citizen it would further land reform instead of using the current system of developing countries in its advantage.

Alongside the discussion over the impacts of establishing production in China and Brazil, there was some stakeholder commenting relating to the impacts of established operation. Finnish environmental NGOs were reported to pressure Stora Enso to stop sourcing raw material from the forests of Lapland. Greenpeace together with Luonto-Liitto (Eng. Nature Union) and the Finnish Association for Nature Conservation demanded Stora Enso to stop sourcing from old-growth forests in Lapland. The NGOs based their demand on the United Nation's biodiversity agreement that encourages protection of wide, natural state forest areas by the year 2010. (HS 7.3.2009.) According to Greenpeace, Stora Enso has cut down over 300

year-old trees in Lapland from natural state old-growth forests that have not been protected yet (HS 2.4.2009). The implication that can be drawn from this, is that Stora Enso is not according to corporate citizenship principles working voluntarily to preserve old-growth forests; instead the production process is having a clear negative environmental impact. At the other end of the production, the city of Kemijärvi in Finland demanded Stora Enso to clean the environment of a closed mill site. The company did not properly clean the water around the mill and also did not excavate the pollution from waste pond that was 10 hectares in size. (HS 20.4.2009.)

The production process – related stakeholder commenting included also the impact of Stora Enso’s work shift schedule on the health of employees. A professor of University of Jyväskylä and Finnish Institute of Occupational Health had compared the work shift schedules of Stora Enso’s paper worker, Rautaruuki metal worker and Helsinki University Hospital nurse. According to his evaluation, the night shifts of the paper workers of Stora Enso are too long. Also the shift rotation goes against the biological clock because morning shift follows night shift and vice versa. At worst, there is only one recovery day before changing to a different shift. In addition the 14-day work shift includes only two days off work. Although the strain is balanced by long, 6-day-offs and by the fact that the shifts are quite regular, the professor stated that it would be better in the long run if the strain was divided more equally. (HS 17.11.2009.)

### 6.2.3 The account of Stora Enso in the Helsingin Sanomat

Stora Enso focused on providing accounts regarding the negative impacts of the decisions and actions. The commenting focused on the strategic decisions of the management. The volume of production – related impacts were

commented the most by Stora Enso (33 comments). The production process (11 comments) and ethical business practice (8 comments) – related impacts were also commented by the company. The decisions relating to the volume of production were attributed generally to be the result of the situation of the market economy. The decisions to reduce workforce in Finland, move production to Sweden and establish production in new business areas in developing countries were categorized specifically as strategic decisions that the management was forced to make in order to sustain the company as a business. In other words, the management was doing their best in fulfilling the economic responsibility to make profit.

For example the account of CEO Karvinen on the reduction of workforce in Finland was that the permanent structural crisis cannot be resolved with temporary lay-offs because it requires a permanently lower production volume in Finland. Karvinen described that the problems creating the need to reduce workforce are “beyond the company gates” – the weakened demand of paper, low prices of paper, high prices of wood, energy and transport. (HS 20.8.2009.) The account of Stora Enso was that the decision was the result of the market impacts on the company. The decision to move production from Finland to Sweden was also accounted as the result of impacts of the market situation. CEO Karvinen stated that production must be move to units that give the best profitability and that “we are happy to have mills in Sweden” (HS 21.3.2009).

Since the reduction of workforce was attributed to the conditions of Stora Enso’s external operation environment, the main focus in the account of Stora Enso was appealing to the stakeholder network to give assistance to the company to solve the situation more easily. Especially the Finnish government was pressured to participate in the salvation of the Finnish forest industry. According to CEO Karvinen “a smooth playfield” must be

created for the companies and disadvantages hindering the industry eliminated. Specifically Karvinen perceived the high price of energy and wood as the main factors hampering the operation conditions. The plans of the government to raise energy taxes would only worsen the disadvantages in comparison to competition countries (HS 24.7.2009). The Finnish forest owners in turn should aid the company by providing more affordable raw material for the company (HS 2.4.2009).

CEO Karvinen pressured the stakeholder network to aid the company to improve its economic profitability. The time to encumber the company with high energy prices and high prices wood is according to Karvinen a mistake in a time when the problems of the forest industry are already severe. He argued that if there is no national collaboration, soon no one will invest in Finnish forest industry and in five years it will be too late because good equipment, machinery and people do not wait but have goon to waste. (HS 7.4.2009.) After the structural change is over, the Finnish forest industry will be smaller, but if nothing else but “whining” happens, the industry will be significantly smaller (HS 24.7.2009). The interpretation of Karvinen was that if the members of the stakeholder network do not sacrifice some of their interests, it will mean not only negative outcome for Stora Enso, but also to the whole stakeholder network in Finland. This point of view of was supported by the land manager Vanhainen who also urged the society to look for structural changes that would lessen the costs of forest industry in Finland. According to Vanhainen, Stora Enso has done all it can to improve its competitiveness and is waiting for the society to tackle the issues Stora Enso cannot affect. (HS 29.9.2009.)

The decision to reduce workforce in Finland and the decision to establish production in developing countries were presented as intertwined strategic decisions to improve the profitability of the company. CEO Karvinen



presented statistics showing that production costs are the highest in Finland and in contrast the lowest in Brazil (HS 24.4.2009). The decision to move production from Finland to China, Brazil and Uruguay was said to be the result of the changes in market economy. CEO Karvinen however denied that the foreign investments lead to that something is taken away domestically in Finland. Even after the “dreadful news” Finland still remains overwhelmingly biggest production country and despite the decrease in paper consumption, liquid packaging is a growth area. (HS 21.8.2009b.) The competition with southern countries is however extremely difficult in a situation where eucalyptus can grow to full length in seven years. CEO Karvinen explained how the “whole idea of plantation-based pulp” is that is terribly cost-effective in all situations (HS. 26.11.2009). In addition, when the transport costs of moving the pulp from South America to Amsterdam are lower than the price of wood required to make the same amount of pulp in Finland (HS 19.5.2009), the company has little choice but to move production where economic sustainability can be maintained.

From the production process - related reporting the most Stora Enso comments were about providing explanations on the reported negative impacts of the production process in those cost-effective developing countries. The violence against local farmers in China was commented the most by Stora Enso. Communications executive Peltola brought up the principle of playing by the same game rules everywhere by saying that the Stora Enso’s reputation as a responsible company requires that the company operates with the same level of morality and according to the same rules as in Finland. Peltola considered possible that neither Stora Enso nor the Chinese authorities have anything to do it with the violence against local farmers. Instead some third-party that is not in any way in the “circle of influence” of Stora Enso might be behind the violence. (HS 27.4.2009a.) The CEO Karvinen speculated in the same manner that the conflict does not

concern Stora Enso as such – the subcontractor was just in middle of a family feud with the leaders of the community (HS 30.4.2009a). Stora Enso wanted to infer that the company has ensured efficiently that the whole supply chain is abiding the principles set by Stora Enso.

The company stated to engage in investigations in order to find out what had really happened (27.4.2009a). Communications executive Peltola stressed that information on the events would be available soon as China land manager Wangqiun would visit the villages and investigate the accusations of local people. Especially the claim of nominal land compensations would be taken seriously. The aim of the company was to find a solution for every disagreement. (HS 28.4.2009b.) The company signalled to handle the situation by engaging with the local stakeholders and to attempt to achieve an end result where everyone would be satisfied.

The company decided to withdraw from the area until the investigations were done. According to CEO Karvinen the problems in China underline the fact that the company still needs to learn and specify its operation policies in areas where land disputes are common and land ownership unclear because of overlapping documents (HS 13.6.2009). Corporate responsibility executive Pitkänen supported Karvinen by saying that the problems Stora Enso has faced in China are nothing special and instead the problems are to be expected. According to Pitkänen land use and land ownership are big issues that always create conflicts and cannot be avoided. (HS 28.4.2009b.) Adjunct professor Pakkasvirta questioned the position of Pitkänen by arguing that if corporate responsibility is taken seriously, serious conflicts can be avoided. The starting point of a well-planned and responsible business operation cannot be that the operation creates conflicts by default. (HS 30.5.2009.)

CEO Karvinen admitted to have no knowledge what kind of compensation local farmers received for renting their lands to the company (HS 30.4.2009a). Due to the delicacy of the situation in China CEO Karvinen planned to travel on site to personally investigate the situation (HS 13.6.2009). CEO Karvinen stated that the company must improve its operations practices in order to ensure that “every party understands that not a single tree or piece of land is, or will ever be, so important for Stora Enso that violence is allowed”. Karvinen stated that conflicts between communities and between people in general cannot be eliminated but land ownership disputes must be resolved as any other disagreement. (HS 30.4.2009a.) Corporate responsibility executive Pitkänen stated that independent third-party environmental and social impact assessments are always done before establishing plantations and that Stora Enso has pursued to develop the assessment as balanced, public and transparent as possible (HS 28.4.2009b). In order to improve the situation Stora Enso is developing its operation practices together with UN’s development organization UNDP, authorities and the government. There also are already working arbitration proceedings in addition to legal routes that can be used to solve unclear land ownership situations. According to Karvinen also the local government shares the position that violence cannot be a means to an ends. (HS 30.4.2009a.)

After some months Stora Enso had investigated the incidents in China and renewed operation practices in the area. Stora Enso engaged in various measures to improve the circumstances in the operation location in China. The company had emphasized the principle of non-violence to local authorities, paid better compensation for farmers and ceased to rent land from areas where land ownership is conflicted. Stora Enso China land manager Wangqiu stated that on site investigations did not provide any evidence concerning the alleged threats made against the local farmers. The lawyer defending the local people confirmed that after the disputes became

public the police stopped the violence and the local authorities have not attempted to take land by force. Land manager Wangqiu made a discrediting remark about Yang by saying that he is only using Stora Enso as a weapon in local disputes and has even threatened the company with negative publicity. Wangqiu admitted that the venture in China is extremely challenging due to the cultural differences and problems in communication. A lot of mistakes have been done but Wangqiu believes that Stora Enso is the most able to carry out this kind of project because the business culture of the company is characterized by an aim to carry out sustainable development genuinely in practice, not just on paper. (HS 13.6.2009.)

The operation in Brazil and the aim to establish production in developing countries was another topic commented by Stora Enso. CEO Karvinen defended strongly the operation of the company in Brazil in a letter to the editor. He stated that the company is following the Brazilian law and that all environmental permits and approvals are based on strict juridical regulations evaluated by the Brazilian environmental authorities. Environmental and social impact assessments have been conducted in every new project in order to ensure that there is an awareness of the economic, ecological and also social impacts. Karvinen emphasized that as the company is planning investments for 30 years ahead, the impact assessments are not done just because the law requires it but also so that the company learns about the local circumstances and is able to build responsible and sustainable business operations. (HS 6.9.2009a.)

CEO Karvinen emphasized in the letter to the editor that the company is creating a positive impact to the operation communities in Brazil. According to Karvinen, the Veracel mill has contributed to the positive economic and social development of Éunapolis. Furthermore, Stora Enso creates a positive environmental impact by planting every year 300 000 rain forest tree varieties

in 400 hectares area and restores in this way once destroyed rainforest. The company has acquired twice the land required by the eucalyptus plantations and protects the other half – in the case of Bahia 97 000 hectares of rainforest. In addition the operation does not consume groundwater resources because rainfall exceeds evaporation and Stora Enso monitors the quality of the water systems near the plantations.

The plantations in Veracel are also certified by two leading international certification systems FSC and PEFC based on the principles of sustainable development. (HS 6.9.2009a.) Karvinen maintained that the people of Stora Enso want to give an open and balanced picture of the operation and its impacts to local people. The reporters of Helsingin Sanomat were welcomed by Karvinen to accompany him to Bahia and Éunapolis and to discuss and to listen all the parties there. Karvinen emphasized that the process of building reputation is a long difficult road and instead of talk and declarations, it is based on actions and development work of thousands of Stora Enso employees, not only the management. The company will continue this work to build better tomorrow for the company, to its employees and other stakeholders. We will not turn our backs and walk away”, Karvinen said. (HS 6.9.2009a.)

CEO Karvinen denied the allegation of researcher Kröger that pulp production has brought bigger ghettos, greater insecurity, dwindled local business and higher housing costs instead of improving employment in the local communities. Karvinen questioned the credibility of Kröger as an objective researcher due to this connection to Friends of the Landless People that supports the Brazilian Movement of the Landless People. Karvinen also pointed out that the public district attorney da Silva Neto has been accusing Veracel of bribery and money laundering during 2002-2006 but has failed to provide any evidence to support the accusations. (HS 6.9.2009a.)

The claims of CEO Karvinen were countered as incorrect. Researcher Kröger responded that his criticism is based on facts and scientific research and urged Stora Enso to focus on solving problems and creating a dialogue instead of focusing on his background. According to Kröger Stora Enso's attack against critics and citizen activity shows that the management does not understand the severity of the problems concerning land use. (HS 10.9.2009.) Helsingin Sanomat in turn stated that Kröger is probably the best informed about the operation of Veracel since his dissertation concerns the land reform in Brazil (HS 6.9.2009b). The president of the Friends of the Landless People also stated that the NGO is not affiliated with the Brazilian Movement of the Landless People but is an independent citizen group that is working to achieve democratic land rights in Latin America and around the world (HS 10.9.2009).

The claims of Stora Enso representatives were disputed in another issue concerning the events in Brazil. The corporate responsibility executive Pitkänen initially claimed that a representative of MST and Via Campesina, Rodriguez had threatened the employees of Stora Enso in a meeting in Sao Paulo. According to Pitkänen Rodriguez said that if Stora Enso continues the project in Rio Grande do Sul, MST will create negative publicity by provoking more conflicts, violence and even death. A person involved in the operation of MST, Silmula who was also present in the same meeting denied that Rodriguez had made any threats. According to Silmula, Rodriguez only said that involved parties endanger themselves in these conflicts that can also lead to deaths. A member of the Friends of the Landless People, Nikkanen supported this by saying that Rodriguez said, "we are in a risk of death". Communications manager Peltola stated to have the threat on tape and according to two independent and unbiased experts" Rodriguez had said that Stora Enso is in a risk that the meeting will lead to a fatal conflict that

becomes also a part of Stora Enso's history, not only the history of the government of Rio Grande do Sul. According to a Finnish-Brazilian teacher and translator Heikkilä-Kyyhkynen Rogriquez did not directly threaten Stora Enso but said that the activists will claim the plantation in Espirito Santo back by force if necessary. In the end communications manager Peltola denied to have claimed that MST had threatened the company – only that the employees of Stora Enso that attended the meeting felt that they were threatened. (HS 27.9.2009.)

CEO Karvinen defended the plans to establish production in Uruguay as being in line with the new business strategy of the company. Even though the mill areas Stora Enso acquired in Uruguay had previously suffered from objections from the local communities, Karvinen did not expect the same kind wave of protests because the operation environment in Uruguay is a fantastic one that welcomes new entrepreneurs. By mentioning that land ownership and environmental regulation is clear in Uruguay Karvinen indicated that legislation also aids in establishing responsible business operation. Karvinen also emphasised the positive impact wood plantations and mills bring as employment in the region previously relied heavily on cattle. Karvinen however admitted that “we need to do our homework well”, recognising that the company needs to become acquainted with the new operation environment. (HS 19.5.2009.) To this end, the executive of Stora Enso in Latin America said that evaluations on establishing plantations are done from location, markets and costs to environmental and social impacts in Uruguay. This time also previously neglected political conditions would be taken into consideration. In Brazil the situation is difficult because of chronic land use disputes in addition to the bad reputation of the joint-venture company Fibria, formerly known as Aracruz, but according to CEO Karvinen the company is a learning organization and takes in Uruguay the whole society into consideration. According to Karvinen the company is working

vigorously in Uruguay and he is personally involved to ensure that the venture will proceed in the right way. (HS 26.11.2009.)

About the impacts related to the production process the company also provided an account on the accusation of sourcing wood from old-growth forests in Finland. Environmental manager Kallio-Mannila said that the average age of wood sourced from the forests in question is 80 - 200 years and the samples of environmental organizations are individuals trees that cannot be used in pulp-making. Kallio-Mannila could not however provide an explanation why these trees ended up in the pulp tree piles. (HS 7.3.2009.) According to Stora Enso the forest harvested in Ruokolahti is economy forest and does not entail any special environmental values that need to be protected. The company had applied the forest care methods of economy forests and reserved more trees in the area than normally. (HS 9.9.2009.) In a similar manner Stora Enso accounted to operate sustainably in the Archipelago Sea where the company was sourcing wood from untouched archipelago that has vulnerable nature and scenery. According to the sourcing chief responsible for environmental issues, the harvesting is done hidden inside the island and the trees in the shore are preserved. And even if the forest itself is not preserved, the company protects ancient memorial sites such as graves, castle mounds, tar pits and hunting traps from Bronze Age and Stone Age by going around them as the directions of National Board of Antiquities state. Also the biggest aspens have been inspected before the harvesting that there are no flying squirrels or their droppings present and that the nests of bird of prey are preserved. (HS 31.8.2009b.)

The business practice - related reporting included a few comments from Stora Enso. On the pension payment of a former executive the position of Stora Enso was that the amount was not exceptional in the beginning of the 1990s when the executive contract was made (HS 23.4.2009). In a similar



manner, the company also commented the sentence for price-fixing as common business practice since also the forest owners did collaborate, giving permission for the buyers to exchange price information also (HS 3.10.2009). When the company was sentenced to pay a fine of 30 million euros to the state, the manager of legal matters Autio stated to be unhappy with the verdict not only in terms of the amount of the fine but also that the verdict was done on light grounds (HS 4.12.2009b). The company did appeal about it to the Supreme Administrative Court (HS 22.12.2009).

About the electoral support payments in Brazil, Stora Enso admitted to have paid over 350 000 euros as election contributions but denied the allegations of Brazilian prosecuting authority regarding illegal electoral support, money laundering and bribery of authorities (HS 16.8.2009). The manager of Stora Enso Latin America Grafström stated that Stora Enso operates in Brazil fully according to the Brazilian legislation and the operation is absolutely transparent. Grafström added that the Brazilian justice system is quite complex and that it is unclear whether the prosecutor's accusations would even lead to an official court trial. (HS 16.8.2009.) CEO Karvinen stated to have taken an executive position to avoid political contributions regardless of the country a couple of years ago. According to Karvinen the reason for changing the policy is that a company needs only one set of operation practices and values, not because the situation in Brazil was embarrassing for the company. (HS 6.9.2009a.) Stora Enso recognised that the policies and practices in the new operation areas did not take adequately into account the interests of local communities. The company concentrated on explaining what kind of measures it had taken to improve the situation.

## 7 CONCLUSIONS AND DISCUSSION

### 7.1 Conclusions

In the beginning of the thesis the main research interest was determined as a quest to investigate the concept of business responsibility in the case of a Finnish forest and paper company Stora Enso. The theoretical framework was defined into principle, process and performance elements, following the one made by Wood (1991). The principle of business responsibility was coined as the obligation to act in an ethical manner, according to the standards, values and norms of society. Business responsibility was therefore approached as a normative conceptual process and two prominent discourses, corporate responsibility and corporate citizenship were identified from the current debate. The former discourse emphasizes ethical behaviour in order to prevent negative impacts of production process on people and the planet. The latter in contrast turns the attention to the purpose of business strategy to contribute to the well-being of society.

At the time of this case study ethical corporate behaviour has been defined by Stora Enso in terms of both identified discourses. The company has established four promises that represent the framework for Stora Enso's business responsibility. The promise "We play by the same game rules everywhere" describes Stora Enso social responsibility. The social responsibility is defined largely as legal responsibility to obey regulations

such as human and labour rights. Only the reference to uphold the same standards “everywhere” can be seen as a sign of corporate citizenship as a declaration to operate according to Western values around the world – specifically also in areas where labour and human rights are not generally endorsed. The main attention in Stora Enso’s business responsibility is on environmental responsibility which is reasonable because the production process - related impacts for a forest and paper company are primarily environmental ones.

The promise “We are committed to reducing the environmental impact of our mills” describes Stora Enso’s approach to environmental responsibility mainly in terms of preventing the negative impacts of the production process on the environment. However the promise “We use only sustainable wood” together with the support to forest certification represents the efforts of a corporate citizen to change the current often unsustainable practices in the forest industry. The corporate citizenship discourse was most evidently present in the promise “We curb climate change on a global scale”. Stora Enso positions its business strategy as a substitute to the unsustainable industrial production process by building on recyclable and renewable wood and pulp.

When Stora Enso’s approach to business responsibility is compared with the reporting of Helsingin Sanomat it’s noticeable that instead of negative environmental impacts of the production process the main attention was on the negative social impacts of the strategic decisions to decrease and increase volume of production in different operation areas. Stora Enso’s positive impacts such as corporate citizenship ventures and philanthropic activities represented a clear minority in the reporting. This can be seen to reinforce the assumption that the media in general are more interested in negative corporate behaviour.

The decision to curtail production in Finland was complemented with reporting on the negative social impacts establishing production had on the local communities in China and Latin America. From this it can be concluded that in fact that the main attention in the newspaper was on the social impacts of Stora Enso's adjusted business strategy that is about moving production from Europe to the growth markets in Latin America and in China. The emphasis on social responsibility is an interesting result for a paper and forest company where environmental responsibility is expected to dominate. Considering this, Stora Enso may not pay attention on its website to the impacts that adjusting the business strategy may have on local communities.

Stora Enso's adjusted business strategy that is centred on moving production to new operation areas in China and in Latin America was also present in the reporting of Helsingin Sanomat in the category of business ethics. The reporting on political contributions in Brazil together with the planned investments in Uruguay question Stora Enso's behaviour as an ethical business and also Stora Enso's own promise to operate according to the same standards everywhere. This includes also indirect consequences of company actions by related actors that the company may be held accountable for. As a global company Stora Enso is expected to uphold higher ethical standards in the new operation countries than what the local legislation stipulates. For Stora Enso it is worrying that negative social impacts of the adjusted business strategy are reflected in all three main impact categories identified from reporting of Helsingin Sanomat.

Concerning the process of business responsibility, Stora Enso states that stakeholder engagement is their approach to business responsibility. The company however, does not provide any concrete examples of how stakeholders are involved in the decision-making. In the newspaper

reporting the stakeholders focused on the social consequences of the decision to reduce the workforce in Finland and establish production in China and Latin America. With regard to Finnish employees the interest group Finnish paper workers' union stated that Stora Enso should have developed new products in order to maintain profitability or invest in training and refurbishing machinery instead of just laying off employees. State-ownership was argued to connote a social responsibility for Stora Enso to keep employment in Finland and as a result the Finnish government was pressured to intervene in the decision-making of Stora Enso. In turn land ownership characterized the problems Stora Enso was facing with establishing plantations in Latin America and China. In both operation areas the local communities saw that Stora Enso was establishing plantations with the help of local authorities without consideration for local people's rights to their land.

The interpretations of stakeholders indicate that Stora Enso has not paid sufficient attention to the societal impacts of the adjusted business strategy. The conflicts with local communities in areas where plantations are being established show that the dialogue with local stakeholders has not been successful even though Stora Enso itself states that it engages the local communities in the process of impact assessments. The conflicts signal that Stora Enso did not take the issue of land ownership into consideration thoroughly enough in the process of establishing production in new operation areas. The company could have decided to act in the role of corporate citizen by engaging with local communities and authorities in dialogue to accomplish a solution that would have met the interests of all parties. It could also have more carefully analysed the sustainability of the new plantations from the social perspective alongside the environmental perspective. The challenge for Stora Enso among other global companies is that the local societal conditions always impose certain game rules and

sometimes it is difficult to solve local problems in a way that fits western ethical standards.

The stakeholders consider the problems resulting from Stora Enso's adjusted business strategy in new operation areas the responsibility of Stora Enso's management. The difficulties are also interesting in the light of integrated business responsibility. The executive team is in charge of all corporate responsibility policies but has a sustainability team to assist in developing the policies. This provides the means to formulate a business strategy that takes into consideration social and environmental impacts since the sustainability team has representatives not only from group functions and business areas but also from the regional organizations in Latin America and China. Sustainability is also one of the group functions that could further strengthen the position of business responsibility in the management of Stora Enso.

The management of the company is responsible for creating business responsibility operation practices and policies but the employees and also the whole supply chain are crucial in executing them in practice. For Stora Enso business responsibility in an international perspective is a relatively new element in corporate practice. The code of conduct that is the guideline for employees was established only in the end of 2008. The novel nature of the code of conduct might explain why the code concentrates on legal responsibility and upholding the minimum criterion of corporate responsibility. Stora Enso clearly states that also the whole supply chain must meet the same standards of behaviour as the company does. The conflicts between local communities and local authorities both in China and in Brazil demonstrate that Stora Enso has not succeeded in realizing this demand. Related to the materiality review Stora Enso's key stakeholder groups also raised concern for the socio-economic impacts in local

communities and local people rights' in growth markets. All forms of stakeholder auditing are commendable but Stora Enso might consider increasing the participation of stakeholders into the early stages decision-making instead of just inquiring after the opinions of the stakeholders.

In their own account Stora Enso naturally focused on explaining the adjusted business strategy. The lay-offs in Finland were portrayed as a necessity to ensure the economic responsibility to make profit in a competitive environment. The economic recession and the structural change of the forest industry forced Stora Enso to make the decision to curtail production in Finland. Because the situation is out of Stora Enso's control or "beyond the company gates" as CEO Karvinen described it the Finnish government was pressured to take measures to improve the operation conditions for Stora Enso. The other focus area of Stora Enso was explaining the company's behaviour in the new operation areas in China, Brazil and Uruguay.

With regard to the situation in China although Stora Enso initially doubted the involvement of the company or local authorities in the conflict, the company withdrew from the area while an investigation was going on. Based on the investigations the company took measures to both prevent future conflicts between local communities and authorities and improve the operation policies. The company emphasised the principle of non-violence to local authorities, paid better land compensations and ceased to rent land from areas where land ownership is conflicted. The collaboration with UNDP, local authorities and the government to create better operation policies in areas where land ownership is unclear, in turn represents efforts to build more permanent solutions to the issue of land ownership.

Whereas Stora Enso acknowledged that the operation practices in China were not satisfactory, the accusations that similar problems were looming in

Brazil and Uruguay were countered. With the voice of CEO Karvinen Stora Enso stated to operate according to the Brazilian law and had acquired all necessary permits and approvals from the local authorities to establish production. According to CEO Karvinen the company has used impact assessments to get accustomed with the local circumstances and to ensure that economic, environmental and social aspects are in balance in the operation. Furthermore, Karvinen maintained that the eucalyptus-plantations have a positive impact on the communities – for example the company actually improves the environment by planting new rainforests in the area alongside protecting existing ones. The accusation of unethical business behaviour was denied altogether – political contributions in elections is a normal practice in Brazil. And the allegations about the district attorney were dismissed as no evidence of money laundering had been found.

With regard to the plans to invest in Uruguay Stora Enso emphasised that local circumstances are in order for the company to establish production. Even though in the past there have been conflicts in the mill areas Stora Enso has acquired, CEO Karvinen does not expect the same to take place because Uruguay because the country is welcoming to entrepreneurs. Perhaps a more solid feature of the operation environment that ease the process of establishing production is that land ownership and environmental regulations are clear in Uruguay. Again CEO Karvinen emphasised that operation has positive impacts for the local communities by bringing employment to a region that previously relied heavily on cattle. The company ensures with wide impact assessments also in Uruguay that all possible difficulties are taken into consideration and CEO Karvinen stated to be personally involved in order to ensure that the venture proceeds in the right way.



The way a company communicates and reacts to criticism is an important part of presenting its own view on what is reported in the media. In the case of Stora Enso positive elements in the communication were the strong presence of CEO Karvinen. The management is responsible for corporate behaviour and, therefore, it is also fitting that the CEO of the company takes responsibility for providing explanations on the chosen business strategy. However, CEO Karvinen may have been more informed about the land compensations paid to farmers in China. Unclear land ownership should have been a known issue already before the company established production there, so that the management could have paid extra attention to how this could have been solved. CEO Karvinen recognised the need for the company to learn and improve its policies in the new operation areas. As a societal issue land ownership provides many opportunities for Stora Enso to act in the role of a corporate citizen and to resolve the issue together with local authorities and local communities as well.

The case of Stora Enso illustrates the necessity of engaging stakeholders in authentic dialogue and also the challenge of doing so especially when operation is established in countries where the game rules are different. In this situation it is especially important to listen to critical stakeholders and to pay attention to possible misunderstandings in cross-cultural communication in order to meet stakeholder interests as well as possible. Business responsibility is about creating corporate behaviour that is in the eyes of stakeholders ethical and desirable, and therefore all companies need to play by the game rules of the stakeholders.

## 7.2 Discussion

The aim of this Master's thesis was to investigate business responsibility. The decision to approach the topic along the lines of Wood (1991) was a rather practicable solution to this end. The basic conceptualisation of business responsibility as an expectation for ethical behaviour made it possible to both simplify the concept and provide an understanding of its ambiguous nature. Based on this it was possible to differentiate corporate responsibility and corporate citizenship as particular discourses describing ethical corporate behaviour. Business responsibility was used as the main term in order to be able to use corporate responsibility to refer to a particular discourse. The empirical analysis of Stora Enso shows that the definition of ethical corporate behaviour is moving towards corporate citizenship discourse. Today responsibility over the negative impacts of the production process is moving to the category of mandatory responsibilities and the expectation to provide solutions to the well-being of societies is becoming more prominent.

The approach to business responsibility as an expectation for ethical behaviour also made it easy to see the essential role of stakeholders in business responsibility. The interests of stakeholders were positioned as the driving force for corporate responsibility since the interests of stakeholders determine what kind of corporate behaviour is interpreted as desirable. This in turn highlights the fact that business responsibility can be seen as a discourse about the legitimacy of corporations. One possible interesting area of further research is stakeholder engagement and participation in the decision-making of companies. For example, it would be interesting to investigate what kinds of models of stakeholder engagement are currently applied to facilitate stakeholder participation in the decision-making of corporations.

The performance element of business responsibility posed a challenge in finding a way to analyse it in the reporting of Helsingin Sanomat. The theoretical framework did not seem to fit for analysing the kind of research data newspaper reporting is. For this reason the accounts of Stora Enso representatives on the reported impacts were selected as the focus of analysis. This decision meant a departure from what was presented in the theory part but the accounts of the company did also provide insight on how Stora Enso approaches performance element of business responsibility. With regard to the performance element of business responsibility, the forms of conducting stakeholder auditing on past performance would present an interesting area for further research.

It is also important to evaluate the reliability and the validity of the research. The reliability of the research is about whether the chosen research methods produce the same results if repeated. With regard to the website analysis, the decision to elaborate each main research question further increases the likelihood that if someone would repeat the analysis, they would pay attention to the same aspects present in the website and therefore produce the same kind of results. Also the phases of how the data was gathered and analysed was explained. In the same manner also the phases of conducting the newspaper analysis were explained and the table used in the quantitative analysis was provided to illustrate how the analysis was conducted.

The validity of the research in turn is about to what degree the research measures what is intended to measure. The company website used to analyse Stora Enso's approach to business responsibility is a feasible source of finding information on how a company defines business responsibility. The content of the website is controlled by the company and therefore the information placed on the website can be argued to represent the company's approach to business responsibility. The downside of using the website as a

source to analyse Stora Enso's approach to business responsibility is that it contains only what the company wants to communicate publicly. Other methods such as interviews could have produced deeper and more detailed information on Stora Enso's approach to business responsibility.

The media reporting of Helsingin Sanomat can be seen to increase the validity of the research by complementing the information on company-controlled website. Without the content analysis of the media reporting, the analysis of Stora Enso's business responsibility would have been uneven. But in the same manner, also the media reporting alone would have produced a biased picture on Stora Enso's business responsibility. As it was expected in the basis of news criteria, Helsingin Sanomat concentrated on reporting about negative, significant impacts on people both locally in Finland and globally in China and Brazil. The content analyses of both the website and the media reporting together create a more balanced representation of Stora Enso's business responsibility. The disadvantage with using media reporting is that it provides only a limited picture on stakeholders' interpretations on Stora Enso's impacts and also for Stora Enso's accounts on the impacts. This is because the media decide what topics are reported, what stakeholders are interviewed and what information given by the company is included in the reports for example.

In sum, this thesis contributed to the field of organizational communication and PR by connecting the concept of business responsibility closely to the stakeholder theory. Business responsibility is a particular discourse of stakeholder theory where the management of stakeholder relationships is approached from a normative perspective. The starting point of business responsibility must be stakeholder relationships and creating corporate behaviour that meets the interests of stakeholders. Business responsibility must begin from genuine stakeholder dialogue, not from a communication

campaign. As the saying goes, business responsibility is about walking the talk, not talking the talk.

## REFERENCES

Altman, B. W. & Vidaver-Cohen, D. (2000) A framework for understanding corporate citizenship. Introduction to the Special edition of business and society review "Corporate citizenship for the new millennium". *Business and Society Review* 105:1, pp. 1-7.

Backer, L. (2007) Engaging stakeholder in corporate environmental governance. *Business and Society Review* 112:1, pp. 29-54.

Balmer, J. M. T., Fukukawa, K. & Gray, E. R. (2007) The nature and management of ethical corporate identity: a commentary on corporate identity, corporate social responsibility and ethics. *Journal of Business Ethics* 76:7, pp. 7-15.

Bendell, J. & Bendell, M. (2007) Facing corporate power. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 59-73). New York: Oxford University Press, Inc.

Berger, P.L & Luckmann, T. (1966) 1991. *The social construction of reality: A treatise in the sociology of knowledge*. Harmondsworth: Penguin Books Ltd.

Bridges, J.A. & Nelson, R.A. (2000) Issues management; a relational approach. In J.A. Ledingham & S. D. Bruning (Eds.) *Public relations as relationship management. A relational approach to the study and practice of public relations* (Pp. 95-115). Mahwah (N.J.) : Erlbaum

Bullis, C. & Ie, F. (2007) Corporate environmentalism. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 321-335). New York: Oxford University Press, Inc.

Carroll, A. (1999) Corporate social responsibility: evolution of a definitional construct. *Business Society*, 38(3), pp. 268-295.

Chavarría P. M. (2007) Corporate social responsibility in Mexico. An approximation from the point of view of communication. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 135-152). New York: Oxford University Press, Inc.

Cheney, G. & Christensen, L.T. (2001) Organizational identity. Linkages between internal and external communication. In F. Jablin & Putnam, L. (Eds.), *New handbook of organizational communication. Advances in theory, research, and methods* (pp. 231-269). Thousand Oaks, CA: Sage.

Cheney, G., Roper, J. & May, S. (2007) Overview. In S. May, G. Cheney, & J.

Roper (Eds.), *The debate over corporate social responsibility* (pp. 3-12). New York: Oxford University Press, Inc.

Clarkson, M. (1995) A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*. Vol. 20, no. 1, pp. 92-117.

Collier, J. (2007) Corporate governance in the European context: evolving and adapting. *Business and Society Review* 112: 2, p. 271-285.

Crawford-Brown, D. (2007) The behaviour of corporate species in ecosystems and their roles in environmental change. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 391-402). New York: Oxford University Press, Inc.

Daily, C. M., Dalton, D. R. & Cannell, A. A. Jr. (2003) Corporate governance: decades of dialogue and data. *The Academy of Management Review*. Vol. 28, no 3 (Jul 2003) pp. 371-382.

Dawkins, J. (2005) "Corporate responsibility: The communication challenge", *Journal of Communication Management*, Vol. 9 Iss: 2, pp.108 - 119.

Dubbink, W. (2007) Transparency gained, morality lost. A critique of the administrative conceptualisation of CSR, illustrated by Dutch policy. *Business and Society Review*. 112: 2, pp. 287-313.

Elsbach, K. D. (2006) *Organizational perception management*. Mahwah, N.J.: Lawrence Erlbaum Associates.

Friedman, M. (1970) *The Social Responsibility of Business is to Increase its Profits*. The New York Times Magazine. September 13, 1970. Available online <<http://www.umich.edu/~thecore/doc/Friedman.pdf>> 15.5.2010.

Frooman, J. (1999) Stakeholder influence strategies. *The Academy of Management Review*. Vol. 24, no. 2 (Apr. 1999) pp 191-205.

Galtung, J. and Ruge, M. (1965) The structure of foreign news: the presentation of the Congo, Cuba and Cyprus crises in four Norwegian newspapers. *Journal of International Peace Research*. Vol 2, no. 1, pp. 64-91.

Ganesh, S. (2007) Sustainable development discourse and the global economy. Promoting responsibility, containing change. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 379-390). New York: Oxford University Press, Inc.

Gao, S. S. & Zhang, J. J. (2006) Stakeholder engagement, social auditing and corporate sustainability. *Business Process Management Journal*. Vol. 12, No. 6. pp. 722-720.

Geva, A. (2008) Three models of corporate social responsibility: interrelationships between theory, research, and practice. *Business and Society Review* 113:1, pp. 1-41.

Global Reporting Initiative (2011) GRI Application levels. Version 3.1. <https://www.globalreporting.org/resourcelibrary/G3.1-Application-Levels.pdf>. 15.5.2011.

Graves, S. B. & Waddock, S. A. (2000) Beyond built to last...stakeholder relations in "built-to-last" companies. *Business and Society Review* 105:4, pp. 393-418.

Greening, D. W. & Day, B. (1994) Testing a model of organizational response to social and political issues. *Academy of Management Journal*, p. vol 37, no 3, pp. 467-498.

Greenwood, M. (2007) Stakeholder engagement: Beyond the Myth of Corporate responsibility. *Journal of Business Ethics*, 74, pp. 315-327.

Grunig, J.E. (1992) Communication, public relations, and effective organizations: an overview of the book. In J.E. Grunig (Ed.) *Excellence in public relations and communication management* (pp. 1-28). Hillsdale (NJ) : Erlbaum.

Grunig, J.E. & Repper, F. C. (1992) Strategic management, publics, and issues. In J.E. Grunig (Ed.) *Excellence in public relations and communication management* (pp. 117-157). Hillsdale (NJ) : Erlbaum.

Hamann, R., Agbazue, T. Kapelus, P. & Hein, A. (2005) Universalizing corporate social responsibility? South African challenges to the international organization for standardization's new social responsibility standard. *Business and Society Review* 110:1, p. 1-19.

Hearit, K. M. (2007) Corporate deception and fraud. The case for an ethical apologia. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 167-176). New York: Oxford University Press, Inc.

Heath, R.L. & Palenchar, M. J. (2009) *Strategic issues management. Organizations and public policy challenges* (2nd ed). Los Angeles (Calif.) : Sage.



Higgins, J.M. & Currie, D. M. (2004) It's time to rebalance the scorecard. *Business and Society Review* 109: 3, pp. 297-309.

Hillman, A. J. & Keim, G. D (2001) Shareholder value, stakeholder management, and social issues. What's the bottom line? *Strategic Management Journal*, 22: 125-139.

Huse, M. & Eide, D. (1996) Stakeholder management and the avoidance of corporate control. *Business and Society* Jun 1996, 35, 2, pp. 211-243.

Huotari, A. (2007) *Taistelu turvallisuuden tulkinnasta. Turvallisuuspolitiikan diskursiivisuus ja turvallistaminen Suomen eduskunnassa 1995 ja 2004*. Valtio-opin pro-gradu tutkielma. Yhteiskuntatieteiden ja filosofian laitos. Jyväskylän yliopisto.

Idemudia, U. (2007) Community perceptions and expectations: reinventing the wheels of corporate social responsibility practices in the Nigerian oil industry. *Business and Society Review* 112:3, pp. 369-405.

Jorgensen, H.B., Pruzan-Jorgensen, P.M., Jungk, M. and Cramer, A. (2003) *Strengthening the implementation of corporate social responsibility in global chains*. A report prepared for the Corporate Social Responsibility (CSR) Practice in the investment Climate Department of the World Bank Group. October 2003. [http://siteresources.worldbank.org/INT/PSD/Resources/CSR/Strengthening\\_Implementation.pdf](http://siteresources.worldbank.org/INT/PSD/Resources/CSR/Strengthening_Implementation.pdf). 6.6.2010.

Juholin, E. (2004) For business or the good of all? A Finnish approach to corporate social responsibility. *Corporate Governance* vol 4, no 3, pp. 20-31.

Kaptein, M. & Van Tulder, R. (2003) Toward effective stakeholder dialogue. *Business and Society Review* 108:2, pp. 203-224.

Krippendorff, K. (2004) *Content analysis. An introduction to its methodology* (2nd ed.). Thousand Oaks, CA: Sage.

Lawrence, S. (2007) Toward an accounting for sustainability. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 232-240). New York: Oxford University Press, Inc.

Leigh, J. & Waddock, S. (2006) The emergence of total responsibility management systems: J. Sainsbury's (plc) voluntary responsibility. *Business and Society Review* 111:4, pp. 409- 426.

Llewellyn, J. (2007) Regulation. Government, business, and the self in the United States. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 177-189). New York: Oxford University Press, Inc.

Logsdon, J. M. & Llewellyn, P. G. (2000) Expanding accountability to stakeholders: trends and predictions. *Business and Society Review* 105:4, pp. 419-435.

Luoma-aho, V. & Paloviita, A. (2010) Actor-networking stakeholder theory for today's corporate communications. *Corporate Communications: An International Journal*. Vol. 15. No. 1. 2010. pp. 49-67.

Maak, T. (2007) Responsible leadership, stakeholder engagement, and the emergence of social capital. *Journal of Business Ethics*, 74, pp. 329-343.

Maak, T. & Pless, N. M. (2006) Responsible leadership in a stakeholder society – a relational perspective. *Journal of Business Ethics*, 66, pp. 99-115.

Martens, L. T. & Day, K. (1999) Five common mistakes in designing and implementing a business ethics program. *Business and Society Review* 104:2, pp. 163-170.

Matten, D. & Crane, A. (2003) Corporate citizenship: towards an extended theoretical conceptualization. *Research paper series. International centre for corporate social responsibility* No. 04-2003. pp. 1-23.

Matten, D., Crane, A. & Chapple, W. (2003) Behind the mask: revealing the true face of corporate citizenship. *Journal of Business Ethics* 45, pp. 109-120.

McIntosh, M. (2007) Progressing from corporate social responsibility to brand equity. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 45-56). New York: Oxford University Press, Inc.

McMillan, J.J. (2007) Why corporate social responsibility? Why now? How? In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 15-29). New York: Oxford University Press, Inc.

Mitchell, R. K., Agle, B. R. & Wood, D.J. (1997) Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts. *The Academy of Management Review*, vol. 22, no. 4 (Oct. 1997) pp. 853-886.

Moon, J., Crane, A. & Matten, D. (2003) Can corporations be citizens? Corporate citizenship as a metaphor for business participation in society (2<sup>nd</sup> edition) *Research Paper Series. International centre for corporate social responsibility*. No. 13-2003. 1-25.

Moreno, A. & Capriotti, P. (2009) Communicating CSR, citizenship and sustainability on the web. *Journal of Communication Management* vol. 13, no. 2, pp. 157-175.

Morsing, M. (2006) Corporate social responsibility as strategic auto-communication: on the role of external stakeholder for member identification. *Business Ethics: a European Review*. Vol. 15, no. 2 April 2006.

Morsing, M. & Schulz, M. (2006) Corporate social responsibility communication: stakeholder information, response and involvement strategies. *Business Ethics: a European review* vol. 15, no. 4 (October 2006)

Morsing, M., Midttun, A. & Palmås (2007) Corporate social responsibility in Scandinavia. A turn toward the business case? In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 87-104). New York: Oxford University Press, Inc.

Munshi, D. & Kurian, P. (2007) The case of the subaltern public. A postcolonial investigation of corporate social responsibility's (O)missions. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 438-447). New York: Oxford University Press, Inc.

Oberman, W. D. (2004) A framework for the ethical analysis of corporate political activity. *Business and Society Review* 109:2, pp. 245-262.

Pattberg, P. (2006) The influence of global business regulation: beyond good corporate conduct. *Business and Society Review* 111: 3, pp. 241-268.

Pedersen, E. R. (2006) Making corporate social responsibility (CSR) operable: how companies translate stakeholder dialogue into practice. *Business and Society Review* 111:2, pp. 137-163.

Preble, J. F. (2005) Toward a comprehensive model of stakeholder management. *Business and Society Review* 110:4, pp. 407-431.

Radin, T. J. (2004) The effectiveness of global codes of conduct: role models that make sense. *Business and Society Review* 109:4, pp. 415-447.

Reynolds, S.J., Schultz, F. C. & Hekman, D. R. (2006) Stakeholder theory and managerial decision-making: constraints and implications of balancing stakeholder interests. *Journal of Business Ethics*, 64, pp. 285-301.

Ritz, D. (2007) Can corporate personhood be socially responsible? In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 190-204). New York: Oxford University Press, Inc.

Rowe, M. (2006) Reputation, relationships and risk: a CSR primer for ethics officers. *Business and Society Review* 111: 4, pp. 441-455.

Rowley, T.J. (1997) Moving beyond dyadic ties: a network theory of stakeholder influences. *The Academy of Management Review*, vol. 22, no 4 (Oct. 1997) pp. 887-910.

Rowley, T.J. & Moldoveanu, M. (2003) When will stakeholder groups act? An interest -and identity-based model of stakeholder group mobilization. *The Academy of Management Review*, vol. 28, no. 2 (Apr. 2003), pp. 204-219.

Seeger, M.W. & Hipfel, S.J. (2007) Legal versus ethical arguments. Contexts for corporate social responsibility. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 155-166). New York: Oxford University Press, Inc.

Selsky, J.W. & Parker, B. (2005) Cross-sector partnerships to address social issues: challenges to theory and practice. *Journal of Management* 2005; 31; pp. 849-873.

Sethi, S. P. (1999) Codes of conduct for multinational corporations: an idea whose time has come. *Business and Society Review* 104:3, pp. 225-241.

Sethi, S. P. (2002) Standards for corporate conduct in the international arena: challenges and opportunities for multinational corporations. *Business and Society Review* 107:1, p. 20-40.

Simcic Brønn, P. & Brønn, C. (2003) "A reflective stakeholder approach: Co-orientation as a basis for communication and learning", *Journal of Communication Management*, Vol. 7 Iss: 4, pp.291 - 303.

Stohl, M., Stohl, C. & Townsley, N.C. (2007) A new generation of global corporate social responsibility. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 30-44). New York: Oxford University Press, Inc.

Stolz, I. & McLean, G. N. (2009) Organizational skills for a corporate citizen: policy analysis. *Human Resource Development Review*, 8, pp. 174-196.

Suchman, M. C. 1995. "Managing legitimacy: Strategic and institutional approaches," *Academy of Management Review* 20/3: 571-610.

Szwajkowski, E. (2000) Simplifying the principles of stakeholder management: the three most important principles. *Business Society* 2000, 39, pp. 379 -396.

Timonen, L. & Luoma-aho, V. (2010) Sector-based corporate citizenship. *Business Ethics: A European Review*. Volume 19, number 1, January 2010, pp.1-13.

Tencati, A., Perrini, F. & Pogutz, S. (2004) New tools to foster corporate socially responsible behavior. *Journal of Business Ethics* 53; pp. 173-190.

Turban, D. B. & Greening, D. W. (1997) Corporate social performance and organizational attractiveness to prospective employees. *The Academy of Management Journal*, vol. 40, no. 3 (jun 1997) pp. 658-672.

Verkerk, M. J., De Leede, J., & Nijhof, A.H.J. (2001) From responsible management to responsible organizations: the democratic principle for managing organizational ethics. *Business and Society Review* 106:4, pp. 353-378.

Vidaver-Cohen, D. & Simcic-BrØnn, P. (2008) Corporate citizenship and managerial motivation: implications for business legitimacy. *Business and Society Review* 113:4, pp. 441-475.

Waddock, S. (2007) Corporate citizenship – the dark-side paradoxes of success. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 74-86). New York: Oxford University Press, Inc.

Waddock, S. (2000) The multiple bottom lines of corporate citizenship: Social investing, reputation and responsibility audits. *Business and Society Review*, 105, pp. 323-345.

Waddock, S. & Smith, N. (2000) Relationships: the real challenge of corporate global citizenship. *Business and society review* 105:1, pp. 47-62.

Werhane, P. H. (2007) Corporate social responsibility /corporate moral responsibility. Is there a difference and the difference it makes. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 459-474). New York: Oxford University Press, Inc.

Wood, D. J. (1991) Corporate social performance revisited. *The Academy of Management Review*, vol. 16, No. 4 (Oct. , 1991), pp. 691-718.

Wright, C. & Rwabizambuga, A. (2006) Corporate reputation, and voluntary codes of conduct: an examination of the equator principles. *Business and Society Review* 111:1, p. 89-117.

Zorn, T.E. & Collins, E. (2007) Is sustainability sustainable? Corporate social responsibility, sustainable business and management fashion In S. May, G.

Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 405-416). New York: Oxford University Press, Inc.

**Stora Enso company website, [www.storaenso.com](http://www.storaenso.com)**

Stora Enso 2009a. Stora Enso Annual Report 2009 "Planting for our future...while minimising impacts.

[http://www.storaenso.com/media-centre/publications/annual-report/Documents/A\\_Stora\\_Enso\\_2009\\_report\\_ENG.pdf](http://www.storaenso.com/media-centre/publications/annual-report/Documents/A_Stora_Enso_2009_report_ENG.pdf). 1.4.2010.

Stora Enso website 1.4.2010a. *Stora Enso history*.

[http://81.209.16.116/History/Stora\\_Enso](http://81.209.16.116/History/Stora_Enso)

Stora Enso website 1.4.2010b. *Questions about Stora Enso*.

<http://www.storaenso.com/about-us/stora-enso-in-brief/faq/Pages/questions-about-stora-enso.aspx>

Stora Enso website 14.7.2011. *Welcome to Stora Enso*.

<http://www.storaenso.com/about-us/Pages/welcome-to-stora-enso.aspx>

Stora Enso 2005a. *Principles for sustainable wood and fibre procurement and land management*. March 2005.

<http://www.storaenso.com/sustainability/sustainablewood/oldgrowthforests/Documents/wood-procurement-principles-march-2005.pdf>. 1.4.2010.

Stora Enso 2006a. *Stora Enso's sustainability policy*. December 2006.

<http://www.storaenso.com/responsibility/our-approach/policies/Documents/Final%20Sustainability%20Policy,%20English.pdf>. 1.4.2010.

Stora Enso website 1.4.2010c. *Our approach*.

<http://www.storaenso.com/sustainability/our-approach/Pages/test.aspx>

Stora Enso website, 1.4.2010d. *Sustainable wood*.

<http://www.storaenso.com/sustainability/sustainablewood/Pages/Sustainable%20wood.aspx>

Stora Enso 2007. *Principles for social responsibility*. October 2007.

[http://www.storaenso.com/sustainability/our-approach/policies/Documents/080110\\_English\\_Social%20Responsibility%20Principles\\_%20Final.pdf](http://www.storaenso.com/sustainability/our-approach/policies/Documents/080110_English_Social%20Responsibility%20Principles_%20Final.pdf). 1.4.2010.

Stora Enso website, 1.4.2010e. *Climate change*.

<http://www.storaenso.com/sustainability/performance/Pages/climatechange.aspx>

Stora Enso website, 1.4.2010f. *Our products*.  
<http://www.storaenso.com/sustainability/performance/social-responsibility-performance/Pages/ourproducts.aspx>

Stora Enso website, 1.4.2010g. *Energy use*.  
<http://www.storaenso.com/sustainability/performance/energyuse/Pages/energyuse.aspx>

Stora Enso website, 1.4.2010h. *What you can do*.  
<http://www.storaenso.com/sustainability/whatyoucando/Pages/whatyoucando.aspx>

Stora Enso website, 1.4.2010i. *Recycle*.  
<http://www.storaenso.com/sustainability/whatyoucando/recycle/Pages/default.aspx>

Stora Enso 5.3.2009. *Newsprint and Book Paper /Recycling*.  
[http://www.storaenso.com/products/product-stories/2009/Pages/Newsprint\\_book\\_paper\\_recycling.aspx](http://www.storaenso.com/products/product-stories/2009/Pages/Newsprint_book_paper_recycling.aspx)

Stora Enso website, 1.4.2010j. *Renewable materials*.  
<http://www.storaenso.com/sustainability/whatyoucando/renewablematerials/Pages/default.aspx>

Stora Enso website, 1.4.2010k. *Build with wood*.  
<http://www.storaenso.com/sustainability/whatyoucando/buildwithwood/Pages/default.aspx>

Stora Enso (2009b) *Stora Enso's position on climate change*. December 2009.  
[http://www.storaenso.com/sustainability/our-approach/policies/Documents/Position%20paper\\_climate%20change\\_2009.pdf](http://www.storaenso.com/sustainability/our-approach/policies/Documents/Position%20paper_climate%20change_2009.pdf). 1.4.2010.

Stora Enso website, 1.4.2010l. *Forest certification*.  
<http://www.storaenso.com/sustainability/sustainablewood/forestcertification/Pages/forests certification.aspx>

Stora Enso (2006b) *Stora Enso's position on forest certification*. June 2006.  
<http://www.storaenso.com/responsibility/our-approach/policies/Documents/SE%20Position%20on%20forest%20certification%202006%20-%20reviewed.pdf>. 1.4.2010.

Stora Enso (2005b) *Stora Enso's position on illegal wood supply activities*. January 2005. <http://www.storaenso.com/sustainability/our->

approach/policies/Documents/illegal-logging-position-paper-2005.pdf.  
1.4.2010.

Stora Enso website, 1.4.2010m. *Sustainable tree plantations*.  
<http://www.storaenso.com/sustainability/sustainablewood/treeplantation.s.aspx>

Stora Enso website, 1.4.2010n, *Old-growth forests*.  
<http://www.storaenso.com/sustainability/sustainablewood/oldgrowthforests/Pages/old%E2%80%93growthforest.aspx>

Stora Enso website, 1.4.2010o. *Code of conduct*.  
<http://www.storaenso.com/sustainability/ourgamerules/Code%20of%20Conduct/Pages/default.aspx>

Stora Enso website, 1.4.2010p. *Case story*.  
<http://www.storaenso.com/sustainability/ourgamerules/Pages/casestory.aspx>

Stora Enso website, 1.4.2010q. *Environment*.  
<http://www.storaenso.com/sustainability/environment/Pages/environment.aspx>

Stora Enso website, 19.8.2012. *Stora Enso in brief*.  
<http://www.storaenso.com/about-us/stora-enso-in-brief/Pages/stora-enso-in-brief.aspx>

Stora Enso Global Responsibility Report 2011.  
[http://www.storaenso.com/media-centre/publications/annual-report/Documents/Stora\\_Enso\\_Global\\_Responsibility\\_Report\\_2011.pdf](http://www.storaenso.com/media-centre/publications/annual-report/Documents/Stora_Enso_Global_Responsibility_Report_2011.pdf).  
19.8.2012

**Articles retrieved from the electronic database of Helsingin Sanomat at [www. hs.fi/arkisto](http://www.hs.fi/arkisto). Subscription is required.**

HS 12.6.2009. Pekkarinen haluaa Suomesta biopolttoaineiden ykkösmaan. Timo Siukonen. Talous.

HS 4.8.2009. Biomassan kuljetuksissa saatavissa miljoonasäästöt. Timo Siukonen. Talous.



HS 30.9.2009. Suomalaisten koulu valmistui Kiinan maanjäristysalueelle. Petteri Tuohinen. Ulkomaat.

HS 4.12.2009a. Kännykkä motivoi kielen opiskeluun. Marjukka Liiten. Kotimaa.

HS 21.1.2009. Metsän mahdollisuuksia on tutkittava uusin silmin. Pääkirjoitus.

HS 24.4.2009. Varastojen purkaminen heikentää nyt metalliyhtiöiden tuloksia. Olavi Koistinen. Talous.

HS 6.2.2009. Paperityöläiset vaativat innovaatioita. Milla Bouquerel & Anna Karismo. Talous.

HS 20.1.2009. Stora Enso uhkaa lomauttaa tuhansia työntekijöitään. Anna Karismo & Katri Kallionpää. Talous.

HS 26.3.2009. Paperiliitto vetoaa hallitukseen Stora Enson toimien takia. Martta Nieminen. Talous.

HS 21.3.2009. Stora Enso tilausten siirto Ruotsiin raivostuttaa ay-väkeä. Martta Nieminen & Kalle Koponen. Talous.

HS 28.3.2009. Ministeri Häkämies ei puutu Stora Enson toimintaan. Martta Nieminen. Talous.

HS 24.9.2009. Paperiliiton Ahonen vaatii yhä Häkämiehen eroa Stora Enson toimien takia. Olli Pohjanpalo. Kotimaa.

HS 20.8.2009. Paperiliiton Ahonen uhkaa laajalla lakolla. Jarno Liski. Talous.

HS 21.8.2009a. Paperiliitto: Jyri Häkämies on epäpätevä ja hänen pitäisi erota. Anna Karismo. Talous.

HS 13.2.2009. Google haluaa perustaa konesalin tuulivoimaloiden läheisyyteen. Olavi Koistinen. Talous.

HS 21.2.2009. Kemijärven työllisyys kääntyi uudelleen laskuun. Vesa-Pekka Hiltunen. Kotimaa.

HS 19.5.2009. Stora Enso kaavailee uutta, suurta selluinvestointia - Uruguayihin. Jyri Raivio. Talous.

HS 23.5.2009a. Metsäyhtiöiden suosikkimaa Uruguay on ykkösluokan veroparatiisi. Jyri Raivio. Talous.

HS 23.5.2009b. Uruguay ei helli kaikkia ulkomaisia sijoittajia. Jyri Raivio. Talous.

HS 28.12.2009. Sellutehtaiden vastustus poiki puolueen Uruguayssa. Johanna Pohjola. Talous.

HS 22.4.2009. Härmälä nousee 57000 euron eläkkeellään oloneuvoston kärkeen. Tuomo Pietiläinen. Talous.

HS 18.5.2009. Jättieläkkeiden leikkaukset ovat valtionyhtiöissä kesken. Tuomo Pietiläinen. Talous.

HS 15.8.2009. Häkämies ei halua selvitystä brasilialais-rahoista. STT. Kotimaa.

HS 16.8.2009. Stora Enson yhtiölle syyte laittomasta vaalirahasta Brasiliassa. Kotimaa.

HS 18.8.2009. Stora Enso taas lahjontakohussa Brasiliassa. STARTEL. Talous.

HS 31.8.2009a. Valtion Solidium ei aio puuttua Stora Enson rikossyytteisiin Brasiliassa. Hannele Tulonen. Kotimaa.

HS 12.3.2009. Korpilakoista ja bonuksista on kiistelty ennenkin. Tuomo Pietiläinen. Talous.

HS 10.4.2009. Oikeus: Storan maksettava hyllytetyt tulospalkkiot. STARTEL. Talous.

HS 3.10.2009. Metsänhoitoyhdistykset Kilpailuviraston tähtäimeen. Jyrki Iivonen. Talous.

HS 4.12.2009b. Kuusi vuotta ilmiannosta tuomioon. Jyrki Iivonen. Talous.

HS 22.12.2009. Stora Ensokin tyytyy kartellisakkoihin. STARTEL. Talous.

HS 7.3.2009. Stora Enson konttorin vallanneet Greenpeace-aktivistit saavat sakkoja. Mikko Välimaa. Kaupunki.

HS 2.4.2009. Stora Enso aikoo siirtää tilauksia Suomesta myös muualle kuin Ruotsiin. Anna Karismo. Talous.

- HS 20.4.2009. Jätelampi jäi, kun sellutehdas lähti. Anna Karismo. Talous.
- HS 22.1.2009. Putoavat putket ruhjoivat miehen purkutyömaalla. STT. Kotimaa.
- HS 17.11.2009. Harva työvuorojärjestelmä on paras mahdollinen. Pauliina Pulkkinen. Talous.
- HS 28.4.2009a. Stora Enso laajenee Kiinaan ihmisten maa-omikeuksia polkien. Pääkirjoitus.
- HS 28.4.2009b. Maakiistat ovat tuttuja kehittyvässä maissa toimiville metsäyhtiöille. Pauliina Pulkkinen & Kristiina Yli-Kovero. Talous.
- HS 28.4.2009c. Metsäyhtiöiden ja paikallisten edut ovat törmänneet Etelä-Amerikassa ja Kiinassa. Kristiina Yli-Kovero. Talous.
- HS 30.4.2009a. Stora Enson alihankkija mukana kuolemaan johtaneessa kahakassa. Eeva Eronen & Sami Sillanpää. Talous.
- HS 13.6.2009. Stora Enson maakiistaa selviteltyttä lakimiestä uhkaillaan yhä. Petteri Tuohinen. Talous.
- HS 30.4.2009b. Liitossa kommunistien kanssa. Sami Sillanpää. Talous.
- HS 30.5.2009. Yhteiskuntavastuun politisointi voi ehkäistä konflikteja. Jussi Pakkasvirta. Pääkirjoitus.
- HS 30.4.2009c. Kiinalaisten pieksännästä varttivistuu. Pääkirjoitus.
- HS 27.4.2009a. Vanhanen pitää Stora Ensoon liitettyjen Kiinan väkivaltaisuuksien selvittämistä välttämättömänä. Eeva Eronen & Miska Rantanen. Kotimaa.
- HS 10.9.2009. Emme kannusta väkivallan käyttöön. Sampo Villanen, the president of Friends of the Landless People. Mieli-pide.
- HS 13.9.2009. On syytä pysyä faktoissa. Markus Kröger. Mieli-pide.
- HS 20.8.2009. Stora Enso panee lahtipankkiin lisää tehtaitaan ja sahojaan. Jarmo Aaltonen. Talous.
- HS 19.3.2009. Stora Enso siirtää tuotantoa Ruotsiin halvan kruunun ja edullisen puun takia. Heikko Arola. Talous.

HS 24.7.2009. Stora Enson Karvisen viikate heilahtaa jälleen lähiviikkoina. Jyri Raivio. Talous.

HS 4.7.2009. Metsäteollisuus varoittaa uuden energiaveron seurauksista. Anna Karismo. Talous.

HS 29.9.2009. Sellunkeitto Uimaharjussa jatkuu ainakin talven yli. Kristiina Yli-Kovero. Talous.

HS 21.8.2009b. Metsäraha valuu pois Suomesta. Elina Lappalainen. Talous.

HS 26.11.2009. Selluyhtiöt pohjustavat suursijoituksia uustuotantoon Etelä-Amerikassa. Kari Huhta. Talous.

HS 6.9.2009a. Stora Enso toimii Brasiliassa vastuullisesti. Jouko Karvinen. Mielipide.

HS 6.9.2009b. Toimittajat vastaavat. Jaakko Lyytinen & Tommi Nieminen. Mielipide.

HS 27.9.2009. Stora Enso vääristeli uhkaussitaatin. Jaakko Lyytinen & Tommi Nieminen. Sunnuntai.

HS 9.9.2009. Ympäristöjärjestöt vastustavat Stora Enson hakkuita Ruokolahdella. STT. Kotimaa.

HS 31.8.2009b. Stora Enso hakkaa metsää Saaristomerellä. Pyry Lapintie. Kotimaa.

HS 23.4.2009. Härmälän supereläkkeen syille ei löytynyt selittäjää. Tuomo Pietiläinen. Talous.

HS 3.10.2009. Metsänhoitoyhdistykset Kilpailuviraston tähtäimeen. Jyrki Iivonen. Talous.

## APPENDICES

### APPENDIX 1. Example of Stora Enso website

#### **Promoting certification of forests wherever we operate**

Forest certification is a method that forest owners, the forest industry and the entire production chain for products made from wood can use to show consumers that products are made of wood from well managed forests. A well managed forest is one in which forestry is ecologically, socially and economically sustainable.

#### **Forest certification labels**

Many forest industry products carry a label stating that they are produced using wood from certified forests. Independent nonprofit organisations develop and manage such forest certification schemes in partnership with a wide range of stakeholders, of which Stora Enso is one.

#### **Committed to forest certification**

Today close to 70% of Stora Enso's wood comes from certified forests, and this figure is increasing all the time. Globally, however, less than 10% of the world's forests are certified.

#### **Supporting certification schemes**

There are two major forest certification schemes, the Forest Stewardship Council (FSC) and The Programme for the Endorsement of Forest Certification schemes (PEFC).

Stora Enso is committed to both FSC and PEFC and sees there is a need for both systems. Stora Enso helps increase forest certification by working with both certification systems and stakeholders.

### APPENDIX 2. Example of content analysis of media reporting

Date	Headline	Topic	Main / related report	Stakeholders mentioned	Stakeholder commenting (neg/neutral/pos)	Stakeholder group commenting
14.1.2009	SAK: Lomautusten piirissä 90000 ihmistä	Laying off and reducing workforce in Finland	related	employees of Sunila mill	no comments	no comments
16.1.2009	Pakkolomat uhkaavat myös risteilijätelakkaa	Laying off and reducing workforce in Finland	related	Efora (joint-company with ABB) partner ABB	no comments	no comments
20.1.2009	Stora Enso uhkaa lomauttaa tuhansia työntekijöitään	Laying off and reducing workforce in Finland	main	employees in Varkaus mill, employees in Anjalankoski mill	neutral	employee (head shop steward Kai Pärnänen)

## APPENDIX 3. Example of a report in Helsingin Sanomat

HS - Talous - 19.3.2009 - 2665 merkkiä - 1. painos

### **Stora Enso siirtää tuotantoa Ruotsiin halvan kruunun ja edullisen puun takia**

HEIKKI AROLA

Metsäyhtiö Stora Enso siirtää asteittain paperin ja sahojen tuotantoaan Suomesta Ruotsiin halvan kruunun ja halvempien puun hintojen takia.

Toimitusjohtaja Jouko Karvinen kertoo ruotsalaisessa Dagens Industri-lehdessä, että tuotantoa siirretään, jotta saadaan täysi hyöty Ruotsin kruunun heikkenemisestä.

Yhtiö myös varoitti keskiviikkona, että sen tammi-maaliskuun jää selkeästi heikommaksi kuin loka-joulukuun tulos. Kysynnän ennustetaan pysyvän heikkona myös toisella neljänneksellä.

Valuuttakurssin lisäksi puun hinta on Ruotsissa selvästi Suomea halvempi.

Ruotsin tehtailla ja sahoilla Stora Enso aikoo kevään aikana nostaa käyntiasteita. Suomessa ajetaan puoliteholla ja monilla paikkakunnilla tehtaat suljetaan viikoiksi tai kuukausiksi.

"Olemme erittäin iloisia, että meillä on tehtaita Ruotsissa. Heikko kruunu on näinä aikoina hyvä tyyny. Me siirrämme niin paljon tuotantoa Ruotsiin kuin pystymme", Karvinen hehkuttaa haastattelussa.

"Pystymme maksimoimaan kassavirran. Suurimmat leikkaukset pitää tehdä nyt Suomessa."

Aina kun kruunu heikkenee prosentoin, se merkitsee vuositasolla yhtiön tuloksessa noin kymmenen miljoonaa euroa. Viime kesästä lähtien dollari on vahvistunut 46 prosenttia ja euro 18 prosenttia kruunuun nähden.

Karvinen kertoo, että yhtiö on johdannaisilla suojelemaan kruunusaatavansa tavallista vahvemmin hyvään hintaan, varmistaakseen, että etu säilyy, vaikka kruunu alkaisikin vahvistua.

Puukustannuksissa ero on Karvisen mukaan nyt noin 30 prosenttia Ruotsin hyväksi. Se merkitsee paljon yhtiölle, jonka kustannuksista tulee kolmannes puun hankinnasta.

"Lyhyellä tähtäimellä suurin pääsärkyni ovat puun hinnat Suomessa", Karvinen sanoo. Stora Ensolla on Ruotsissa 13 tehdasta ja kolme sahaa. Työntekijöitä siellä on 7700.

Suomessa yhtiöllä on työntekijöitä 11000, joista lomautetaan kevään aikana joksikin aikaa ainakin 5000 henkilöä.

Karvinen vakuuttaa, että yhtiö tuottaa uutta tavaraa vain, jos sillä on tilaaja. Varastoon ei tehdä mitään.

Siksi tuotannon rajoituksista voi tulla pitkäkestoisia. Tuoreiden selvitysten mukaan paperituotteiden peruskysyntä ei ole viime aikoina vähentynyt kuin 4-6 prosenttia. Ongelmana ovat asiakkaiden ja tuottajien varastot, joita nyt puretaan.