VOLUNTARY CSR VS. MANDATORY CSR – THE SOUND OF EMPLOYEES

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ABSTRACT

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Abstract

Corporate Social Responsibility (CSR) laws are an area of exploration and there is debate over preference to voluntary CSR laws or to mandatory CSR laws. The objective is to conduct a micro-level study to explore the employee's preferences for mandatory CSR laws or voluntary CSR laws. There is some existing literature on this topic at the macro-level and goal is to extend and contribute to the literature about this topic by studying the preference at the micro-level. A qualitative study based on semi-structured interviews was conducted with 15 employees in India and Finland. The study contributes by identifying two different kinds of typologies of employees based on their experiences with CSR and based on their awareness about CSR. The results show that maximum employees prefer the mandatory CSR laws over the voluntary CSR laws. Also, a third kind of preference 'the diplomatic preference' was observed among the employees. The finding supports the idea that employees like to get involved with CSR activities of the company and also they judge the CSR performance of the company. Further, the study also demonstrates that employee's understanding of CSR is varied, whereas the existing literature considers this varied group of employees as a coherent group of stakeholders. Also, there is a correlation between social security and the need for mandatory CSR laws.

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LIST OF ABBREVIATIONS

BCE – Before Common Era
CSR – Corporate Social Responsibility
EMAS – EU Eco-Management and Audit Scheme
EU – European Union
FiBS – Finnish Business and Society
MNC – Multi National Corporation
NGO – Non Governmental Organization
OECD – Organisation for Economic Co-operation and Development
PM – Prime Minister
PR – Public Relations
WWF – World Wide Fund

1   INTRODUCTION

The importance of corporate social responsibility (CSR) is on a continuous rise. Also, recently, the role of government in the CSR space has been observed to gain some emphasis in a challenge to bring an ordinance about CSR. The extent and the role of CSR in the society are discussed and debated for decades in the academia. However, the scope of the discussion is always business centric, and the role and expectations of other stakeholders are yet not completely explored outside the business centric model. Many pieces of research are being carried out to study the traits about CSR that are beyond the business performance. This research thesis has a closer look at the perspective of employees towards the CSR-government relationship. This chapter presents a brief background concerning the rationale why research on this topic is necessary and introduces the investigated question.

1.1 Background

CSR as a concept has been evolving over the decades among the corporations and researchers. Some say that CSR has become a business tool when compared with an instrument of development. The concept of "CSR as business tool" shapes on the proposition that global brands can evade the emergency of legitimacy by acting upon environmental and social issues (Newell 2008, Robinson 2010). However, the opponents conclude that private firms remain one of the most equipped institutions to make a significant positive contribution towards improving social and environmental conditions (Visser 2006). Whatever the reality may be, the modern CSR theories are focused on aspects that contribute to long-term profits for the firms, generating business power, integrating social demands, and contributing to a healthy society (Garriga & Melé, 2004). The existing literature lacks a multidimensional approach towards CSR explaining what roles and responsibilities or expectations each stakeholder may have towards any other stakeholder other than the business.

CSR as an idea is a developing area of research; it is emerging as a multidisciplinary concept. Carroll (1999) provided a point of reference for the researchers to develop CSR as an interdisciplinary concept. In the 90s, there was much emphasis on including strategic issues, stakeholders, business ethics, governance issues, and environmental issues under the broader concept of CSR (Carroll 1999). The yardstick in the 90s was predominantly from the businesses perspective. Again, the need for a multidimensional approach has been emphasized in the recent literature (Costa & Menichini 2013, Kashyap, Mir & Mir 2011, Aguinis & Glavas 2012); multiple observations in the past show lack of individual perspective in the existing body of literature (Becker-Olsen, Cudmore & Hill

2006, Lee et al. 2012, Sen & Bhattacharya 2001). It is tough to find literature about the relationship between various stakeholders from each other's point of view, such as what are the expectations of employees and government or NGOs from each other with regards to CSR.

Globally, it has been observed that governments have been introducing policies that inspire firms to develop a CSR performance strategy (Steurer 2010, González, Marta De La Cuesta 2004, Albareda et al. 2008) that allows the firms to act in a more responsible way. Earlier it was considered that government's function was in the domain of public policy, and CSR operated outside the public policy boundaries; from a corporate point of view, CSR was entirely a voluntary activity (Carroll 1999). However, recent developments in regulatory approaches towards CSR are blurring the boundaries between the public and the private as well as the voluntary and the mandatory positioning. Looking at the developments within the European Union (EU), we find that governmental agencies are taking initiatives for endorsing and providing templates for advancement in CSR while simultaneously upholding and even praising the voluntary nature of CSR (Vallentin & Murillo 2012). Similar debates might be possible outside the EU, and governments might be trying to find their position over CSR. For example, the Indian government recently decided on policy making and 'CSR spending' as mandatory; this opens up a debate that if other governments should also give directives towards mandatory CSR spending (Jain 2014).

For many scholars, a key unique feature of CSR is its voluntary nature in contrast to any regulatory device (Andrews 1973, Carroll 1999, Dahlsrud 2008). Voluntarism makes organizations allocate resources in an efficient way that creates the greatest value for both the firm and the society (Burke & Logsdon 1996). In the past, governments have used both soft laws and hard laws to make CSR popular with firms. For example, some governments have imposed mandatory social, environmental and ethical reporting for the companies to have a check on the company's behavior (Antal & Sobzack 2007). In 1977, French government introduced a bill for the companies to prepare 'bilan social' or the social statement providing details about business conditions and industrial relations (Igalens & Nioche 1977). The debate over voluntary vs. mandatory regulations continues as the governments continue to deliberate on bringing more social and environmental regulations. Some say that as soon as government compulsion drives the businesses actions, it stops to be CSR (Manne & Wallich 1972). However, voluntarism in CSR neglects the persistent requirement of regulatory power to monitor business/industry – government partnership (Conley & Williams 2005, Kopenjan 2004). The debate seems to continue till the governments take a stand on voluntary CSR or mandatory CSR.

The relative emphasis on legal issues by the government is assumed largely as mandatory towards CSR. Examples have shown that governments have the power to bring the practice of CSR under regulations compared with voluntary CSR practice. Recently, there has been renewed interest in mandatory CSR pub-

lic policy as India has made CSR spending obligatory for the firms operating in the country. As per the clause 135 of the Companies Act, 2013, a firm operational in India, will have to spend 2% of its average profit of the last three years on CSR activities. Perhaps India is the first country to mandate compulsory and fixed monetary spending on CSR activities for the firms. Governments can support the implementation of CSR not only through regulation but also through various mechanisms, such as taxes, subsidies and charges (Nyquist 2003). However, this raises an important question if the government creates the public policies for the betterment of the society or the profitability of the businesses.

Every nation's society has expectations from its government for improving the social and environmental performance of the businesses. Gray et al. (1996) define society as "a series of social contracts between members of society and society itself". In this context, the government has a social contract with the citizens of the country to maintain law and order, and towards the betterment of the society and the environment. The government can honor this social contract through various mechanisms such as guidelines, regulations, taxes and subsidies (Nidasio 2004). All the agents of the society such as governments, businesses, NGOs, and employees support both implicit and explicit contracts (Albareda et al. 2008). Governments need to manage the expectations of the society and exchange relationships with different stakeholders to facilitate a compound inter-organizational system (Midttun 2005). Governmental efforts to encourage CSR can have exceptional results as they have immediate responses that affect social expectations of many stakeholders in the society (Williams & Aguilera 2008). Considering that the employees are one such member of an organization and the larger community, it is important to study the expectations of the employees for CSR from the government's standpoint.

Employees are an integral part of the community. One of the factors that influences a CSR policy of a company is the attitude of employees towards the society and not just towards the business that they operate (Rodrigo and Arenas 2008). In the recent past, such studies were conducted that shows CSR uncertainties affect the employee's emotions. Onkila (2013) examined the emotions of pride or embarrassment of employees with regards to CSR policies for their companies and proposed that CSR is a more emotional issue for the businesses and needs more sensitive solutions. Kiefer (2012) studied the CSR emotions of UK's public service employees for their insecurities over organizational restructuring because of CSR policy. Kiefer found that the anticipation of change due to CSR policies develop negative emotions in the employees. These studies suggest that the employee's understanding of CSR laws, their social conditioning, and their expectations from the government have a significant role towards shaping corporate CSR.

CSR is evolving and many research areas and investigations are still carried out to find many other dimensions to this practice. Worldwide, the position of the government as a facilitator of CSR is shaping itself by putting an emphasis on

the discussion about countries choosing between voluntary CSR or Mandatory CSR. Employees are one of the significant subset of the society, and I propose to study the employee expectations from the government from the CSR public policy outlook.

1.2 Motivation for this study

The motivation of this research originates from the desire to investigate the phenomena of mandatory CSR. The idea of this study was conceived from the new Companies Act 2013 of India. Under clause 135 of the Companies Act 2013 every company with a certain threshold such as net worth ₹ 500 crores or turnover of ₹ 1,000 crores or net profit of ₹ 5 crores will have to spend 2% of their profits on CSR (Karhu 2015). It is for the first time any country mandated CSR spending. Karhu (2015) points out the important features of this law. First, there are no doubts for any company that the competitors will spend such an amount of money for CSR purposes. Second, "the differences between mandatory CSR spending and corporate tax become important when contextual circumstances are taken into account" (Karhu 2015). CSR spending may be the most direct route for the use of the money towards societal and environmental protection when compared with corporate tax route. Also, no company would remain profitable if they accounted for their environmental impact (Trucost 2013). In such conditions if governments force mandatory CSR spending, then organizations will be more willing to account for the societal and ecological impact of CSR spending. Never the less, I am more inclined to study this mandate from employee's point of view, as employees are acknowledged as both a subject and an object of CSR (Siltaoja & Malin 2014).

1.3 Rational for this study

There is very limited published literature available that addresses individual's preferences about CSR. While there is some research on individual's perspective on CSR, no single study appears to exists which draws attention on employee's preferences about voluntary CSR laws and mandatory CSR laws. For example, the existing literature covers employee's attitude towards CSR (Rodrigo & arenas 2008), employee's emotions towards CSR (Onkila 2013), employee's expectations regarding CSR (Stoina & Zaharia 2012) and employee's reaction to CSR (Rupp et al. 2013). The fact that very less is known about employee's preferences about the CSR laws especially if and when CSR becomes mandatory, it becomes even more important to study this phenomenon.

Although maximum scholarly studies of CSR focus on external stakeholders and how they influence the businesses (Jones & Fleming 2003); there is a gener-

ous amount of studies available that attempts to recognize the internal impact of CSR. For example, studies on various type of effects of corporate ethics initiatives on businesses (Bhattacharya et al. 2009, Gond et al., 2010), and the reaction of internal stakeholders on CSR (Rupp 2011) has been discussed extensively. Also, a need is shown to study the preferences of employees related to CSR (Kiefer 2012, Onkila 2013). The key concerns of the most previous research were to study the employees as a contributor to the business. For example, studies show how CSR helps in attracting the new motivated workforce (Greening and Turban, 2000) and linking CSR to the commitment and the motivation of the employees (Peterson 2004, Preuss, Haunschild &Matten 2009). However, it was observed that there is lack of research that studies individuals of any stakeholder groups and provides information on how they perceive their reality in connection with CSR.

The question is if there are any expectations of the employees from the government. Many employees aspire to conduct higher standards of ethical behavior while they make business decisions on behalf of the corporation. However, in the lack of conceivable legal binding or regulations, employees often find themselves with insufficient rationale as a motivation, to do the right thing (Smith & Morton 2001). Often in these circumstances, employees look upon support from the government to provide the regulatory system that supports them to function in a moralistic way. The study of employee's perspective on CSR-government relationship is critical for future research. The employees are the most relevant internal stakeholders in companies (Ligeti & Oravecz 2009, Rodrigo & Arenas 2008). Stakeholders are different groups that are affected by the corporation's actions, and that can influence the profitability of the company (Freeman 1984, Donaldson & Preston 1995). However, it is the context and appropriate timing that determines the power of a stakeholder (Mitchell et al. 1997). The employees as stakeholders have the anticipation that the firm will continue providing compensation and benefits and value additions to their emotional well-being (ibid.). Governments have the power to bring regulations to control and regulate any aspect of the business to support the larger good of the society. Both employees and government can have legitimacy, urgency and power (Mitchell et al. 1997) to influence any company. Since both the stakeholders have legitimacy, urgency and power, it is important to study the expectations of the employees from the government.

1.4 Research question

As the previous section shows, the role of government is changing under the broad horizon of the CSR. Although many governments are still unsure and debating about voluntary CSR or mandatory CSR, it is the right time to check this question with the employees of the firms that have an active CSR policy. CSR policies of the company have an impact on the subjective reality and atti-

tudes of the employees. Also, the literature so far largely neglected the study of expectations and preferences of employees from the government in the space of CSR.

The central question of this research is to find the preference of the employees about government CSR policy in terms of voluntary CSR laws and mandatory CSR laws.

The two objectives derived from this research question are:

1. To identify the types of employees based on their understanding and experiences of CSR.
2. To understand employee's preferences in terms voluntary CSR laws and mandatory CSR laws.

1.5 Boundary of this study

The principle of this study is to understand individual employee's awareness about CSR and their experiences to comprehend the employee's preferences in terms of CSR laws. The research is directed towards the implementation of CSR laws and what employees believe as correct between voluntary CSR laws and mandatory CSR laws. The research study is limited to Fin-land and India. The research focuses on the opinion of employees who are not the decision makers, but are the implementers of the company's CSR policy. The employees, who work for a company that has an active CSR policy/sustainability policy/environmental policy listed on their company website, are the focus of this research. The study excludes political suggestions of any kind from the employees during the data analysis.

1.6 Contribution of this research

The concept of CSR might have been formulated because of the need for business to prove its legitimacy, but CSR addresses a wider area of issues, which are beyond the boundaries of business. CSR has been growing since its inception and will continue to grow. The most important contribution to the existing body of literature is to bring the attention on the individuals or at the human level in the CSR space. This research helps to identify the type of employees and what they perceive about CSR laws. No such research is presently available that studies the individual employee's inclination from the lenses of CSR laws. So, this research studies how employees as an important stakeholder to the company have expectations from other important stakeholder of the company like the government. This research also helps in further creating interest to-

wards the study of more of individualistic perspectives of different stakeholders on a wider range of issues related to CSR.

1.7 Structure of this document

This thesis is composed of six chapters, the first chapter is the introduction and the remaining five chapters of the thesis are as follows: Chapter two describes the past literature by bringing focus on the role of government in CSR space and explores the role of employees as subject and object of CSR. Chapter three explains the choice of selecting Finland and India for data collection for this research. Chapter four explains the philosophical underpinning and the data collection and data analysis procedures used for performing this study. Chapter five highlights the two identified typologies of employees based on their experience and awareness of CSR and compare these two typologies. Finally, chapter six answers the research question and focuses on the future possible research in this field.

2 LITERATURE REVIEW

The scholarly literature on CSR is very complex and is mostly about macro level issues of CSR. The research predominantly focuses on conceptualizing and empirically analyzing the impact of CSR on business performance. Employee's preferences regarding government CSR policy is fairly a new area for researchers, and it is tough to find any relevant scholarly literature at the micro level. However, there are recent studies that independently discuss about the employee's perspective related to CSR (Rupp et al. 2006, Rodrigo & Arenas 2008, Rupp 2011, Onkila 2013) and about voluntary CSR vs. mandatory CSR (Albareda et al. 2008, Gond, Kang & Moon 2011, Steurer 2010, Dentchev, Balen & Haezendonck 2015). It is remarkable to study the preferences of individual employees about government's stand on voluntary CSR laws and mandatory CSR laws. This literature review begins with discussing what is CSR. The following section reviews the existing literature on the important role played by the governments in the preview of CSR and summarizes the debate in the field of voluntary CSR and mandatory CSR. Following that, the importance of employees in CSR domain is examined and the importance of employee's preferences is explained.

2.1 Evolution of CSR and the need to focus on micro-level aspects of CSR

The beginning of recorded CSR literature is mostly marked by the influential work presented by Bowen (1953) outlining the social responsibilities of businessmen and managers. Since then CSR has been a topic of research and many scholars have contributed to the development of the concept. The early debate addressed the social responsibilities of managers and businessmen to behave as moral citizens in their local communities (example: Frederick 1960, Walton 1967). In the early 1970s, the emphasis was still on social responsibility and yet the attention towards profitability, law abidingness, and voluntary obligation of businessmen were noticed in the literature (See Friedman 1970, Johnson 1971, Eilbert & Parket 1973). It was Carroll who brought the shift in the focus from manager's actions to corporation's actions (Carroll 1979, Carroll 1999). Since then many dimensions of CSR have been explored and new contributions continue to make CSR a more multidisciplinary concept. In the 1980s and the 1990s, the idea has grown into a multidimensional and a multidisciplinary concept. In 1984, Freeman introduced his stakeholder theory and brought different groups such as customers, employees, government, suppliers, and communities and many more as important focal points. In the 1990s, more dimensions were introduced such as triple bottom line (Elkington 1997), classification of stakeholders (Mitchell, Agle & Wood 1997), ethical responsibility (Hopkins 1999), and so-

cial contract between society and business (Woodward-Clyde 1999). Many scholars in the past have written and the scientists in the present continue to organize and contribute to the existing literature on CSR, making it a multidimensional and complex subject.

In the twenty-first century, the literature of CSR has become more complex and has continued to be firm-centric. Since the 'Enron scam' in 2001, there is an emphasis on transparency, accountability and corporate governance (Rahman 2011). Since then, companies have become more aggressively involved in CSR activities. For example, CSR reporting is becoming mandatory in many countries and firms are actively reporting their CSR spending on enhancing their firm's value to justify their social preferences (Manchiraju & Rajgopal 2013). CSR is also becoming more like a business tool for competitive advantage for the companies to attract more environmentally and socially aware customers (Servaes & Tamayo 2013), and to attract and retain fresh talent in the firm (Branco & Rodrigues 2006). Faccio et al. (2006) also observed increasing emphasis by the firms towards political connections; CSR spending might be used as a potential mechanism to satisfy preferences of politicians and to improve the ability to conduct business. Also, an active role of activist groups and NGOs were recorded in the twenty-first century preventing the firms from enjoying the direct benefits of CSR activities (Manchiraju & Rajgopal 2013). In general, the CSR literature is concentrating on macro-level issues without engaging with the micro foundations of the CSR issues - which are the basis of any firm's actions - that is based on individual's action and relations and preferences (Foss, 2011). In reality, the focus of CSR has become wider, and many stakeholder groups get involved directly or indirectly and are influencing the CSR activities of the firm.

To provide additional argument for emphasizing the importance of research on micro-level analysis of each stakeholder group at individual level, I quote Aguinis & Glavas (2012)

> "*The type of research needed to advance our knowledge of CSR is multilevel in nature. In other words, for future research to be most informative, it will require the inclusion of variables from more than one level of analysis. When conducting research that includes variables at different levels, researchers explicitly recognize that lower level entities such as individuals are nested within higher level collectives such as individuals are nested within higher level collectives such as teams, which in turn are nested within organizations, which in turn are nested within industries.*"

Predominantly, the mainstream CSR literature pays high attention on the firm and the macro-level issues of the business. There is a need to integrate CSR research at various levels and there is a requirement to conduct research from the focal lenses of other stakeholder groups such as employees, society, government, and NGOs.

2.2 Role of government in CSR

Although there is a wide acceptance of the notion that CSR is voluntary in nature and the government has a minimum role to play in the development of CSR, but some attention is brought against this notion. Some research claims that in the last decade government has joined the list of other relevant stakeholders (Moon 2002), and the public sector role is strengthening (Fox, Ward & Howard 2002) to manage the global economic challenges (Aaronson & Reeves 2002, Fox, Ward & Howard 2002). Steurer (2010) in his body of literary work described five reasons why governments care about the concept of CSR. First, the voluntary CSR efforts of companies may directly contribute to meet the public policy objectives. Second, governments may support the soft law of CSR compared with stringent law regulations to comparatively reduce political costs (Moon 2002, Moon 2007). Third, governments may obviously define CSR negatively to seek more control over firms through social and environmental laws. Fourth, the flexible CSR model coincides with the public governance model, which provides opportunities to a partnership between government and companies for self-regulation and co-regulation (Kooiman 1993, 2003, Pierre & Peters 2000, Rhodes 1997). Fifth, since CSR is a management approach that allows firms to deal directly with societies, governments have direct interests in co-defining the involvement of the firms with the society. To review this section, the thesis focuses upon the links between social CSR policies and challenges of social and environmental issues due to globalization, coinciding CSR policies and public governance, and political initiatives by governments.

2.2.1 CSR policies and globalization

With the effect of globalization, companies are becoming multinational. Because of this, governments have lower control on such large entities. The role of governments has changed from a traditional model (where government has highest regulatory power) to the complex globalized model where government's regulatory power depends on company's role and overall economic contribution (Crane & Matten 2004). Globalization has changed the economic relationships between firms and regulatory bodies, as the economic relationship is beyond the reaches of national boundaries (Albareda et al. 2008). In this framework of the globalized economy, the political challenge is to take care of state welfare and development of a public governance system that supports the globalization model (ibid.). In such crisis, CSR looks to be a decent model to develop a new collaborative governance framework between firms, governments and civil societies (Zadek 2001, Albareda et al. 2008, Midttun 2004, 2005). CSR policies and the global framework for CSR provide assistance to governments to have better control of global firms when there are lack of direct strict regulations.

In many countries especially developing countries, where governments struggle to meet the ends of social welfare projects, CSR looks like an opportunity. The insufficiency in the state welfare system has provided global companies an opportunity to address the social demands of the society that are neglected by the state (Albareda et al. 2008); this, in turn, provides global companies an opportunity to enter new markets and win both loyal customers and local talent. CSR has mostly given an opportunity for social partnership between the government, the firm and the civil society (Nelson & zadek 2000, Gribben et al. 2001, Kjaergaard & Westphalem 2001). The challenge for the governments is to design and implement CSR policies that maximize the benefits of such social partnerships to increase sustainable development activities (Albareda et al. 2008). Development of globalized and regional framework and policies for statuary compliance, fiscal measures, and multi-sector partnerships are primarily required to channelize CSR into the society (Zadek & Swift 2002). Also, there may be many folds of overlap between CSR and public policies that can be explored and exploited for the purpose of simplicity of governance and sustainable development.

2.2.2 Overlapping of CSR policies and public governance

As observed in the previous section, public governance and CSR can alter the roles of governments and businesses in complementary ways (Steurer 2010). Because of this reason, the overlapping of the public management system can use CSR as support in the fulfillment of the governance goals; so CSR becomes a topic of interest for governments (Moon 2007). For partnering in meaningful ways, it is essential to design mechanisms to share critical information with the firms. When government authorities are ready to share valuable information with selected non-governmental or other governmental actors (Salamon & Elliott 2002), the role of the firm in the society changes to the point that they agree to share the public responsibilities (Stoker 1998). Another group of researchers have found that public policies are aiming at raising awareness of CSR, this has been observed in many countries such as in Germany through 'German corporate governance code' (V Werder, Talaulicar & Kolat 2005), in Austria through 'Austrian CSR guiding vision' (Konrad, Marinuzzi & Steurer 2008), in Sweden through 'Globalt Ansvar' (Steurer 2010) and in Netherlands through 'Dutch Knowledge and Information center on CSR' (ibid). Raising awareness helps governments to convert firms as ambassadors who promote causes related with social, environmental, anti-corruption, human rights, and decent labor conditions. Majone (1997) concluded that government can maximize on CSR by utilizing the overlaps by systematically approaching a regulatory method that is based on persuasion and information sharing. It is also advised in the literature that in a complex system where too many interdependencies between governments and firms exist, a hierarchal model of command and control may not be feasible (ibid.).

2.2.3 Political initiatives by government

To analyze the political initiatives of the government, many scholars have chosen to discuss specific actions that governments can adopt to foster CSR. Several researchers have an opinion that CSR public policies must use soft forms of policy involvements to shape up the voluntary aspect of CSR (Fox et al. 2002, Albareda et al. 2004, Lepoutre et al. 2004, Moon 2002, 2004, Bell 2005, Steurer 2010). Steurer (2010) discusses that CSR has emerged as a soft law based on voluntarism that enables collaboration between the public offices and private firms to share the purpose of sustainable development. It is important to understand, which forms of actions are practiced by the government to implement soft law as CSR policies.

According to Fox, Ward & Howards (2002), governments can use the following techniques to promote CSR: mandating, facilitating, partnering and endorsing. One of the most discussed methods in the literature is partnering; a lot of focus has been given to examine partnership policies to promote CSR. Most of the scholarly work in the area of social collaboration between governmental organizations, private firms and NGOs concentrate in the EU (see. Nelson & Zadek 2000, Gribben et al. 2001, Kjaergaard & Westphalen 2001, Gonzalez & Martinez 2004, Steurer 2010). It is very beneficial to study about such social partnerships in other geographic areas as it will bring more diverse cultural value to the existing body of literature.

According to Steurer's (2010) observation, the thrust of political motivation for CSR has shifted at the policy level, there has been a shift from social and sustainable development to economic development. For example, one of the few initial strategic initiatives of CSR can be observed in 1993, when an EU level request was made towards the corporate community to support Europe's problem of unemployment and restructuring (European Council, 2001). Also, in 2000 CSR was implicitly implanted at the heart of corporations in council meet at Lisbon, aiming at

> *"'to make Europe the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010." (*European Council 2001)*.

Although, there is a political shift from sustainable development to economic priorities but still CSR remains in the forefront. Government is focusing on issues such as creating more employment opportunities, reducing the disparity of income in the society and restructuring of the society as whole to be inclusive of all.

2.3 Voluntary CSR and mandatory CSR

The notion of CSR has been used to interpret the voluntary activities by the firms as a contribution to social and environmental assistance in the society beyond the focus of economic profits. In the past decade, the debate over voluntary CSR and mandatory CSR has been discussed extensively in the scholarly work of improving corporate accountability. The question is should CSR be adopted by firms as a corporate strategy for voluntary use or should CSR be a legally binding legislation. Whether CSR remains voluntary or CSR becomes mandatory, the role of government in CSR is not deniable. Governments can stimulate voluntary CSR through preferential treatments, permits, monitoring, and subsidies or deregulation (Glachant et al. 2002). González, Cuesta & Martinez (2004) and Dentchev et al. (2015) have extensively summarized and analyzed the literature on this debate and concluded that there is a strong case for a mandatory approach to CSR and governments use a combination of both voluntary and mandatory laws to achieve their public policy goals. It is also observed that the literature has been dominantly studied in the European context. For example, Eden (1997) researched the United Kingdom's packaging industry, Glachant et al. (2002) studied European Eco Management and Audit Scheme (EMAS), Lückerath-Rovers & De Bos (2011) studied Dutch Corporate Governance Code, Mathis's (2007) case study of Campina in the Netherlands and many more.

The group of voluntary CSR enthusiasts claim that voluntary CSR initiatives support improving economic performance one or the other way by increasing market value (Aupperele, Carroll & Hatfield 1985, Griffin & Mahon 1997, McWilliams & Siegel 2000, Simpson & Kohers 2002), reducing economic risks (Moore 2001, Orlitzky & Benjamin 2001) and helps to create value for individuals (Backhaus, Stone & Heiner 2002, Turban & Greening 1997). The supporters of mandatory CSR argue that legislation is mean to measure the self-regulatory performance of the firms (Lückerath-Rovers & De Bos 2011) and increase the interaction of stakeholders, which impacts the policymaking process (Mathis 2007). Additionally, the argument continues that legislation cannot solve the issues of corruption, social norms and injustice, and issues related to integrity because of different countries may view an integrity issue in diverse manners or traditions (Lindgreen 2004).

The proponents of voluntary CSR advocate that there is no need for government to involve in CSR activities as the market offers enough motivation for firms to get involved in CSR initiatives (González, Cuesta & Martinez 2004). For example, Doane (2003) mentions about the ending of operations of firms like Enron, WorldCom or Arthur Andersen for bad performance on social, environmental and ethical standards. De Clercq et al. (1996) cite the example of Belgian authorities and brings attention to the inability of government authorities

to draft CSR related legislation without the contribution of business communities. Currently, the governments do not play a significant role in forming international labor rights or building a uniform code for multinational corporations and NGOs. Governments require more technical, economic and practical expertise to address environmental and social issues of the particular industries such as chemical industry, textile industry or petroleum industry etc. For this reason, the advocates of voluntary CSR support the use of self-regulation codes and standards (González, Marta De La Cuesta & Martinez 2004).

Eden (1997) found that self-regulation standards and systems are also invariably not entirely capable of fulfilling all the need for CSR since a variety of players and a variety of agendas are involved. Also, different players may have their preferred solutions. These weaknesses of a voluntary global framework for self-regulation help to support the case for mandatory CSR (Leighton, Roht-Arriaza & Zarszky 2002). Leighton, Roht-Arriaza & Zarszky (2002) and Doane (2003) mention that there is a risk of using CSR as a PR tool or a corporate strategy tool instead of the purpose of sustainable development. As there are very limited occasions where researchers could make a real case for mandatory CSR, most of the literature on the topic is based on assumptions or speculations. It is an excellent opportunity now that Indian government has taken a significant step towards mandatory CSR. This can be a great case to study for all the governments and provides them an opportunity to learn from both achievements and drawbacks of this new legislation.

2.4 Importance of employees in CSR

Any discussion about CSR is incomplete if the stakeholders are not considered. The concept of stakeholders was introduced by Freeman (1984). Mitchell's et al. (1997) contribution shows that stakeholder groups have legitimacy, power, and urgency. Involving stakeholders through CSR activities can be useful for companies to gain financial benefits (Kurapatskie and Darnall 2013). As well, employees are one of the principal actors for achieving success in CSR (Ligeti & Oravecz 2009, Ramachandran 2011). It is well established in the literature that employees are important stakeholders in the process of CSR (Atkinson, Waterhouse & Wells 1997, Clarkson 1995, Donaldson & Preston 1995, Henriques & Sadorsky 1999, Mitchell, Agle & Wood 1997, Kooskora 2006, Steurer & Konard 2009). Frequently, from the stakeholder perspective, scholars have given importance to employee's demands for CSR (McWilliams & Siegel 2001), employee's welfare (Marshall et al. 2005), and trade union demands (Preuss et al. 2009). Nevertheless, there is not sufficient scientific discussion available on how individual employees think about CSR.

A wide review of literature reveals two main discussions on relationship between CSR and employees. The first discussion concentrates on investigating

the impact of CSR initiatives on prospective employees and on current employees. Considerable amount of study has concentrated on the attractiveness of firm's CSR practices to future employees or job seeking populations (Greening & Turban 2000, Kim & Park 2011, Lin et al. 2012). The second discussion focuses the study on understanding the current employees and their focus on CSR. Within this kind of discussion, research has concentrated mostly on CSR and employee volunteering (Muthuri, Matten, & Moon 2009) and the positive relationships between employee's perceptions of CSR and employee's commitment (Peterson 2004, Turker 2009), trust (Lin 2010), sense of pride or embarrassment (Onkila 2013) and satisfaction (Valentine & Fleischman, 2008).

Employees contribute in the most fundamental way in the performance of a firm. Employees not only constitute the firm but also act on behalf of the firm towards other stakeholders (Crane & Matten 2004). However, employees are the only group of stakeholders who may not directly be part of CSR policy formation at the firm level (Linnenluecke et al., 2009). The implementation of CSR in organizations is hierarchal (Vlachos, Panagopoulos & Rapp 2014), leaving the employees to have very few choices concerning the integration of self-values with the firm's culture. Employees are also often considered to have advanced resources and partners in the implementation of CSR initiatives. Also, they are expected to communicate with different external stakeholder groups to explain the firm's choices as better CSR decisions (Bookman and Martens 2013). Regardless of the fact that many employees are not convinced of many CSR initiatives of the firm (ibid.) and employees associate with different kinds of emotions about firm's CSR activities (Onkila 2013), they are forced to become co-participants with the firm's CSR policy.

Greenwood (2007) observed that individuals can belong to more than one stakeholder groups, thus an employee is considered as both a subject and an object of CSR (Siltaoja & Malin 2014). While employees are acting as both the subject and the object of CSR, they are the most defenseless to dismissals, relocations and corporate insolvencies (Anderson et al. 2006). Often employees are the last group of stakeholders who are allowed to protect their interests compared with other groups of stakeholders (ibid.). Employees hold the maximum risk of neglecting their self-dignity and personal rights while working in a firm. Employees are considerably associated with the firms they work (Dutton et al. 1994) and this association directly affect their self-image. (Ashfort & Mael, 1989). Researchers have observed that corporate behavior can enhance a firm's reputation (Turban & Greening 1997) or hurts a firm's reputation (Dutton & Dukerich 1991), which directly improves the status of an employee or damages the self-perception of an employee. Based on scientific research, it can be concluded that employee's self-identity or self-worth is also affected based on the kind of CSR image the firm holds in the public eye.

2.5 Importance of CSR for employees

In the previous section, we see that employees are one of the key contributors towards implementing any CSR policy of the organization. It is also vital to explore how CSR is important to employees. It is very difficult to find in depth analysis of how CSR is important for individual employees at a micro-level context (Aguinis & Glavas 2012, Onkila 2013). Even though, in the past, this area was not a central subject of research; one can find some important inputs from the organizational justice literature.

Lerner (2003) points out in an event of low impact injustice, individuals tend to focus on their self-interests and when there is a high impact injustice then individual reacts in moralistic and emotional ways with painful and costly consequences. In an organizational context, having a CSR policy and code of conduct helps to have mechanism to correct any kind of injustice at a low impact stage. Such mechanism provides the employees with some defense from managing with high impact injustices and protection from coping with painful emotions and costly consequences. Rivera and Tedeschi (1976) questioned the genuine concern of the people about fairness or justice. There might be individual or group of employees who may only give public "lip service" to justice, but privately they choose to maximize their individual gains. Aguilera et al. (2007) argues that one cannot judge or predict the intentions of individual employees in complex organizational settings. In the real world, it might be impossible to judge individual employees if they have intentions of fairness towards all the stakeholders or intentions of self-interest as their primary concern. However, in an organizational setting where individual motives are not transparent, a CSR policy can ensure that every employee in the organization stands by a certain set of ethical and social norms. So a CSR policy can help to introduce a certain sense of security in the employees.

Aguilera et al. (2007) explains how CSR can help in satisfying the psychological needs of the employees such as control, belongingness, and meaningful existence. Based on the defined CSR policies in the company, the employees constantly judge their employers how they treat individuals both internally and externally (Aguilera et al. 2007). This act of personal judgment of CSR procedures provides a sense of control in the individual space that the employees are treated fairly at all the times. Employees have a constant legitimate need to be a valued member of the community (Lind 2001). CSR opportunities in the company allow the employees to satisfy their needs for belongingness in the society. In a business, many individual employees have the basic need to treat other members in the supply chain with basic human dignity. Recognition of this need shifts the group economical preference to ethically appropriate behavior (Cropanzano et al. 2003). An active CSR policy in the company caters to such emotional needs for the meaningful existence of the employees to a certain ex-

tent if not completely. Perhaps, CSR can protect employees from dealing with high emotional consequences and caters to psychological needs of individuals.

2.6 Why employee preferences about CSR policies are important?

In the literature, the government's role in the development of CSR looks as if it is still debatable (Mazurkiewicz et al. 2005). These days, governments not only have to fit into the traditional role of providing governance but also have to implement services of all kinds to fulfill the social expectations of the people. For this reason, governments as any organization have to manage risks and have the right to choose among a range of options to obtain risk insurance (Pfennigsdorf 1979); this explains the apparent interest of governments in CSR. Governments around the world are trying to attempt to ensure their political safety by using CSR to fulfill public expectations. Flavin & Hartney (2015) claims that government policies can activate public not only by providing direct resources to or modifying the experiences of individual citizens but also by directly promoting distinguished group or group's mechanism. Governments supporting the firm's mechanism of legitimacy (i.e. CSR) help in directly changing the experiences of individual citizens and indirectly activating the public to support the CSR laws.

From organizational psychology perspective, employees constantly judge their firms for CSR performance (Rupp et al. 2006), and this has a direct effect on individual employee's self-identity (Ashfort and Mael 1989). Individual employees as members of the firms are anxious about both individual level and firm level contributions towards social consciousness and hence they directly have an interest in CSR activities of the firm (Rupp at al. 2006). It has been also observed that effective commitment towards CSR initiatives positively affects the employee's commitment towards and firm's ability to attract fresh talent (Rupp et al 2011). It is very much possible that employees are also be judging their governments for its capacity to mobilize CSR activities at company level to raise the contribution of firms towards the social consciousness.

As we have already observed that employees have emotions about CSR policies and employees constantly judge their firm for CSR performance; unsatisfied employees can use the power of collective bargain to influence government for development of CSR policies. Individuals can negotiate and play a pivotal role in forming forums to promote industrial citizenships for the employees (Sarina 2013). Schattschneider's (1935) made a remark that "new policies create a new politics." New mandatory CSR policies can bring out new kind of politics, through trade unions or forums for mobilizing CSR initiative in a particular direction in their firms. Employees through trade unions have the power of collective bargaining and mobilizing the efforts of both governments and firms towards better social and environmental rights. Employees hold a great deal of

power both as an individual and as part of the society to mobilize the government and as a useful member of the firm to mobilize the initiatives and strategies of a business.

Although, there are many studies available that provide insights about the CSR policies and the business outcome, there are very few studies that inform individual perspective. In fact, Aguinis & Glavas (2012) studies report that only 4% of existing CSR literature focuses on individual choices. While CSR is always evolving and the role of different stakeholders is also constantly changing, it is important for researchers to study and provide enough scientific literature that focuses on individual choices. Within this study, it is established that employees are very powerful stakeholders in the gamut of CSR and hold the power to mobilize both firms and governments; this is important reason why researchers should invest time in studying employee's preferences over CSR policies.

2.7 How employees understand CSR?

Section 2.1 discusses the evolution of CSR and the necessity to focus on micro-level research on CSR. During the evolution of CSR, many different disciplines were integrated in CSR, which resulted in development of many definitions for CSR. Dahlsrud (2008) observed 37 definitions for CSR in the literature; each pointing in one of these five dimensions: stakeholder, social, economic, voluntarism, and environmental. Also, all the existing definitions have an emphasis on macro-level context leaving potential for the researchers to interpret the meanings of these definitions in the micro-level context (Onkila 2013). In an environment where companies regularly make choices between various stakeholder demands within the society (Aguilera et al 2008), a lot of CSR related decisions depends on how the employees understand CSR (Rupp et al. 2006). With so many definitions to rely on at macro-level, there might be a possibility that employees can feel lost and may not find direct personal identification with such definitions. Onkila (2013) summarizes from the existing literature that there are differences in employee's understanding of CSR and there are often debates, vagueness and tensions around corporate sustainable development activities. There is no standard way through which employees understand CSR and it is interesting to study the employee preferences about CSR laws according to their understanding.

2.8 Summary

A micro-level research on employee's preferences on governmental CSR policies has never been studied before. Employees as an individual unit of analysis have received inadequate attention in traditional CSR literature (Aguilera et al.

2007). The main reason for limitation of studies of individual perspective is attributed to the lack of theories that focus on individual actions (Bies et al. 2007). In a survey conducted by Frynas & Stephens (2015), it was found that there is no single theory that explains individual preferences towards political CSR. It was also concluded that institutional theory and stakeholder theory are dominantly used to understand the political perspective, yet these theories do not satisfactorily account for individual needs or global governance changes. Because of lack of a dominant theory that can guide to understand employee's preferences on governmental CSR policies more research is needed to be done to address this gap. To understand the preferences of individual employees on governmental CSR policy, it is important to understand what employees perceive as the role of government in the CSR space. Also, how much do they care about CSR laws and what do they prefer in terms of mandatory CSR laws and voluntary CSR laws.

3   CHOICE OF COUNTRIES FOR RESEARCH

The selection of countries for this research has been done very consciously. The seeds for this research question stem from mandatory CSR law of the Companies Act 2013 in India; so India is the primary choice for this research. It is important to compare the findings in India with the findings from some other country, which has an active voluntary CSR policy to see if the employee's preferences change because how the government manages CSR. So, Finland has been selected as the country for this comparative study of employee preferences on CSR laws. Both the countries have few similarities from a historic CSR point of view and many dissimilarities in the recent past and present approach to CSR. In the present, on the one hand of the spectrum, in India, the social welfare system is neglected due to inappropriate utilization of resources (Singh & Sharma 2010) and on the other hand of the spectrum, in Finland, the social welfare system is driven by the government initiative (Korhonen & Seppala 2005). Recently, the Indian government adopted the mandatory CSR spending approach and the Finland government continues to have the voluntary CSR approach. Furthermore, India is a developing nation with a large population and many socio-economic challenges and market potential at the bottom of the pyramid (Prahalad 2006). Whereas, Finland is a developed nation and facing threats of sliming budgets for the social welfare system because of the global economic meltdown (Makinen & Kourula 2014). It may be safe to say that both the countries are in the extremes of the scales because of their approach of handling their public welfare system, CSR policies, and their current economic situation. So, after great deliberation India and Finland are chosen as two countries for data collection for this research.

3.1 CSR environment in India and Finland

3.1.1 CSR trend in Finland

As the evolution of CSR on a global level evolved in different phases, CSR in Finland also has evolved over stages. Mikkilä et al. (2015) divide the development of CSR in Finland in three phases: Industrialization, Environmental awareness, and globalization. The industrialization phase of evolution of CSR can be split into two sub-phases: (1) Pre-Second World War era and (2) Post Second World War era. The Pre-Second World War era lasted from the period of early 19th century to the start of Second World War. This phase brought development of trade unions and emphasis towards having worker's rights and standardization of daily work time to 8 hours. In this era, individual industry owners used to take voluntary social responsibility for their labors and the immediate society. The Post Second World War era of the industrialization phase lasted from the end of Second World War to the late 1950s. In this period, the trade union

became stronger. The public sector took the larger social control to provide dedicated commitment towards equal social services for all the citizens (Harmaala & Jallinoja 2012, Juutinen & Steiner 2010). In the second phase of environmental awareness, the focus shifted from worker's rights to the knowledge that environment has finite resources and needs protection from pollutants. This phase was between the 1960s and the 1980s, where there was more scientific proof of the long-term impact of industrialization and there was growing public awareness (Harmaala & Jallinoja 2012). This led to the growth of NGOs in Finland. WWF established its very first NGO in Finland in the year 1972. A lot of criticism has been recorded for the paper and pulp industry in this phase. Next, the globalization phase started in the early 1990s and is active to date. In this phase, the awareness has become stronger and shifted from regional level environmental issues to a more global level issues such as climate change, biodiversity, the social wellbeing of workers in other countries and natural resources (Hellström 2001).

 It has been observed that the involvement of Finnish corporations in CSR activities has been limited after Second World War and government is taking primary responsibility of the society. Korhonen & Seppala (2005) identified that the role of Finnish government is rather extensive when compared with the role of government in any other Anglo-Saxon countries in managing the social welfare system. From the Post Second World War era of the industrialization phase Finnish public sector has been dominantly taking care of social welfare system, and it has been very consistent since then. In Finland because of social welfare management is government's responsibility, initially there was lot skepticism to implement a public CSR policy but over a period of time a policy was implemented with growing emphasis on globalization (Loikkanen et al. 2007).

The promotion of EU Lisbon agenda, is considered as an unambiguous trigger of CSR in Finland; this brought the thinking of sustainable development, innovation, effectiveness, and development through CSR initiatives (Gjolberg 2010). In the recent year, the government has stressed on its views on CSR as voluntary in nature (Midttun et al. 2012). A governmental forum, 'Committee on International Investment and Multinational Enterprises' (MONIKA), is established by the Finnish Ministry of Trade and Industry that promotes the OECD guidelines for encouraging Finnish companies for CSR (Korhonen & Seppala 2005). Although the government is trying to create an infrastructure to promote CSR, the scholars have noticed that there are problems related to lack of information leading the companies to manage CSR unsystematically (Panapanaan et al. 2003). It is also observed that Finnish CSR public policy appears to be constrained to the parts that overlap with the Finnish innovation and competitiveness policy model, and little attention is being paid to CSR issues in public enterprises, government procurement, or public capital investments (Finskas 2007). However, it is also explored in the literature that the Finnish welfare system is overly getting exposed to the need for economic efficiency and slimming down the budgets (Makinen & Kourula 2014). The public sector continues to take the responsibility for the job to provide social security; but the question is if the government be forced to share the responsibilities of the public welfare system with firms because of growing economic instability.

3.1.2 CSR trend in India

Like Finland, India also has philanthropic roots in CSR. The growth of CSR in India can be divided into four stages (Sundar 2000). The first stage, from 1850 – 1914 was the stage of business philanthropy, rich business families considered it as their moral responsibility to take care of the society by setting up trusts and establishments such as schools, colleges, universities and hospitals. The second stage, from 1914 – 1960 was the stage of business philanthropy with a motivation to support the freedom struggle. In this stage, the Indian businesses were enlightened to support various social and cultural causes that allied with the 'nationalist' movement and directly supported the freedom fight against the British rule. The third stage, from 1960 – 1980s was the stage of Socialist India, when there was a decline in the active participation of businesses in CSR activities. It was the era of the 'License Raj', where companies had to obtain licenses from government for performing any kind of business expansion. During this time, there was increase in state led development. The fourth stage, from the 1990s till 2013, when the reemergence of business led CSR was observed. Post liberalization in the 1990s, due to low public budgets and extreme social needs, many businesses saw an opportunity of strategic CSR as an option to closely interact with public (Sundar 2000). During this time, many MNCs used the opportunity to penetrate to the bottom of the pyramid (Prahalad 2006). From 2014, a new stage of mandatory CSR has begun. The new mandatory CSR law under the Companies Act (2013) in India could be marked as the beginning on a new stage of CSR in India.

The Companies Act 2013 of India has replaced the Companies Act, 1956. This legislation was signed by the President of India on 29th August 2013 and is applicable from April, 2014. According to clause 135 of the Companies Act 2013, certain companies subject to their net worth or net profit have to make a mandatory spending of at least two per cent of their average net profits before tax (average of three years profits) towards CSR activities. The directive is applicable to only those companies that have a minimum net worth of ₹ 500 crore, or turnover of ₹ 1,000 crore, or net profit of ₹ 5 crore. The law is applicable to every company including the holding companies. It is believed that, this act helps to uplift the underprivileged section of the society.

Schedule VII of the act (Companies Act, 2013) clearly provides the specifics and classification about what kind of spending are to be considered as CSR spending. This classification of CSR activities put some limitations on the companies in defining their CSR strategy. According to the Act, every spending for a CSR project should have prior approval of the board based on the recommendations provided by the CSR committee. One-time promotional event such as marathons, awareness programs on radio or TV, charity, advertisement or sponsorship to a cause does not qualify as a CSR spending. All the spending should happen only in India and not outside the country. All the expenses involved in

the CSR project can be factored as CSR project cost and can be part of the CSR budget.

Every company which fulfills the net profit criteria as stated in the Companies Act, 2013 is to constitute a CSR Committee of the board members consisting of three or more directors. At least one of the CSR committee members shall be an independent director. The committee is to formulate and recommend a CSR policy to the Board. The CSR policy shall recommend the activities to be undertaken by the company that are specified in the Schedule VII of the policy. Also, the committee has the responsibility to recommend the amount of expenditure incurred on each activity. The committee is to have a binding duty to review and update the CSR policy on a time to time basis.

According to the schedule VII of the act the companies can give preference to the local areas around their operations. The schedule VII of the Act also classifies the activities that qualify as CSR activities. The activities defined under this section are a) eradicating hunger and poverty, b) promotion of education, c) promoting gender equality and empowering women, d) health issues such as reducing child mortality, improving maternal health, combating HIV, AIDS, and malaria, e) employment enhancing vocational skills, f) contribution to PM's fund or any other fund that is set up by the Central government or the State governments (used for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women), g) ensuring environmental sustainability, h) social business projects, i) contributions or funds provided to technology setups located within academic institutions which are approved by the Central government, and j) rural development projects. The list was extended later and the other CSR activities included healthcare and sanitation, providing safe drinking water, protection of national heritage sites, and art forms and culture, actions to benefit armed forces veterans and war widows, promoting rural sports and national sports, and setting up care homes and hostels for women, orphans and senior citizens (Annexure 27.2.2014 of Companies Act 2013).

3.2 Contrasts between approach to CSR in Finland and India

From an institutional context, both Finland and India have few similarities and differences in their approach to handling CSR. From a historical outlook, the Indian society has uninterrupted commercial roots and customs of social responsibility from the Vedic era since 1500 BCE (Sundar 2000). Mitra (2007) points out how the Indian commercial community has ingrained dharma and sustainability in the cultural practices over centuries. However, if we search for historic view on CSR practices in Finnish society we will not find any documentation about it. Nevertheless, we have a lot of information about the recent past

to carry out the contrasts in the approach of CSR in both the countries. The timing of formation of a CSR policy in both the countries is very wide apart. In Finland, a formal CSR policy was formulated in the year 2000; whereas in India the formal CSR policy is formulated very recently in 2013. The Finish policy is traditionally voluntary in nature; while the Indian CSR policy is mandatory in nature and the first mandatory CSR law that focuses on the CSR spending of the companies. Table 1 shows the institutional anchoring of CSR both in Finland and India.

	Finland	India
Time	2000	2013
Space	Domestic	Domestic
Justification	Instrumental, Innovation	Normative
Policy Goal	Economic Policy	Economic Policy
State Involvement	Minimalist	Regulator
Government Actors	Ministry of Economy, FiBS	Ministry of Corporate Affairs
Policy means	Information/Outsourcing of activities to FiBS	Regulations

Table 1 Institutional anchoring of CSR in Finland and India

Inspired and modified from the work of Middtun et al. (2015)

One of the similarities is that both the countries have domestic limitations towards their CSR policy. They do not have much to offer for an international environment and they do not endorse any international initiatives. Further, both the countries have economic policy goals as the primary foundation for their CSR policy. Although, both the countries have economic policy goals behind having a CSR policy in their country, but the justification for such a policy is totally different in both the countries. In Finland, the justification for having a CSR policy totally focuses on innovation and competitiveness (Midttun et al. 2012); whereas in India, the justification for having a mandatory CSR policy focuses on moralistic and strategic reasons (Dhanesh 2015). The justification for a CSR policy may serve as principal reason for the differences in the CSR policy in both the countries. In Finland, government shares information related to CSR and outsources CSR related activities to FiBS (Finnish Business & Society). In India, the policy is under a regulation, according to which companies are under strict mandatory law and have to spend 2% of their profits on CSR activities. The Finnish government plays a minimalist role in the formation of CSR policies at the company level; however Indian government has a regulator's role and requires a mechanism to audit if the regulations are followed by the companies.

4   METHODOLOGY

This thesis intends to determine the extent to which employees prefer the voluntary CSR laws or the mandatory CSR laws. The aim is to understand the preferences of employees in this context and contribute to existing research literature. The research question is trying to explore individual employee's preferences in an inter-subjective environment. Employee's preferences and opinions develop from the interrelationship that each employee may have with his/her surroundings, community, and the organization. The research topic is fresh and more in-depth study of this phenomenon is required. A reasonable amount of time was spent on choosing relevant doctrines of qualitative research to design and execute this research project. This section explains what was done in designing and in implementing this study.

4.1 Philosophical underpinning

The assumption made here is that humans are intentional beings, who are guided by their intellectual strength and experiences to constitute the world in a meaningful and intentional form (Morgan & Smircich 1980). In the real world, employees make sense of their preferences based on their social and organizational experiences, and their personal intentions and different expectations. Based on one's intentions and experiences, each employee has an entirely different inclination about CSR laws. There are influence of practicality and influence of reality that create various types of actions, preferences, and stimulus to form inspirational awareness or social awareness (Morgan & Smircich 1980). Human beings outline the world inside their realm based on their immediate understanding of their experiences (ibid.). The employees witness at least two different realities, one at the organization where they work and the other in the immediate society where they live. The interrelationship between these two realities creates interplay between individual employee's expectations both from organizations and the government towards CSR.

This study uses a qualitative data study approach to investigate the research question. Aguinis & Glavas (2012) indicate that quantitative approach is the best way for data collection for research that studies issues at organizational level or at institutional level; whereas the qualitative approach is the best way for data collection for research that studies issues at lower level particularly while studying individuals and teams. The aim of qualitative research is to offer a thorough understanding of the social world around humans (Ormston et al. 2014), which is done by learning about individual's social and factual conditions, their experiences and their standpoints. As the research topic directly concerns the preference of individuals in an inter-subjective environment, the

qualitative data approach was considered as a well-thought-out methodology in this research perspective.

The most important constraint in this research is that there is no existing literature that helps in understanding this research question. Because of lack of any existing literature, an inductive approach was considered as the more suitable way to approach the research question. Daft (1985) summarizes that deductive approach and inductive approach are two different approaches for conducting research. The deductive approach proceeds from theory to data and then findings whereas inductive approach moves from data to findings and theory. Creswell (2005) concluded that inductive thinking or induction reasoning helps in moving from specific observations about individuals to wider generalization or formulation of theories, which allows researchers to start from clear conclusions and actions to deduct themes and patterns in the data gathered.   The inductive approach allows the researcher to discover and have further justification what is going on (Saunders et al. 2009). This research was started with intentions of exploring employee's preference in India about the new CSR law under the Companies Act, 2013 and comparing the employee's preferences in Finland where CSR is a voluntary act. Since these changes in the CSR space is new, and there is no existing literature to explain employee's preferences, the inductive approach helps to discover the intentions of employees how they perceive such laws.

The research method depends upon the philosophical standpoint adopted by the researcher. The epistemological standpoint is appropriate for this research question. 'Epistemology' is concerned with techniques of knowing the world and figuring out what is out there or what knowledge can be acquired (Ormston et al. 2014). In simple terms, it might be said that how individuals sense or understand about something in their life. In the context of this research question, we know that there are both voluntary laws and mandatory laws. When such laws exist, stakeholders try to understand these laws in their relative environment. Through this philosophical view, the aim is to acquire knowledge about a particular kind of stakeholder, 'the employees of the organization' and how they understand CSR. Also, based on their understanding, what kind of CSR laws do the employees prefer.

The epistemological approach helps to recognize how individual employees intellectually understand CSR and how employees build their preferences about CSR laws based on their intellect, but it does not necessarily account the experiences of the employees. To understand the CSR experiences of the employees and how their experiences influence their CSR law preferences an interpretive paradigm was used to conduct this analysis. The interpretive paradigm is exceedingly subjective and influenced by hermeneutics and phenomenology philosophy (Mack 2010). Interpretivism's central doctrine is that research observations cannot accurately be carried externally, rather the observations must be conducted from the direct experience of the people (ibid.). Cohen et al. (2007)

explains that under this paradigm, the role of researcher is to "understand, explain, and demystify social reality through the eyes of different participants". In this research setting, since we are considering individual's perspective, it is important to use the interpretive paradigm to make observations from the experiences of employees and how they see the role of CSR laws on their day to day activities and their attitude towards the society.

Interpretive research is performed with an assumption that reality can only be accessed through social constructs such as language, awareness, experiences and shared meanings (Myers 1997). The philosophical foundation for an interpretative paradigm is either hermeneutic or phenomenology philosophy (Mack 2010). Among the hermeneutics and phenomenology philosophy, phenomenological philosophy was found correct in this context to conduct the analysis. Hermeneutics focuses on the meaning and understanding of historical texts whereas phenomenology identified the 'need to consider human beings' and their subjective interpretations and perceptions. (Ernest, 1994). As a scientific method, phenomenology pays attention on the significance of human experiences in daily life. (Von Eckartsberg 1986) It brings out the unique experiences of the participants for the researcher to consider. According to Lin (2013), "a phenomenon can be an emotion, relationship, or an entity such as law, program, an organization, or culture." Phenomenology tries to find and interpret any implicit structure or meaning of such experiences (ibid.). For this research question, if we consider the implementation of mandatory CSR law as a phenomenon then phenomenology helps to explore and find individual employees views and their personal interpretations about CSR laws and what do they prefer and how it influences their choices in life. Phenomenology can help to identify unique individual experiences and put them together to generate new knowledge.

Interpretative paradigm has some limitations associated with it. Mack (2010) cites two such limitations with the use of the interpretative paradigm. One, interpretative paradigm deserts scientific means of confirmation of the conclusions during the study, and the findings cannot be theorized to any other situation. Second, the research approach is subjective in essence and not objective in nature. The aim of this research is not to formulate any theory but the goal is to understand different types of employees based on their preferences for CSR laws based on the data collected. Furthermore, this research studies individual's preferences and opinions of individual employees and intends to report how individuals perceive CSR laws and do they care about any such laws. According to Sabater and Sierra (2001), viewpoint of individuals is formed through interaction and recording of impressions. Moreover, people in the society belong to groups that condition their behavior through direct interaction and reputation of agents, which individuals consider important. It shows that individuals behave subjectively based on their opinions, the conditioning of group to which they belong, how they perceive their individual reputation, and the reputation of an entity that they consider important in their personal life (ibid.). So this re-

search has to be subjective in nature; and verification of individual choices may be difficult. So, to overcome these limitations, it was decided to use typology as a reporting tool. The aim is to identify and report the type of employees and what they prefer in terms of voluntary CSR laws and mandatory CSR laws. This helps in identifying types of employees based on their preferences, without fixating upon the individuals, because individuals change their preferences based on changing opinions and reputations of groups to which they associate.

4.2 Typology as an analysis tool

Typology is a well-recognized instrument in social science. Collier et al. (2012) have defined typology "as organized systems of types", which is a well-established analytic tool in the social sciences. Typology is referred to classification, but this may not be entirely correct. A typology is different from a classification because a typology is multi-dimensional and conceptual in nature (Bailey 1994). Collier et al. (2012), in their research, have come across more than over one hundred typologies, just in the field of political sciences. It establishes that how famous and reliable is the use of typology as an analytical tool in the field of social sciences. It is important to define the criteria for deciding the types or the logic for the classification. According to Bailey (1994), often two polar categories are used, which are extremely opposite to each other, to describe the types. The classification for the typology can be done in many ways based on representative types such as conceptual classification, qualitative classification, taxonomy, cluster analysis, quantitative classification, empirical classification, natural classification, synchronic classification, diachronic classification and much more. Often these typologies are extreme representations of all the different dimensions on the yardstick, and each dimension ideally describes the most common characteristics of that type (Bailey 1994).

For this research, a multidimensional and conceptual classification of typology is used. According to Collier et al. (2012), conceptual typologies provide a necessary contribution to the concept formation in qualitative research. Since, there is no existing research available providing any concept of preferences of the employees about CSR laws, conceptual classification typology helps researcher to attempt to form new concepts under this research topic. There are four interconnected goals that guide the concept formation for conceptual classification (Collier et al. 2012). These goals are: first, providing descriptive and refined meaning of each dimension, second, creating a dynamic connection between the meaning and terms assigned to a particular dimension, third, defining the related concepts within the structures of each dimension that help in the better understanding of each dimension, and fourth, classifying and clarifying the relationships of each dimension with each other under the hierarchy of overarching concepts.

4.3 Material and method

4.3.1 Data collection process

The data for this study was gathered through qualitative interviews. Qualitative interviews are often used to find out what is going on in someone's mind (Patton 1990). According to Kelly (2010) qualitative interview is the most appropriate tool for understanding the importance of a phenomenon from the perspective of a participant in the research. Qualitative interview is used as the data collection tool when the investigator is predominantly interested in understanding interviewee's views and experiences and how he or she conceptualize the events of his or her life (Kelly 2010). In this study, since the researcher is attempting to understand individual's point of view over a phenomenon, he has used qualitative interview as a method for data collection.

There are many kinds of qualitative interviewing techniques such as structured interviews, semi-structured interviews, unstructured interviews or non-directive interviews (Kajornboon 2005). Also, among these, semi-structured interview with open-ended questions allows the researcher to generate data that the researcher constructs narratives around the phenomena through analyzing how the interviewee discusses the phenomenon with others (Baker 2002). It provides opportunity to build on the interview by asking more questions to seek clarifications from the interviewee. In this data collection process, semi-structured interview process was used as it helped the researcher to ask clarification on multiple occasions to understand multiple subjectivities of the same phenomena coming from different interviewees.

For this research, 15 interviews were conducted; 8 interviews in Finland and 7 interviews in India. Out of the 15 interviewees, 3 interviewees were directly working under the CSR departments of their company. Other 12 interviewees, were directly involved in the business function of their corporations. All the interviews were conducted in the month of January and February, 2016. All the interviews ranged between 27 minutes to 75 minutes and were directed by a set of preplanned questions. These interview questions were motivated by the work of Rodrigo & Arenas (2008), where they study the employee attitude towards the corporate CSR program. This interview was divided into three logical stages. First stage focused on familiarizing with the interviewee by asking few general questions related to his or her daily work. The second section of the interview focused on understanding how each interviewee understands the concept of CSR. Also, how the employee relates with CSR both at organizational level and personal level. Third section of the interview attempted to understand how the employees viewed the role of the government and the organizations strictly from CSR perspective and then interviewee were asked to choose between voluntary CSR and mandatory CSR. The list of preplanned questions

is presented in Appendix I. At several occasions interviewees were requested to clarify further.

4.3.2 Identifying the interviewees for the study

Power and context are very important factors when considering qualitative interviews (Kelly 2010). Since, the study is focused more towards individual employee's perspective and not on the perspective of companies about the CSR laws, so it was a conscious attempt to directly contact the employees of the companies instead of the business heads of the company. This helped to ensure that the focus remained on the individual's point of view as compared with an industry overview. It was preferred to conduct the interview with employees who were not the decision makers in the company. The single most important criterion for identifying potential interviewees in India was that the employee should be working for a company which is under the regulation of clause 135 of the Companies Act 2013, India. Also in Finland, the important criterion for identifying potential interviewees was that the employee should be working for a company that has an active CSR / sustainability /environmental policy listed on the company's web-site. Several employees in various companies across different industries, who matched the above criterion were identified through professional network and were contacted with a request to take part in the interview in both the countries. The interested volunteers were then contacted for a semi-structured interview. The breakdown of the interviewee demographics is shown in Table 2.

Details of the employees			
Finland			
Interviewee	Age	Gender	Industry
Joel	34	Male	Information Technology
Jari	26	Male	Banking
Henna	24	Female	Retail
Pasi	32	Male	Education & Research
Suvi	31	Female	Energy
Otso	32	Male	Consulting
Jenni	31	Female	Bio and Forest
Juho	39	Male	Construction
India			
Interviewee	Age	Gender	Industry
Varun	34	Male	Bio Technology
Deepika	33	Female	Health Care
Ranbir	24	Male	Information Technology
Anushka	32	Female	Consulting
Prabhas	35	Male	Information Technology
Rishi	34	Male	Banking

Priyanka	31	Female	Executive Training

Table 2 Details of the interviewee demographics

Note: All the Interviewee names are reassigned according to common names to their country to protect their true identities of the interviewees and ease of readers.

4.3.3 Ethical challenges

While conducting qualitative interviews reflecting on the ethical issues is critical, Kajornboon (2005) has identified ethical issues as one of the main concerns of any interview. Gray (2013) warns that if the interviewee is not comfortable or upset about any aspect of the interview, then he or she may cancel or postpone the interview. Confidentiality is an important aspect which is to be considered during the interview process (Gray 2013, Patton 1990). While conducting the interview for this research, all the participants were explained the purpose of this research topic and they were informed that they had the freedom to deny answering any question. It helped to make sure that all the interviewees were aware of the context, and there were no surprises in the interview process. Also to make all the interviewees more comfortable, a confidentiality clause was shared with every interviewee, which was much appreciated by them. The copy of the confidentiality clause is presented in Appendix II. Because of the confidentiality clause, the real identity of any employee is not revealed in any part of this document. All the interviewees were assigned common names from their culture for the ease of the readers of this document.

4.3.4 Process of analysis

To conduct the data analysis, the transcribed data was read multiple times to attain an extensive depiction of the research data. It was noticed there are patterns both from epistemological and interpretative philosophy. Based on this observation I started summarizing each transcribed interview in three broad categories to comprehend the views of each individual interviewee. The summaries also included the original extracts from the transcripts to support the inferences made from each transcript. The three broad categories are:
1. Awareness / understanding / importance of CSR of an individual interviewee.
2. Understanding of the individual interviewee about the government's role in CSR.
3. The explanation behind the preference of CSR law (voluntary CSR law or mandatory CSR law).

All the data was tabulated into simpler themes and codes for each participant. The identified themes and the identified codes are indicated in Table 3. Summarizing each interview and identifying codes for each theme helped me exclude all kinds of distractions and helped me to focus on experiences and awareness

of employees about CSR. A sample of interview summary and the tabulated code is presented in Appendix III.

Theme	Identified codes during analysis
Country	Finland, India
Understanding about CSR	CSR as a strategic function, CSR as an extra responsibility, Not Aware
Is CSR function important?	Yes, No
Does he or she volunteers for CSR projects?	Yes, No
Does he or she associates personal reputation with CSR reputation of the firm?	Yes, No
Is social and environmental welfare only government's responsibility?	Yes, No
Can government influence CSR activities of the company?	Yes, No
Should government provide detailed CSR guidelines	Yes, No
Does government have all the resources to take care of social and environmental responsibilities independently?	Yes, No
Preferences for CSR laws	Voluntary, Mandatory, Combination

Table 3 Themes and identified codes for data analysis

By this time in the analysis, I detected that each employee had experiences of different kind about CSR, but had very similar aspirations. Based on the experiences I formulated a typology of employees. Also I noticed that the understanding of CSR for each interviewee was different and based on their understanding they had very different explanations for their preferences for CSR laws. This motivated to create another typology based on the awareness of CSR, to answer the research question. In the analysis two different typologies were created based on experience and understanding of CSR and then the two typologies were compared to derive the necessary knowledge to answer the research question.

5 FINDINGS

CSR is emerging as an important aspect of the businesses; the same is recognized by all the volunteers across both the countries. All the 15 interviewees recognize that CSR is an important function of business and every company should get involved in CSR activities in some capacity. The reported typologies explain how employees perceive and experience CSR in the real world and reports on the preferences about voluntary CSR laws and mandatory CSR laws based on their perceptions. Two sets of typologies are created to identify different types of employees to describe how they experience CSR and how they perceive CSR, one from the phenomenological viewpoint and other from the epistemological position.

5.1 Typology based on employee experiences in connection to CSR

Hardy Leahy (2001) describes phenomenology as the study of subjective experiences of individuals. The first set of typology explains how employees experience CSR in the real workplace and how much they like to contribute to such projects. This set of typology also reflects if employees consider CSR experiences as a direct value to their personal life or their personal reputation. The variables considered are if 'employees take part in CSR initiatives of the firm' and 'do they directly associate with the CSR reputation of the firm.' Figure 1 shows the typologies constructed from the 15 interviews conducted based on CSR experiences in Finland and India. Four different types of employees found are patron, powerless, accommodator and detached. The patrons are a strong supporter of CSR activities; they participate in CSR projects of the company and associate their personal reputation with the CSR reputation of the company. The powerless type of employees are strong supporters of CSR activities; these employees do not have enough CSR related opportunities because of the nature of the job or kind of the contract with the company. These employees also firmly connect their personal reputation with the CSR reputation of the firm. The accommodators are strong supporter of contributing towards the society, but they do not associate their reputation with company's CSR reputation because they think it is not realistic. Lastly, the detached type of employees are the one, who do not associate in any way with the CSR reputation of the firm. These employees do not contribute to CSR activities either because they do not have such opportunities or they are not aware of CSR policy of the company or they do not approve the existing CSR attitude of the company. The arrows in Figure 1 represent the movement of the employees. Each employee has certain aspirations and wants to make a shift from certain type to another type. The reasons for this shift are

more clearly discussed in Section 5.3 of this chapter. Table 4 shows the employees under various typologies in both the countries.
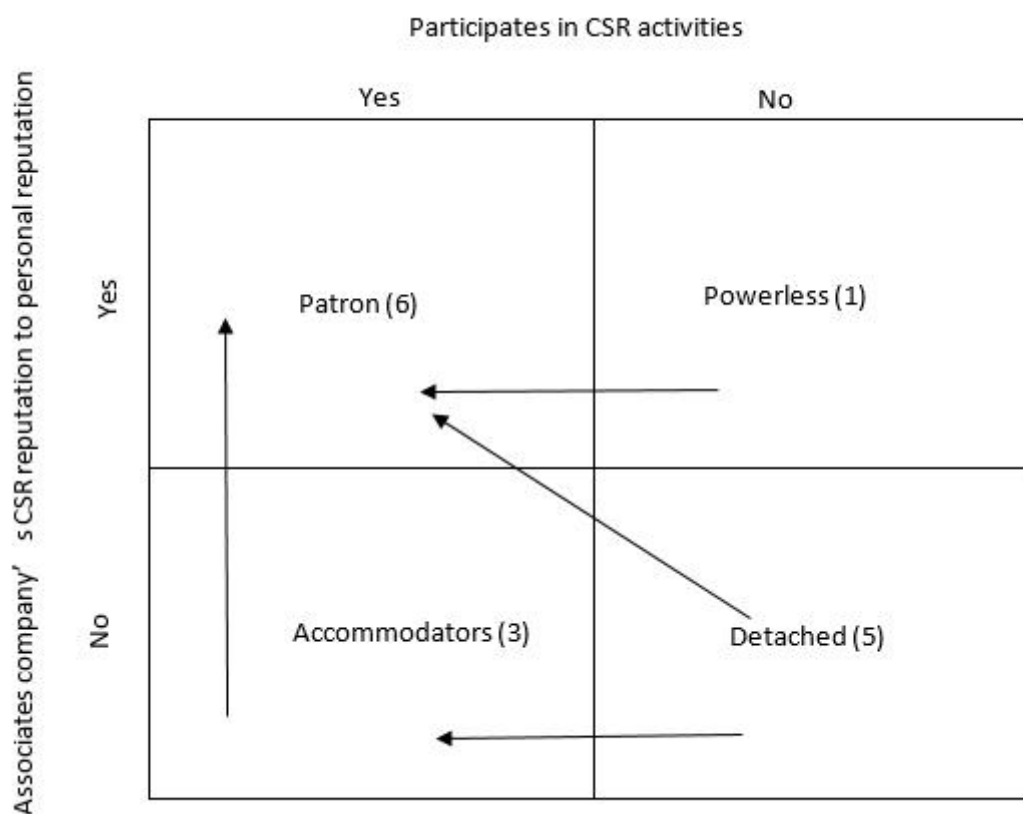

Figure 1 Typology based on experiences related to CSR

Typology	Finland	India
Patrons	Henna, Suvi, Otso, Jenni, Juho	Prabhas
Powerless	Jari	
Accommodators		Anushka, Rishi, Priyanka
Detached	Pasi, Joel	Varun, Deepika, Ranbir

Table 4 Typologies based on experiences related to CSR

5.1.1 Patron

Henna, Suvi, Otso, Jenni and Juho from Finland and Prabhas from India belong to this typology. These employees, directly associate their personal reputation with the CSR reputation of the company where they work. Such employees also contribute directly or indirectly to the CSR program of the company. The employees who do not work for the CSR department of the company, they contribute to CSR activities through their contributions in the form of time or money for a certain CSR cause supported by their business. These employees have directly associated their personal esteem with the CSR performance of the firm.

Patron employees attribute many different reasons for linking one's individual reputation with the CSR reputation of the company. Some of the prominent reasons are the sense of satisfaction, personal standing in the society, trust and pride, awareness and expectation of the people around, and enhancement of personal brand value in the community. Also, one can observe that patron employees are very aware of CSR activities going around the company. Furthermore, some choose to contribute voluntarily to CSR activities and some as part of their daily job.

Some patrons feel an emotional connect with CSR activities and seek a sense of satisfaction by offering towards making the world a better place to live through actively taking part in CSR related activities within the workplace. They feel this as an opportunity through which they can satisfy their personal aspirations of contributing towards the society along with career growth. They also associate the element of trust with the CSR reputation of the company. If the company has a high CSR reputation, then one can believe that the management of the company treats the employees fairly and all the regulations are satisfied beyond the expectations of the law. They almost consider that better CSR reputation is synonymous with qualities like righteousness, honesty, trustworthiness and straightforwardness.

> *"I think it affects me in many ways. In the sense that I mean as I consider the company as the front runner in this topic. It means that I can trust that I am fairly treated, and the company takes into consideration its actions, and many times goes beyond the compliance."* (Jenni)

Also, employees who directly work with the CSR department, take the CSR positioning of the company very personally. They assume that it is their personal obligation to maintain the CSR reputation of the firm. If the CSR reputation of the company is affected then their individual reputation is also damaged, and they need to work invariably to find solutions and manage the stakeholders to manage the CSR reputation of the company.

> *"If there be some problem with our power plants, like safety problems it would affect the reputation of the company strongly. So if such a topic becomes a trending discussion around the industry sources, then it affects the company and of course affect the CSR department where we need to find answers to those questions or to arrange the meeting with stakeholders."* (Suvi)

Furthermore, patron employees are constantly exposed to new information related to climate change, sustainability, and human rights abuse and are aware of the global issues that are alarming. Such employees regularly evaluate themselves how they are part of the solution and how they are supporting to bring a positive change in their society. Some employees also think that others are judging them for having an opinion on CSR issues, and they constantly feel the need to be a sympathizer towards global CSR issues.

Speaking about personal effects of company's CSR reputation on him; Otso said:

> *"I think it does. What we see more and more people have high expectations for their employers and I think monetary incentives are important and I think even more important are the social aspects. The employees want their employers to work on these issues. It is important that companies do their business part and contribute to the society."* (Otso)

Additionally, it was also observed that patrons consider that working for a company that has a high CSR brand value, provides them some individual brand values in the society. Some of the patrons think that, if the society correlates with a company as a major contributor to the society then all the employees of the enterprise are also regarded as a reliable ally in the community.

> *"In the previous company where I used to work, we used to plant trees on the street-sides of Hyderabad. On the fences of the trees, the company's name was mentioned. Such activities give me a feeling that I work for a company that is responsible and has a high brand value."* (Prabhas)

Patrons are employees of a highly moralistic kind who have a great appreciation for CSR activities and have conscious attention towards global activities. They believe that they should personally contribute in CSR activities, and they create time and resources for the same. They consider themselves as supporters and well-wishers of the society. They also trust that by contributing in such activities, which assist towards social stability and environmental protection, it would provide them, a sense of personal satisfaction and personal branding.

5.1.2 Powerless

Jari from Finland belongs to this typology. These employees are very similar to the patron. The distinguishing factor between powerless from patron is that powerless are not allowed to contribute to CSR activities within the company because of the nature of their job or the kind of contract they have with the company. Employees, who may be working on a short-term contract or as a summer intern are not allowed to take part in long-term CSR programs.

> *"They were finding volunteers to participate in a CSR project, but I was not considered for the project as I was on a short-term contract. So they were only considering the permanent employees."* (Jari)

Also, it is found that sometimes the nature of the job is demanding that the employees are not permitted to allocate any time and any resources towards any other activity other than their core job. As the patron, the powerless are also profoundly serious about morals, and they believe that they need to contribute towards the development of the society or environmental protection. They also

connect their personal reputation with the CSR reputation of the company. These employees claim that they would love to contribute towards CSR activities if they find opportunities. It was observed that these employees want to be a patron, and it is more because of circumstantial situation that they are in powerless typology at the moment.

5.1.3 Accommodator

Anushka, Rishi and Priyanka from India belong to this typology. Accommodators are usually very open to others opinions and accommodating of more realistic views. These employees do not attach their individual reputation with the company's CSR reputation, yet they like to participate in CSR activities. Usually, these employees do not directly work with CSR department of the company. Their contributions towards CSR initiatives are more directed from their need for personal satisfaction from contributing towards a better world. These employees do not clearly delimit their individual needs from the CSR needs of the organization for which they work. Even though they think there is connection between the CSR reputation of the firm and their personal standing, yet they think that they cannot get delusional because of this. The reasons for getting involved in CSR activities are very similar to the patron. Like patrons, accommodators seek a sense of personal satisfaction by contributing towards the society. Contributing to CSR initiatives provides them a sense of self-satisfaction and self-pride. They think that not everyone is aware of CSR as a concept or actions and so in many conversations, CSR reputation does not matter.

> *"CSR reputation does not directly affect me, but it does to some extent when someone talks about it. But if someone is aware of CSR and if they know about company's CSR performance then it does affect. It is kind of a proud moment that one is associated with such a company."* (Anushka)

Furthermore, the reason for not associating with the CSR reputations of the firm was more related to being realistic in the present job market. In the present world, one does not stay in one company for a life-time. So one is more bothered with career opportunities when compared with any association with CSR policies or reputation of the company. If they have the bonus to choose between a number of job opportunities, then they might consider the CSR reputation of the firm.

> *"The CSR reputation of a company will affect me definitely…. But on the other hand, if I have to look for a job then CSR will not be on the priority list. But if I have the luxury of choosing between two different job opportunities then I will check their CSR performance and prefer the company that performs better on CSR. Because I can trust the company and the CSR reputation defines the attitude of the company towards the society."* (Priyanka)

One can observe that these accommodators aspire to be patrons. They are more influenced by the uncertainties in the real world. They do not like to get delusional about the possibilities. However, if one had a more simplistic approach towards life and career, then they would have experienced and associated with CSR activities like patrons. It is clearly observable that they associate with CSR reputation of the firm and like to participate in CSR activities but then they delimit themselves by acting like a more realistic human being who prepares for future opportunities.

5.1.4 Detached

Pasi and Joel from Finland and Varun, Deepika and Ranbir from India belong to this typology. Detached are very different from the other three above typologies identified. These employees do not associate with CSR reputation of the firm to a very large extent. They also have never volunteered for a CSR related project inside the company. These employees have clearly delimited themselves from CSR in their workspace. Some of the reasons for this are: some did not believe that their company is earnest about CSR, some were never informed of an existing CSR project, and some were not aware of CSR as a concept at all even though their organization had an active CSR policy.

Furthermore, some employees are not aware of CSR as a concept and not aware of CSR policies of the company, even if the company website provides a detailed overview of the company's CSR policy.

> *"To be honest, I had no clue about CSR; I googled the term when you contacted me for this interview."* (Deepika)

This brings out a need for companies and governments to advertise more about CSR awareness. Also, this may bring out one of the reasons why to an extent some employees do not believe in CSR activities of the company and do not associate with CSR reputation of the company.

> *"No, I do not think that company's CSR reputation affects me because ultimately if you see from company's point of view they are looking for their profits. The CSR activities they do are for their business reputation.... The local CSR initiative of my company is for namesake, and they are not doing it seriously."*(Varun).

On an organizational level, these employees think that they do not have any say in the formation of CSR policy or CSR strategy of the firm. So they do not connect with such aspects of the company. They think that they are more responsible for their job. Also on an individual level it is believed that the organizational CSR reputation of the firm does not transfer on an individual level; because, the CSR reputation of the firm does not help in finding any better job opportunity.

Detached employees do not care about the CSR reputation, but in future, they would like to participate in CSR activities for many different reasons. For some, it is an opportunity to know the people from other departments of the organization and for some it is all about the satisfaction of contributing towards the society. All the employees have shown some indication to work for CSR projects in future.

> *"Yes, I will participate in CSR projects, I think I would; because a lot of this can also be considered as team building and may be an opportunity for getting to know people from all over the organization and to do something that is not related to daily work." (Pasi)*

5.2 Typology based on awareness of CSR and preferences of CSR laws

The epistemological study is about "a way of understanding and explaining how I know what I know" (Crotty 1998). This set of typology explains how employees understand or know CSR and based on their knowledge about CSR what are their preferences regarding CSR laws. This typology considers how employees comprehend CSR. The variables considered are 'how employees perceive CSR' and 'their choices regarding voluntary CSR laws and mandatory CSR laws'. In consideration of the fact that there is no literature available about how individual employees define CSR in their personal context, I asked each volunteer to define CSR in their words. In this process, I identified three different categories: 'CSR as responsibility', 'CSR as strategy' and 'not aware of CSR'. The first group of the employees consider CSR as an additional responsibility of the company towards the society where it operates. The second group of employees thinks of CSR as part of the business strategy and helping the business to be more responsible for its actions; to reduce the damaging impact of the firm on the society and the environment. The third set of employees is not aware of CSR as a practice on a broader level and is not aware of their company's CSR policy although their corporate website provides a detailed company CSR policy.

Figure 2 shows the typologies constructed based on experience from the 15 interviews conducted in Finland and India. The detailed analysis brings out seven different typologies, which are virtuous, philanthropist, strategist, traditionalist, diplomatic, sensitive, and tough. The virtuous type of employees understands CSR as an additional responsibility of the business and wants to have mandatory CSR laws. The philanthropic employees are type of employees who see CSR as an extra responsibility of the business but they want CSR to be voluntary by law. The strategists are the type of employees who see CSR as business strategy and think that there should to be mandatory CSR laws to make every company

involve in CSR activities. The diplomatic type of employees also perceives CSR as part of business strategy. They also think that there should be specific rigid government regulations for carbon emissions or any other kind of environmental pollution to protect the world from climate change. Also, there should be provision to avoid any social exploitation. But overall diplomatic employees believe that CSR should be a voluntary practice. The traditionalists consider CSR as part of business strategy and think that it should be entirely voluntary. The sensitive type of employees are the employees who are not aware of CSR at a broader level but after a brief explanation about CSR they wanted to have mandatory CSR law for their country. The tough type of employees are the employees who are not aware of CSR at a broader level but after a brief explanation about CSR wanted to have voluntary CSR law for their country. Table 5 shows the employees under various typologies in both the countries.

Figure 2 Typology based on awareness of CSR and preferences of CSR laws

Typology	Finland	India
Virtuous	Jari, Henna	Ranbir, Priyanka
Philanthropic	Pasi	Rishi
Strategist	Otso	Anushka, Prabhas
Diplomatic	Jenni, Juho, Suvi	
Traditionalist	-	-
Sensitive	-	Deepika, Varun

Tough	Joel	-

Table 5 Typologies based on awareness of CSR and preferences of CSR laws

5.2.1 Virtuous

The virtuous type of employees is righteous and noble in nature, who believe that businesses have more responsibility towards the society. Jari and Henna from Finland and Ranbir and Priyanka from India belong to this typology. They understand that all the entities in the humanity are interconnected with each other and each should share some responsibility towards the other.

> *"My understanding of CSR is directly related to those words, 'an organization's responsibility towards the society where it operates.' In my opinion, it is driven by the CSR team to support leading causes in the community. For example, in our society, education is a major problem and then hunger is a major issue; all this can be addressed through CSR. Companies can directly help in such matters in many ways."* (Priyanka)

All the employees under this typology think that the role of government is critical to make CSR more meaningful in the country. These employees admit that governments provide many kinds of benefits to the companies for actively participating in the CSR activities. These benefits can range from tax benefits and preferential allocation of resources to best CSR performers. The virtuous employees from Finland (Jari and Henna) think that consumers also play a role in influencing CSR activities. Employees from a company are also a huge consumer base of the company itself as well as a consumer base for any other company. Consumer awareness is increasing on issues about climate change and exploitation of employees in the third world countries. These consumers who are also employees of the companies have an expectation from their governments to bring more strict rules related to CSR. Such employees vote for political parties that care about CSR and are willing to do much more about CSR issues through companies.

Further, all these employees think that government does not have enough resources or mechanisms to take care of societal development or environmental protection. Primarily, the Indian employees (Ranbir, Priyanka) allege that this is because of the massive size of the population of the country; and the Finnish employees claim that this is because of the economic meltdown. Moreover, the companies are right now in a stronger position to take care of society. Companies have better management and financial resources to share the responsibilities of the governments and help the society as a whole.

> *"I think we are all hearing since 2008 that everything is going on a downward economic trend, nevertheless, the company's profits are only going up, which is quite surprising."* (Jari)

Virtuous employees do not agree to some CSR initiatives of the companies as real CSR activities. For example, first, companies sponsoring some local event in the society or companies organizing an awareness camp for few hours once a year at one of the localities does not have any long-term positive impact on the society. Also, many other CSR actions are considered as greenwashing. For this reason, all the virtuous employees agree that government should provide guidelines on CSR covering areas like what activities qualify as CSR activity and what kind of activities are not CSR activities. This will bring clarity and improve the excellence in CSR activities from businesses.

> *"Voluntary CSR depends on the individual standpoint and social awareness of the executive team in the company...... Mandatory CSR laws will help in bringing more social awareness and personal satisfaction for the executive teams, and they will be willing to contribute to CSR activities without any burden."* (Ranbir)

Second, clarification about CSR activities through government guidelines and mandatory laws help to eliminate greenwashing and PR activities and concentrate on real issues of the society. Broader guidelines of what kind of activities are acceptable as CSR initiatives and what are not acceptable as CSR activities can help to channelize mandatory CSR spending in significant ways for the betterment of the society and the country. Such guidelines, help the government to highlight the stress areas in the society where the government needs support and contributions. Subsequently, a mandatory CSR policy assist in removing many stress points in the country and help both the society and the environment in a purposeful way.

Third, mandatory CSR laws serve to generate, collective resources for higher advantage and development of localized regions. Companies in an area can come together and strategically form alliances for investing large collective sums towards social or environmental needs of the neighborhood. Such highly focused support from the companies brings quick solutions for the development of the region or to solve a major problem.

> *"If we collect the individual contributions of all the companies in a locality, for CSR activities under the mandatory laws, the collected amount might be millions of Euro for every year just in one region. These funds can be utilized on specific regional development goals."* (Jari)

5.2.2 Philanthropist

Pasi from Finland and Rishi from India belong to this typology. Philanthropists are the type of employees who consider CSR as an extra responsibility of the company. Furthermore, they assume that the companies should have the freedom to choose the CSR actions and choose how much time and resources they want to allocate to such activities.

These employees have a traditional approach to the functioning of business and governments. They think that development of society as a whole is the responsibility of the administration, and the role of business is to generate profits. Philanthropic employees, like the virtuous employees, are righteous and noble in nature, who believe that businesses have more responsibility towards the society. Further, these type of employees also acknowledge that every person in the community holds some responsibility towards each other and each person should share some accountability towards the other. For this reason, philanthropic employees think that companies should contribute to the welfare of the society.

> *"I think the government has probably the biggest responsibility for making sure that effect on the environment is minimized, but then I believe that the organization would voluntarily out of their free-will engages in CSR activities." (Pasi)*

Such employees prefer voluntary CSR laws, because, of their belief system. Since they believe that government holds the ultimate responsibility of the society, companies do not share any obligation towards the development of the society. Besides, companies should contribute towards the society because of moralistic motives. For this reason, companies should have all the freedom to make a choice what kind of resources to commit, when to contribute and to which cause should they support. Governments should have no reasons to control and monitor any company's moral obligation towards the society. So philanthropic employees would prefer a voluntary approach towards CSR compared with mandatory CSR laws.

> *"Mandatory CSR law, I think that is probably not a great action because if you look in Finland, companies are already heavily taxed, and mandatory CSR will be seen as punishment for being profitable even though it is for a good cause."* (Pasi)

5.2.3 Strategist

Otso from Finland, and Anushka and Prabhas from India belong to this typology. Strategist employees define CSR as a part of the business; they believe that CSR is a strategy, which when integrated into the business model helps corporations to conduct the business in a more responsible way. They also believe that there should be mandatory CSR laws in a country to encourage more and more companies to integrate CSR into their business model.

> *"I feel CSR is critical, and it should be part of business to do things that you are required to do but at the same time, I think it needs to be developed even more in the businesses when it comes to doing business more responsibly……. I think societies these days do not work in the traditional way anymore. They are more*

and more intertwined between different kind of actors, and I feel that companies also have an important role to play towards the society." (Otso)

The predominant understanding of this type of employees is that in the modern context of the global economy, the role of government has changed. The role of the government is to provide social, economic and political stability and companies should share higher responsibilities of social care and environmental management. The interviewees from India (Anushka and Prabhas) were not particularly aware of mechanisms how the government could influence a company to have a CSR policy and actively participate in CSR activities. But they strongly felt that CSR should be mandatory for every company.

"In our country employees are not very aware of employee laws and other statutes. Employees need to have more awareness towards CSR laws and other similar kinds of legislation." (Prabhas)

These employees also principally agree that although there should be a mandatory CSR law in the country, there should not be many guidelines about what kind of activities will be considered as CSR. They think that the guidelines might be helpful to restrict greenwashing and PR activities; but it might create confusions in the strategy formations within the company. They believe that the focus should be more in the internal processes of the businesses, and CSR investments should be made to streamline the processes to benefit both the society and the environment. Also, if the firm uses CSR initiatives for the welfare of the external community or environment, then the company should have the freedom to formulate a strategy based on its business model. Strategist employees are also in agreement that governments under perform for various reasons. Some of the reasons that were noticed to support this claim were: lack of political consensuses, economic meltdown, preferential treatment to a particular region or community, and lack of proper implementation of existing plans and polices. For this reason, companies should create an active CSR policy that aligns with the business strategy to support the government for public governance.

Strategists trust that mandatory CSR laws will force every company to strategically allocate resources that will improve the business processes and affect the society in a progressive way. Like the virtuous employees, strategists think that if there are no mandatory laws, then the leadership of the company may not be motivated to integrate CSR into the business strategy for various reasons. So the strategists like the name suggest, think that CSR should be a mandatory part of the business strategy for all the organizations.

5.2.4 Traditionalist

Traditionalist employees, like strategist employees, consider CSR as part of the business strategy of the company. Furthermore, they find that the companies

should have the liberty to choose the CSR initiatives and how much time and resources should be spent on such activities. Unfortunately, none of the employees who volunteered for this research had such preferences; but while constructing the typologies, one can observe traditionalist as a distinct type of typology. Maybe this type of employees are very few, but by no way, one can prove that there are no employees with such preferences. To consider ignoring this type of employees might be a huge mistake, so I take the liberty to briefly describe the behavior of this class of employees.

Traditionalist employees have an old school style attitude towards the operations of business and governments. They assume that development of society as a whole is the responsibility of the administration, and the role of business is to produce profits. Traditionalist employees cleverly incline towards the real business goals. Further, these employees think that they could contribute to the society through CSR activities if it directly enhances the profitability of the company. For this reason, traditionalist employees think that companies should voluntarily contribute towards the CSR initiatives and the welfare of the society.

Traditionalist employees prefer voluntary CSR laws, because, of their conviction about how to conduct a business. Since they consider that government holds the ultimate liability towards the society and companies do not share any obligation towards the society and the environment, companies should not have legal compulsion through mandatory CSR laws. Besides, companies should contribute towards the society because of profits and brand image. For this reason, companies should have all the independence to select the CSR initiatives and select the resources to contribute to CSR activities. Governments should have no interference towards the CSR activities as a company does not have any moral obligation towards the society. So, traditionalist employees have a conservative view on CSR laws and prefer a voluntary approach to CSR.

5.2.5 Diplomatic

The diplomatic employees are a very impressive group of employees; they find their place somewhere in between the strategists and traditionalists on the typology matrix. Jenni, Juho and Suvi from Finland belong to this typology. This group also defines CSR as defined by the strategist type of employees and would like to see CSR as an important factor in the larger business strategy. These employees have a powerful belief that CSR by nature should be voluntary, and they favor voluntary CSR laws. Diplomatics also believe that the approach towards CSR strategies should be highly local to a region or a country. Every country has different needs, so the CSR strategy for a global company cannot be the same across all the locations. Besides, they also think that there should be very specific laws for specific problems created by any business. For example, there needs to be stricter carbon laws for emissions to protect the climate or stricter laws to protect the rights of the employees and workers not only in the home country but also at the overseas factories.

"I see CSR as an integral part of the business. I would not see it as a separate strategy. It is more like a tool or a concept to develop business and at the end of the day it shares added value with the company's stakeholders….. And of course, we can find a significant difference from country to country and continent to continent or even market areas. Generally speaking, I see it as an integral part of the business." (Jenni)

"I think that governments should be creating laws and restrictions for specific industries. For example, we as power generation company have emission limits for energy generations and all businesses in this industry need to follow these limits. I think that is the role of the government to set such limits." (Suvi)

These employees feel governments can motivate companies to have more prominent CSR initiatives by imposing laws or providing tax benefits or subsidies. They mostly agree on the fact that government has many resources to take care of the social structure, and environmental issues and governments do their best for countering global issues related to CSR. Although there is some scope for improvement on the matters related to environmental issues.

Diplomatic employees suggest that voluntary CSR is appropriate as the government has many forums and associations to motivate companies to perform on CSR activities. Also, the government does not require any law to force CSR on companies. Companies already do a lot for the society as and when they have any opportunity to contribute. But then they think that there should be specific laws for larger issues such as the law of taxation, law for carbon emissions and particular industry specific legislation for environmental and social issues. Diplomats do say that there should be a combination of both specific laws for specific purposes and voluntary initiatives from businesses for CSR.

"Yes, I think so there should be some laws. But I am not the right person to recommend which kind of laws. But there should be industry specific laws that helps to support the economy, society, and environment." (Juho)

5.2.6 Sensitive

Sensitive employees are not very aware of CSR as a phenomenon. Deepika and Varun from India belong to this typology. Once they were briefly explained about CSR, then they could relate to some of the practices of their organization as CSR initiatives. While they acknowledged CSR initiatives of their companies they were not very proud of them and they think that the company could do a lot more regarding CSR. These employees are sensitive towards the needs of others in the structure of the society and believe that companies can contribute a lot towards the development of the society and thinks that mandatory CSR laws help in serving the larger good.

"To be honest, I had no clue about CSR; I googled the term when you contacted me for this interview." (Deepika)

"Every quarter, we go to a neighborhood near our office and clean that area. I do not understand why we spend so much time and resources to clean a locality, which is already clean. If the company was serious about sending the message of cleanliness, then we would have gone to clean a slum, which are many in Bangalore." (Varun)

These employees believe that governments can make companies contribute in a more meaningful way through their CSR initiatives by imposing mandatory laws. Sensitive employees frequently agree on the fact that government has many means to take care of the social arrangement and environmental concerns but still there are lot of unaddressed issues. They unenthusiastically agree that government by itself cannot counter global issues related to CSR, so companies should be involved in CSR activities.

Sensitive employees also believe that companies should be responsible for their act and they should take care of their processes and all kinds of emissions or any other kind of social injustice they cause to the society. They think that companies also work towards the unidirectional goal of generating profits without reflecting on the impact they create in the neighborhood. These employees prefer mandatory CSR laws over voluntary CSR laws because such laws bring an enormous behavioral change in company's attitude and companies will allocate more funds to clean up all the harmful social and environmental impact they create.

5.2.7 Tough

Tough employees, like sensitive employees, are not very aware of CSR as a phenomenon. Joel from Finland belongs to this typology. After a brief explanation about CSR, this employee could connect to some of the practices of his organization as CSR initiatives. Tough employees believe that CSR issues require attention from the top management of the company, and general employees do not have much to say or have concerns around such CSR activities.

Tough employees agree that both government and companies should take care of CSR activities. They believe that governments do a lot for the society and environmental protection, but they need more help. Companies could provide support to governments if they feel obligated to such options, but it should be company's choice. They believe that governments can influence companies by introducing laws to make companies more active towards CSR. But still they do not support mandatory CSR laws. Like the diplomatic employees, they think that there can be many specific laws for some critical issue, but no mandatory CSR laws are required. They also believe that having some basic CSR guidelines

would help to clarify things so that interested companies could volunteer in more meaningful ways.

> *"I think the government sets bigger rules and frameworks and then companies work with these frameworks. So if government provides useful frameworks, then companies can follow them or alter them individually to suit their needs."* (Joel)

Tough employees believe that voluntary CSR laws are much better. They support that companies have their priorities, and if the government places a law about CSR, then companies and investors will not like this. Any mandatory CSR laws reduce the 'Foreign Investments' in the country, so such mandatory laws should be avoided. Voluntary CSR also allows interested companies to contribute towards the society through their free-will and ability to help. Also, the CSR initiatives should not be forced, as companies should have their freedom for making their decisions about how they need to spend their profits.

5.3 Comparison of typologies

The study identifies how employees experience and perceive CSR in their daily jobs. Further, the study identifies the preferences of CSR laws of the employees. The research reveals that a large section of employees enjoys taking part in CSR initiatives of their companies and they also associate their personal reputation with the CSR reputation of the company. The awareness level of employees about CSR and how they define CSR is very different and based on these differences, different typologies can be formed to explain their preferences. It is also understood that the social security system of the country has an impact on the type of choices employees make in different countries. Further, a new type of preference emerged out of the findings, which is very exclusive to Finland.

Based on the findings from the data, a new preference has emerged and I call it the diplomatic preference. This preference is specific to 'diplomatic employees' type in the typology based on awareness of CSR. These employees are similar to strategists but do not prefer mandatory CSR laws and favor voluntary CSR laws. These employees are making a shift from being traditionalists to strategists, but believe that companies might lose their power in this shift. Thus, they want to see very specific mandatory laws which are industry specific or directly concerned with protection from climate change or any other global issues. They think that having mandatory CSR laws may take away the creative potential in the CSR initiative and may also deviate the company from the core business. Therefore, they have a diplomatic approach to CSR and want to have a combination of mandatory laws that helps to solve many global issues and voluntary CSR laws that help to retain some fundamental liberty and power with the companies. It is also interesting to note that all the diplomats come from Finland. It can be attributed to their social security and their awareness of global

challenges and they do not prefer complete mandatory laws. They might have considered complete mandatory CSR laws if they were to choose for India.

The above findings show that the typology based on experiences has fluidity in the involvement of the employees, the way they express their experiences and their association with company's CSR reputation. Zerubavel (2011) explains that boundaries are used to distinguish one entity from another to understand a phenomenon in a social context. Also, usually boundaries are considered fixed for convenience, but often the theoretical boundaries are elusive and not exactly visible in the real practice (Ibid.). The typology boundaries based on experiences are also not definitive. There is a lot of fluidity in the experiences and there can be easy movements of the employees across the boundaries in some particular directions as pointed in Figure 1. For example, both powerless and accommodator want to be a patron. A powerless type of employee is more bound by his or her compulsions at the current job or else he or she would prefer to be a patron. However, an accommodator wants to be a patron but is bound by the fears of various possibilities in life and feels more secure by not associating the personal reputation with company's CSR reputation. Furthermore, most of the detached type of employees is very open to the possibilities of trying to be a volunteer for a CSR project. There is a possibility that over time the detached employees can be placed under accommodator when they volunteer for CSR projects but still do not connect with the CSR reputation of the firm or they can be placed under patron if the volunteer participates in CSR projects and connect with the CSR reputation of the firm.

Further, comparing the experiences between both the countries shows that patrons are more dominant type of employees in Finland. Also, all the accommodators come from India and all of them want to be patrons. The number of patrons is on rise. The reason for less patron and more accommodators in India could be attributed to the social economic background. In Finland, the social welfare system is based on the Nordic model, where individuals have a secure association with the state (Rantanen, Pawlak & Toikko 2015). Whereas, in India the social provisions are not very extensive and are uncoordinated in nature (De Haan 2013), leaving the common people with a sense of insecurity. Because, of the social welfare system, the Finnish employees have the freedom to give more importance to their own feelings. In case, if a Finnish employee observes any misalignment in personal reputation and the CSR reputation of the company then he or she has a sense of security to follow his or her own beliefs. Indian employees have developed a more conservative approach because of lack of social security and prefer to behave as accommodators to ensure they can create their own personal security without getting emotionally aligned with CSR policies of their company.

Further, Figure 3 and Table 6, shows the relationship between employee types based on their experiences to their preferences in terms of CSR laws. A closer examination to this relationship shows that patrons are inclined towards man-

datory laws (either completely or partially) and most of the accommodators also want to have mandatory CSR laws. This shows that the employees who actually work on a CSR job or actively volunteer for a CSR projects in their companies prefer CSR to be mandatory. Besides, the maximum number of detached employees also wants to have mandatory CSR laws. A majority of detached employees are not aware of CSR as a concept. Mandatory law ensures detached employees (who are not aware of CSR) some kind of stability and connection back to the society and has the potential to move across the typology to become an accommodator or a patron in future. Based on experiences, more and more employees want to have mandatory CSR laws for their country.
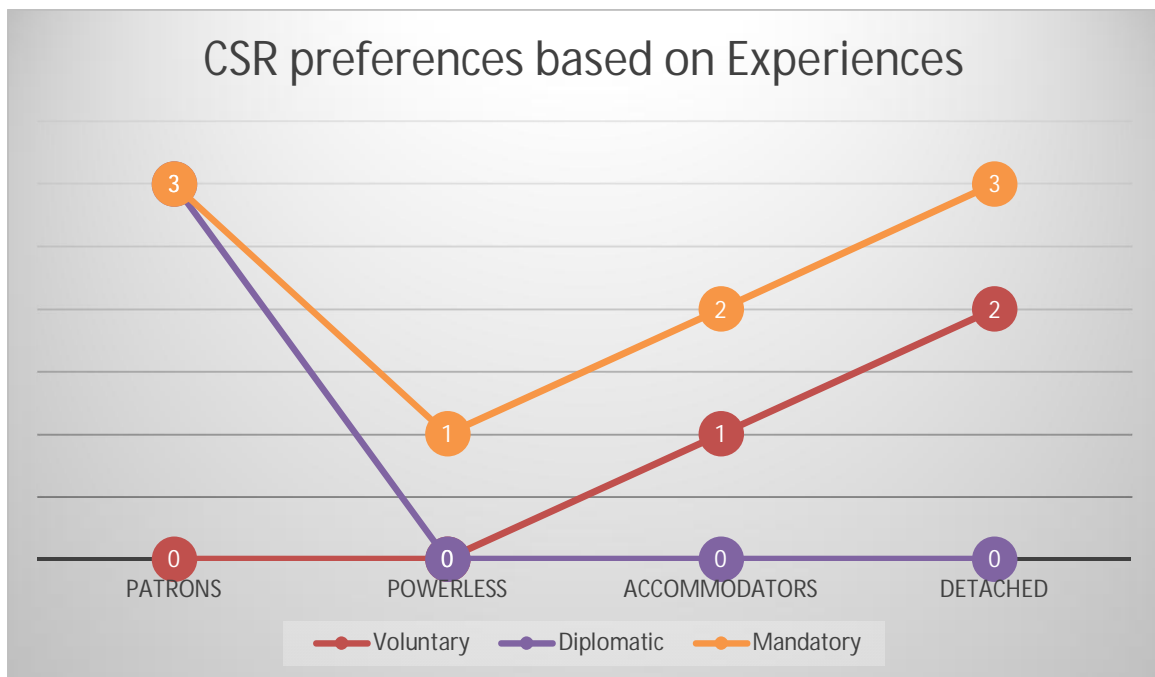

Figure 3 CSR law preferences based on CSR experiences

Typology based on Experience/ CSR law preferences	Mandatory	Diplomatic	Voluntary
Patrons	Henna, Otso, Prabhas	Jenni, Juho, Suvi	
Powerless	Jari		
Accommodators	Anushka, Priyanka		Rishi
Detached	Varun, Deepika, Ranbir		Joel, Pasi
Total	9	3	3

Table 6 CSR law preferences based on experience

5.4 Employee's understanding of government's role towards CSR in two countries

Employees have certain perceptions and expectations about the role of government towards the development of CSR. During the analysis of the interview transcripts, many common observations were made, some were country specific and some were common to both the countries.

All the interviewee agreed that governments have the choice to decide between hard and soft CSR laws. Also, they agreed that governments should utilize help from companies for the betterment of the society or to protect the environment. Moreover, there was lack of agreement about the role of government in the CSR dimension. Close to 75% of the interviewee agree that government is completely responsible for the society and environmental protection. They feel companies and all other stakeholders involved with the companies are equally responsible, so CSR is important and governments should promote CSR initiatives. Further, 80% of the participants also agreed that governments should develop CSR guidelines describing which activities are CSR initiative and which are not. This helps companies to interpret their CSR actions, in a more meaningful way. Likewise, 80% of participant employees also agreed that governments should provide a list of stressed social and environmental areas which need high priority attention for improvement, so that interested companies can build their CSR programs around such priority issues.

Furthermore, all the participants from Finland are very proud of the existing social welfare system in the country. They took lot of pride in it while mentioning the government's role in organizing and implementing the social welfare system. However, most of the Finnish employees could not agree to the fact that there are enough initiatives around environmental protection in the country. There was a worry related to environmental protection across most of the participants and they felt government can play a dominant role by promoting CSR either on the voluntary basis or on the mandatory basis to counter climate change and to protect the environment.

Likewise, on a larger level, the participants from India, were little insecure or worried about their social security. There was lack of consensus about the performance of the government and what possible role could government have in terms of CSR. It was quite shocking to know that many employees were not aware of existing mandatory CSR laws in the country. The lack of awareness was surprising because some 70% of the employees were very much aware of the CSR policy within the company and volunteered to participate in CSR initiatives through their organization. Most of the Indian participants think that there should be better initiatives from the government to spread awareness about such mandatory CSR laws to the larger population.

6   DISCUSSION AND CONCLUSION

6.1 Summary of the research results

The central question of this research is to find the preference of the employees about government CSR policy in terms of voluntary CSR laws and mandatory CSR laws. The findings reveal that there are three preference categories, which are 'voluntary', 'mandatory' and 'diplomatic'. Employees under the diplomatic category prefer a combination of both mandatory and voluntary laws. The findings show that 20% of employees prefer voluntary CSR laws, 20% of employees have diplomatic preference for CSR laws, and 60% of employees prefer mandatory CSR laws. Based on the analysis of all the data collected from the participants, it is very clear that maximum employees prefer mandatory CSR laws. The reason for high score towards mandatory CSR laws can be because of increasing level of awareness of the employees towards climate change, social injustice, social insecurity, and other global issues. Figure 4 presents the preferences of employees both in Finland and India. In Finland, out of eight interviewees, three prefer mandatory CSR laws and three have diplomatic prefer for CSR laws. In India out of seven interviewees, six prefer mandatory CSR laws. The employees in Finland are divided towards CSR law but show inclination towards mandatory laws whereas in India the majority of employees prefer mandatory CSR laws. When it comes to individual employee's preferences about CSR laws, maximum employees prefer mandatory CSR laws.
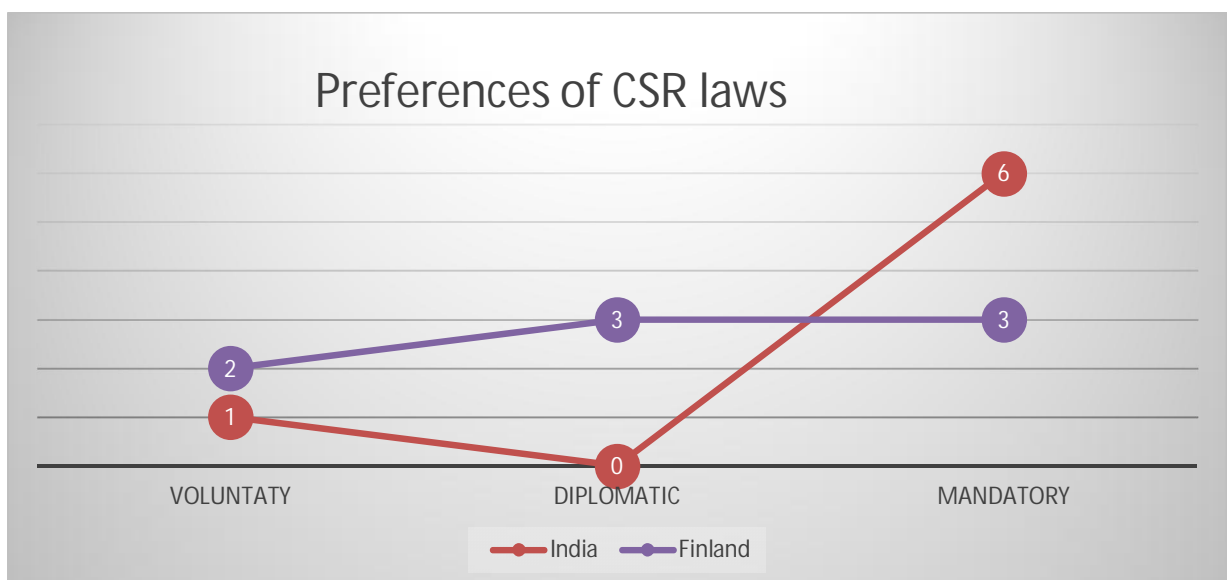

Figure 4 CSR law preference in both the countries

6.2 Discussion and contributions

The companies have already assumed a role towards CSR activities. But, the question is, does the employees as part of the organization strongly value profit maximization or they value taking responsibility for the actions towards social and environmental impact. The results of this research show that mandatory CSR laws from the government are expected by the majority of the employees. Moreover, expectations of mandatory laws are higher in developing countries, when compared to developed countries. Also, the employees in the developing countries see major social and environmental impact in their environment and have low social security. The study shows that there is correlation between the sense of employee's social security and employees expectation for mandatory CSR laws.

There is relationship between lack of social security and approach towards CSR laws. Lesser the social security in the society then higher is the inclination to- wards mandatory CSR laws. In India, the state provides no social security to the employees that work for private firms and public sector firms, so a majority of the employees prefer mandatory CSR laws. In Finland, the state provides very efficient social security to all its citizens. But this social security system is under heavy pressure because of the global economic trends and is under heavy budget cuts. Because of tightening social security, there are varied preferences towards CSR laws in Finland. Based on the findings, it can be suggested that employee's preferences in Finland is skewed towards mandatory CSR laws. This confirms the earlier findings by Albareda et al. (2008) the insufficiency in the state welfare system provides opportunities for the companies to address social demands that are neglected by the state. The employees expect their companies to take initiatives towards fulfilling the social gaps in the society.

This research confirms the previous studies that firms remain as one most equipped institutions to make a significant positive change towards society (Visser, 2006). The findings disagree to the statements of Carroll (1999) that government's function is restricted to public policy and welfare and CSR should be entirely voluntary in nature. Employees like to contribute towards the society in more meaningful ways and government initiatives to support CSR with stronger rules can bring more opportunities for employees to contrib- ute and gain satisfaction. Government efforts can encourage CSR and can have exceptional results in satisfying stakeholder expectations (Williams & Aguilera 2008). The study reveals that two – third of the employees like to participate and contribute in CSR activities, which is in agreement with Rupp's et. al. (2006) finding that employees are very socially aware and conscious of social contribu- tions of the company they work for.

Public governance and CSR activities are overlapping with each other (Steurer 2010). This research shows that employees believe that there is an overlapping between public governance and CSR activities. The study shows that employees do believe that government should provide guidelines and recommendations about CSR projects to improve the efficiency and limit greenwashing and PR activities through CSR. Such guidelines from the government can help in utilizing the overlapping between the public governance and the CSR activities in more efficient ways. 80% of employees believe that government should provide broad guidelines and recommendations about CSR projects. The findings agree with Moon (2007) that government should take more active interest in CSR through regulatory approach. Majone (1997) concluded that government can maximize on CSR by unitizing the overlaps by systematically approaching a regulatory method that is based on persuasion and information sharing, which is also the outcome of this research.

One of the important contribution of this research work is the formation of the two typologies based on 'experience with CSR' and 'awareness of CSR'. The results from the typology based on 'experience with CSR' show that more and more employees relish to contribute to CSR projects in their company Also, employees do care about social injustice, environmental protection and climate change. Companies should actively design CSR policies with higher engagement of their employees. This finding supports that effective CSR commitment attracts fresh talent to the companies (Rupp et al. 2013). The typology based on 'CSR awareness' shows that there is no uniform understanding of CSR amongst the employees. This finding agrees with the findings of Howard-Grenvill (2006) and Linnenluecke et al. (2009) and Onkila (2013) that the awareness of CSR amongst employees is varied. The research shows that 40% of employees see CSR as an additional responsibility of the company towards the society. Also, another 40% of the employees see CSR as a holistic part of the business strategy and requires complete integration with the business processes. The remaining 20% of the employees do not completely understand CSR and also are not aware of any CSR initiatives of their company. This shows that employees are very divergent in their understanding of CSR, whereas the existing literature considers employees as a coherent stakeholder group.

Also, this research contributes in pointing focus towards a new kind of preference, which is the 'diplomatic preference'. As the research shows, the future of CSR is more skewed towards regulations, so different governments can explore further between the mandatory CSR laws and diplomatic CSR preferences. Every country has a unique economic structure and social fabric and requires specific solutions. Diplomatic preference can allow governments to customize the use of CSR to the specific needs of the country. According to Majone (1997) a hierarchal model of command and control may not be feasible option for the governments to manage CSR. The 'diplomatic preference' option allows the governments to use voluntarism where the use of hierarchal model is not feasi-

ble and still use mandatory CSR laws for very specific social and environmental issues.

Another contribution of this research is that employees do judge the business leaders who lead the organization for their inclination towards CSR. It is seen that the virtuous and strategist type of employees feels that the level of CSR performance in the company directly depends on the inclination of the business leaders. According to Dhanesh (2015), a majority of Indian business heads (75-89%) consider moralistic urges as one of the reasons for having CSR initiatives in their company. Also, in the same study, Dhanesh (2015) mentions that the most of the business leaders prefer voluntary CSR laws compared to mandatory CSR laws. This is the reason why employees have preferred mandatory CSR laws as they sense neglecting attitude towards CSR from the top management. Every business leader can have totally different interpretation of morals towards society and this leads to a varied interest towards CSR activities by the firm. This is one of the reasons attributed to high preference of mandatory CSR laws in India. This finding also agrees with the findings of Rupp et al. (2006) that employees constantly judge the CSR performance of the firm.

Finally, the most important contribution of this research is the finding that majority of employees prefer mandatory laws when compared to voluntary CSR laws. This finding goes against the proponents of voluntary CSR laws. For example, (González, Cuesta & Martinez 2004) states that market offers enough motivation for companies to follow existing norms and regulations and also perform voluntary CSR. Most of the employees do not agree to this. The research findings support the proponents of mandatory CSR laws. For example, research agrees that legislation acts as a mean to measure the self-regulatory performances of the firms (Lückerath-Rovers & De Bos 2011). Also, self-regulation codes are not capable of satisfying the needs of the society as a variety of players are involved in formation of such regulations. Each player may have different agenda or a different preferred solution (Eden 1997).

The findings of this research are important for national CSR policy developers. The findings provide a clear indication that employees expect a mandatory CSR law for the companies they work for. Employees are an important group of the society and society as a whole is an important stakeholder for the government. Also, this group of society has power, urgency and legitimacy for preferring mandatory CSR laws. In this context, the findings of the study imply that as long as government can ensure public social security for every citizen in the country, employees do not actively seek mandatory CSR laws. But, in a developing country where national social security system is not in place, employees actively seek mandatory CSR to fulfill the social and environmental gaps.

6.3 Limitations of the study

The study has reached the aim of finding the employee's preference for CSR laws in terms voluntary laws and mandatory laws and concludes that employees prefer mandatory CSR laws. But there is scope to improve the generalizability and validity of this study. The main limitation of this study is that it is applicable to only two countries, Finland and India. Also, because of data availability constraints, the study focuses on a very small sample of data for data collection from two very large countries. This calls for cautious interpretation of the findings of this study and further research is required to improve the generalizability and validity of the findings. Since the study is conducted at a micro-level, generalization of these findings may not be possible across all the countries. But further research on wider number of countries, under the categories of 'developed countries' and 'developing countries' can help to formulate a theory about the correlation between social security and mandatory CSR laws. Also, the types identified in this research may remain similar over time, but the number of employees under each type can never be constant. The research specifically focuses on the experiences and awareness of the employees, which is not a constant factor. Both experiences and understanding of individuals change with interaction with other individuals and groups and due to change of priorities. So over time there can be movement of employees from one type to another type. One can really not predict how many employees of an organization or a country fall under each type of typology.

Despite of the limitations, this research contributes to existing body of literature by demonstrating employee's preferences in favor of mandatory CSR laws. The findings of this study provide support to the existing literature that propagates mandatory CSR laws for a country.

6.4 Future studies

The research opens a new question of investigation, which is – What kind of preferences different stakeholders of business have from government in terms of CSR laws. Most important further research can verify the correlation of social security and preference of mandatory CSR laws. The nature of this study has been inductive because of lack of existing literature on this topic. Further studies can be done on this topic to formulate a theory on employee's preferences or test the finding of this research with an existing theory. One of the future topics of research can be to benchmark the CSR activities of the organizations from employee's point of view; if employees consider the CSR initiatives of their company as worthwhile initiatives or consider them as a greenwash activity or a PR activity.

The literature review strongly points out that there is very little literature available that describes expectation of each stakeholder from another stakeholder. A study can be carried out to find a mechanism to synchronize the expectations of various stakeholders from one another towards the common goal of sustainability. Another important observation is that not every employee in a company is aware of CSR activities in the firm. This shows an urgency to spread more information about CSR both in the organization and also in the society. A further study can be carried out to study the methods for collaboration between the CSR department and the human resource function of the company to spread the awareness of CSR policies and encourage employees to participate in CSR activities.

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APPENDICES

Appendix I

Interview Questions

Level 1

1) Could you please tell me your name and age?
2) Which company do you work for?
3) What is your current position in the company?
4) Could you explain to me in detail what do you do in your job?
5) Do you feel satisfied with your current job?

Level 2

6) What do you know about CSR? Do you know what it means? (If he/she say 'No' then ask them what they think CSR is and help them understand CSR broadly)
7) Do you think CSR actions are important? Yes? or No? why?
8) Can you mention some of the CSR initiatives of your company?
9) Did you ever took part in CSR related activities of your company?
10) Do you think CSR reputation of your company affects you in any way? How?
11) Are you convinced that companies should be involved in CSR activities? I mean do you think these actions should be carried out by the government?

Level 3

12) Do you think government can influence CSR activities of your company?
13) Do you know about any CSR related law by the government (If yes: Can you tell more about the law that you know? If No: Should government have any CSR laws and why?)
14) Does government put in all the possible efforts for the betterment of the society and environment? Yes? or No? why?
15) In your opinion does government has all the resources for social and environmental improvement? Yes? or No? Why?

16) In your opinion should companies make efforts to fulfil the gaps and help the government, where government is not able to provide to the society? Yes? or No? Why?

17) In your opinion, the main reason why governments provide CSR guidelines to companies?

18) Could you react to the following two scenarios one by one, how does each scenario affect you or your company

- Scenario 1: Your company gets involved in CSR activities voluntarily and decided independently when and which cause to support and how much to spend on CSR initiatives?
- Scenario 2: Government makes it compulsory for your company to participate in CSR activities and also it may be compulsory for your company to spend 1% or 2% of its profits in CSR?

19) From the above two scenario's which one do you prefer and why?

Appendix II

Confidentiality Contract

Hi, my name is Bhavesh Sarna. I am a student at University of Jyvaskyla.

I am studying employee's preferences about Voluntary CSR and Mandatory CSR laws.

I thank you for your willingness to participate in this research project. Your participation is very much appreciated. Just before we start the interview, I would like to inform you that:

First, your participation in this interview is entirely voluntary.

You are free to refuse to answer any question at any time.

You are free to withdraw from the interview at any time.

This interview will be kept strictly confidential and will not be shared with any organization.

Excerpts of this interview may be made part of the final research report, but under no circumstances will your name or identifying characteristics be included in this report.

I would be grateful if you would sign this form to show that I have read you its contents.

_____ (signed)

_____ (dated)

Please send me a report on the results of this research project. (circle one)

YES NO

Appendix III

Summary of Priyanka's interview

Awareness / understanding/ importance of CSR (for employees at individual level)

This employee considers CSR as an additional responsibility of the companies in the society where they operate and they need to support the causes for the development of the society.

> *"My understanding of CSR is directly related to those words, 'an organization's responsibility towards the society where it operates.' In my opinion, it is driven by the CSR team to support leading causes in the community. For example, in our society, education is a major problem and then hunger is a major issue; all this can be addressed through CSR. Companies can directly help in such matters in many ways."*

The employee feels that CSR is important as we all connected to each other and if organizations have a good CSR policy then they not only positively influence the employees but also the family members of the employees. So CSR would have larger effect than it is perceived. Also, it is acknowledged that one really does not have a choice to associate personal reputation with the CSR reputation of the companies. Because, one does not have so many job options she feels that she cannot make career choices based on the CSR reputation of the company. Although given a choice then the employee would definitely choose a company that has better CSR reputation, because she would find it easier to trust the company.

> *"The CSR reputation of a company will affect me definitely…. But on the other hand, if I have to look for a job then CSR will not be on the priority list. But if I have the luxury of choosing between two different job opportunities then I will check their CSR performance and prefer the company that performs better on CSR. Because I can trust the company and the CSR reputation defines the attitude of the company towards the society."*

Understanding the Government's role for CSR

She feels that, it is the joint responsibility of the government and companies to take care of society and environment. Government can encourage companies to be more active in CSR by providing tax rebates, preferential treatment in government tenders, or resource allocation. She also feels that having CSR laws might clarify a lot of things related to CSR, as she found that different companies perceive CSR in different ways. Government has many policies and plans in place such as '*Nanhi Kali*', '*Sarva Shiksha Abhiyan*', '*beti bachao beti padhao*'; but

then government do not have enough resources to support these policies and plans for such huge population. She had worked for companies where she supported these plans of the government through her company. So CSR activities from companies help.

Employee preference

She prefers mandatory CSR laws, because laws bring equality for the employees and motivation of the companies to participate in development of the society. Also it sets strong boundaries and ensures clear contributions from the companies towards the society.

> *"It will help in clearly defining CSR and also make sure who is contributing how much towards CSR and will help in avoiding any kind of greenwashing through scrutiny."*

Tabulation of themes into codes for Priyanka's interview

Theme	Identified codes during analysis
Country	India
Understanding about CSR	CSR as an extra responsibility
Is CSR function important?	Yes
Does he or she volunteers for CSR projects?	Yes
Does he or she associates personal reputation with CSR reputation of the firm?	No
Is social and environmental welfare only government's responsibility?	No
Can government influence CSR activities of the company?	Yes
Should government provide detailed CSR guidelines	Yes
Does government have all the resources to take care of social and environmental responsibilities independently?	No
Preferences for CSR laws	Mandatory