

MODERNISATION OF THE EUROPEAN SOCIAL MODEL AND CORPORATE
SOCIAL RESPONSIBILITY: A CRITICAL ANALYSIS OF FINNISH
COMPANIES

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ABSTRACT

As the world's largest trading block, the EU accounts for 19% of world trade in goods (as compared to 16% for the U.S. and 9% for Japan) and forms with Japan and NAFTA part of the triad currently dominating world trade. The EU has also become involved in a host of policies that affect many aspects of the economic and social activities of the member states. The thesis assesses the developments related to the emergence of the concept of 'Corporate Social Responsibility' (CSR) at the European level and role and content given to it as well as recent efforts to integrate corporations as actors more firmly to the modernisation of the European social model. Special emphasis is given to the European Council appeal on CSR in March 2000 and the launch of the European level Campaign on the basis of this appeal.

The thesis explores the 205 biggest Finnish companies by turnover performance with regard to a set of criteria, based on the analysis of developments at the European level. The thesis focuses on CSR in one particular field, human resource management. In Finland, the government has played the leading role as provider of social services and benefits. Furthermore, the Finnish labour legislation and collective labour relations system is regulative and managerial discretion strongly limited compared with regulatory systems in many other countries. As a consequence CSR as a term is relatively new in Finland and explicit measures aimed at promoting CSR are still at an early stage of development. An analysis of companies was carried through by interviews, postal survey and content analysis of corporate public documentation. A rigorous questionnaire was used as a framework for information collection in the interviews and the postal survey, and also provided a structure for content analysis of corporate documentation. A total of 172 companies (84%) contributed to the research data. The research addressed eleven themes which were derived from key documentation, such as training, participation, security in employment, employee well-being, equal opportunities, work-life balance, recruitment of disadvantaged groups and reporting in public domain.

The thesis concludes that the majority of companies pay due attention to training and staff development, participation and staff involvement as well as employee well-being and work ability, whereas other areas such as promoting equal opportunities, work-life balance and integration of people experiencing difficulties in the labour markets are, with a few exceptions, largely neglected. Furthermore, the survey revealed strong similarities with regard to the themes where public sector support and the role of regulations are the strongest such as participation and staff involvement, employee well-being and work ability and work-life balance. The public sector role as the main provider of service system and benefits was reflected in the low support for certain parameters, such as daycare for employees children or better maternity/parental leave benefits than offered by regulations. Finally, the content analysis of corporate public disclosure indicated that importance of the employee-related disclosures has not been fully recognised. The disclosures were, in general, uneven, piecemeal and patchy. Quantitative performance indicators were reported by few and were not often in a comparable form. Current disclosures, especially in annual reports, are more akin to providing a message 'we are a successful company with a well educated and highly competent workforce' rather than 'we are a socially responsible company, taking good care of our employees'. Therefore, there is a need to develop disclosures to provide a more comprehensive and systematic view over softer issues such as equal opportunities, work-life balance and integration of disadvantaged groups.

Overall, if the role of the public sector is taken into account, the research results indicate that Finnish employees should do relatively well with regard to the set criteria. In Finland, the potential role and additional value for CSR could be, in front of increasing demands for flexibility and for deregulation, to show that companies, if provided more freedom, also are willing and capable to take more responsibility. The role of the EU is seen as building up a common framework for CSR, enhancing the partnership between the public and private sector and as a co-ordinator and a facilitator. However, CSR should complement regulations,

legislation and the norm, not act as a substitute for them. This is of crucial importance to Finland, where the role of the public sector and a corporatistic bargaining system have been essential in the process of promoting high labour standards. In Finland, there is also a need for the public sector to promote more voluntary type initiatives, explicitly linked to CSR. Facing the predicted labour shortage the companies need to fully recognise the value of CSR, as an important factor in attracting competent workforce. Greater coherence in company disclosure practices could be facilitated by European level guidelines and standards, seeking in turn, when appropriate, coherence with global ones.