

# Corporate responsibility in Finnish forest industry SMEs: Practice without preaching?

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Increasing societal demands are driving forest industry companies to evaluate the impacts of their business activities more comprehensively. Corporate social responsibility (CR) is not a new phenomenon to the industry sector as environmental considerations have been on the agenda of the firms for decades through the use of forest resources. However, globalization and relocation of operations overseas have increased the general public's awareness of the societal effects of business. Finnish forest industry is currently facing major competitiveness challenges and in the long-term, so any means to alleviate the situation need to be considered.

CR is still perceived as a fuzzy concept to those of SMEs in general, and companies are often lacking in an explicit definition or execution of CR, as well as the potential benefits incorporated. Previous literature suggest that SMEs approach CR as a strategic issue by, for example, evaluating which aspects of this multidimensional phenomenon potentially affect the firm's ability to reach its objectives, or reallocating their relatively limited resources to the identified CR issues from a strategic perspective. While prior CR research in the forestry context has intensively focused on the major forest and paper companies, CR of SMEs within the forest industry has not been studied. The significance of SMEs is also expected to grow in the Finnish forest industry in the future as mechanical forest industry increases its relative importance. Cases studies are thus needed to help SMEs observe the specific practices that impact profitability and performance, and eventually promote a business case which attracts companies to get involved and adopt CR practices.

Our empirical data was collected by semi-structure in-depth interviews with the line managers from three medium-sized Finnish sawmills. A total of nine interviews were conducted with the three managers of each company, who are in charge of a variety of specific functions in the companies' value chain, such as wood procurement, production, sales, and marketing to both domestic and export markets. The managers were asked to identify sources of competitive advantage within the company, to give their definitions of CR, and to discuss the potential of CR as a source of competitive advantage. The findings were congruent with earlier studies on SMEs in other industry so that the firms often execute CR without identifying it and relate to CR through their key stakeholders (employees, community, and customers). The interviewed line managers did not generally perceive CR to have significant potential as a source of competitive advantage. If CR is to be promoted amongst Finnish forest industry SMEs, robust business cases have to be presented to demonstrate the measurable benefits of CR. Practical examples of what CR incorporates in the smaller firm are required. Consumer studies are necessary to discover the value of CR stewardship perceived by the customers.

**Key words:** corporate social responsibility, SMEs, sawmilling industry, resource-based view, competitive advantage, Finland

## **Introduction**

Several factors contribute to making corporate (social) responsibility (CR) an imperative topic for the forestry sector. Forest industry is a business sector where operations have a direct impact on the natural environment, which makes it an easy target to public criticism. CR is thus gaining momentum as a source of legitimacy and as a means for alleviating threats. Forestry sector also has to embrace different, often conflicting stakeholder pressures, which is another incentive for CR investments. One of the most common methods for conveying CR in the sector is forest certification, which entails third party verification for socially and environmentally responsible forestry practices, i.e., sustainable forest management. (Vidal & Kozak, 2008b).

Societal expectations regarding the use of forest resources have driven forest industry companies to adopt CR practices and thus demonstrate their commitment to sustainability. The growing trend towards consolidation and globalization of the industry has had a similar effect. Adoption of CR practices minimizes the risk of public criticism, the lack of transparency and the risk of a decreasing market share in some markets. In forest industry, environmental issues have been given priority over social issues, but the sector appears to be moving towards a greater balance among environmental, social and economic responsibilities (Vidal & Kozak, 2008b). An analysis of the corporate reporting of ten largest global pulp and paper companies found little regional diversification between the enterprises (Mikkilä & Toppinen, 2008).

Large multinational forest industry companies have been exposed to a more intense public scrutiny and their incentive for corporate responsibility is strong, but smaller companies can also be innovators in adopting CR practices (Vidal & Kozak, 2008a). The size of the company does not matter in the advanced stages of ecological stewardship as these stages require innovation and knowledge which are unrelated to size. A small enterprise can thus create a competitive niche in sustainable product design or business model (Sharma & Henriques, 2005).

Previous literature suggest that SMEs approach CR as a strategic issue by, for example, evaluating which aspects of this multidimensional phenomenon potentially affect the firm's ability to reach its objectives, or reallocating their relatively limited resources to the identified CR issues from a strategic perspective (e.g., Murillo & Lozano, 2006). While prior CR research has intensively focused on the major forest and paper companies, CR of SMEs within the forest industry has not been studied in Finland. Furthermore, a recent study by Hetemäki and Hänninen (2009) predicts that the relative importance of wood products industry is likely to increase in the future, whereas the corresponding importance of pulp and paper industry is likely to decline in Finland. Cases studies are thus needed to help SMEs observe the specific practices that impact profitability and performance, and eventually promote a business case which attracts companies to get involved and adopt CR practices.

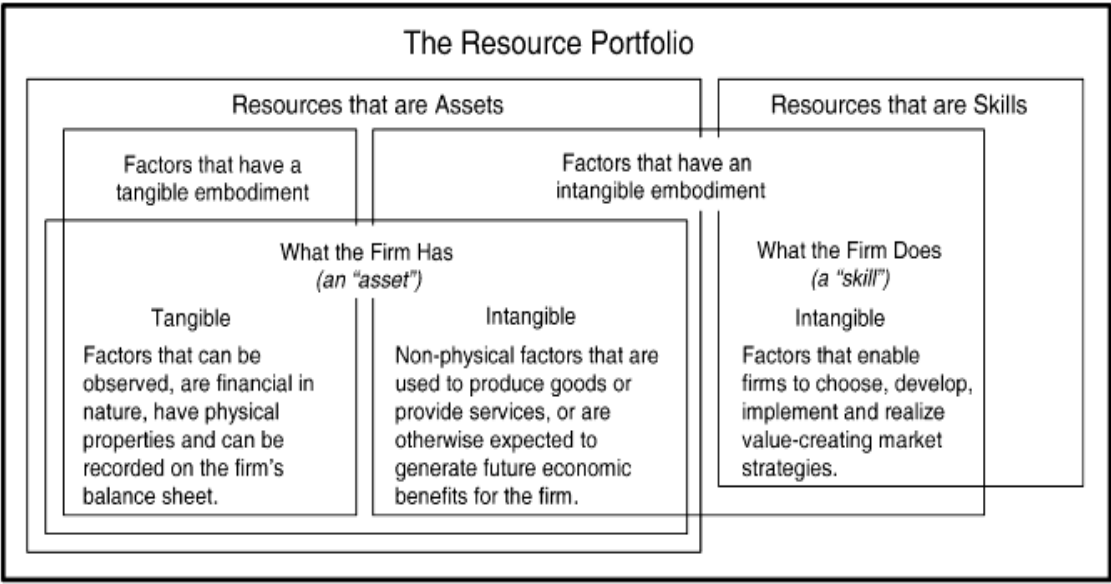
Therefore, the purpose of this study is to consider how engaging in corporate responsibility activities can benefit Finnish forest industry SMEs. A theoretical model on how to approach

CR<sup>1</sup> in SMEs is built based on existing literature. Primary empirical data is collected from the line managers of medium-sized forest industry companies. The managers are interviewed regarding their perceptions on CR and the current sources of competitive advantage of the firm.

**Theoretical background**

*Resource-based view and sustainable competitive advantage*

According to Galbreath (2005), CR needs to be systematically incorporated and integrated to corporate strategy in the context of six fundamental and interconnected strategic dimensions: mission, strategic issues, markets, customer needs, resources and competitive advantage. Bhattacharyya et al. (2008) have suggested that when managers design strategic CR initiatives, the relevant stakeholders of the firm need to be identified based on their saliency and the firm’s interest in CR is based on the contribution of CR to the value chain of the firm, with regard to the competitive environment of the firm and the possibilities of creating new business opportunities. The resources of the firm are scarce and valuable and must therefore be utilized in an appropriate manner and for a worthwhile cause (Weber, 2008).



**Figure 1.** Resource portfolio of the firm (Galbreath, 2005) .

<sup>1</sup> The definition of the European Commission for CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" is used in the study.

The resource-based view of the firm (RBV) is based on the assumption that resources are not evenly distributed across all firms and these resources may not be perfectly mobile (Barney, 1991). Sustainable competitive advantage (SCA) can be obtained by a firm that possesses a resource that has the following attributes: it is valuable (exploits opportunities and/or neutralizes threats in the firm's environment), rare (amongst current and potential competitors), inimitable and non-substitutable, i.e., there are no strategically equivalent substitutes readily available to the competitors. Strategic resources include assets, capabilities, attributes, processes and knowledge; they are controlled by the firm and utilized to implement strategies (Barney 1991). Galbreath (2005; see also Galbreath & Galvin, 2008), has categorized resources into tangible and intangible assets and capabilities (figure 1).

According to Lähtinen et al. (2009), several tangible and intangible resources form the resource-pool of a sawmill, beginning with a favourable location near customers and business partners, and extending to quality systems and the total service offering of the firm. The results of the study indicated that the resources associated with raw material, reputation and services, collaboration and technological know-how had the most influence on the financial performance of the sawmills. According to Lähtinen et al. (2009), the resources mostly valued by managers did not always correspond with the best financial performance: some of the least valued resources, in effect, proved to be strategic resources and vice versa.

#### *Corporate responsibility and SMEs*

The significance of CR to smaller enterprises has been recognized both by governing bodies and by academia. SMEs are the prevalent enterprise form in the European Union, both in absolute numbers and in their contribution to gross domestic product and employment as some 99 per cent of businesses in Europe - 20 million enterprises – are small or medium-sized.<sup>2</sup> However, many studies have shown that the corporate responsibility concept is somewhat difficult for SMEs to enunciate even though the companies, in effect, may execute CR. According to Jenkins (2006), in order to succeed in business context, the CR concept needs to be translated into practicalities, activities need to be targeted and integrated into all operations and enterprises have to be able to recognise its business benefits. Earlier research suggests that SMEs generally are unclear about what CR is, how it should be executed, and what potential business benefits it incorporates (Spence & Lozano, 2000; Lähdesmäki, 2005; Jenkins, 2006; Murillo & Lozano, 2006). Furthermore, a recent study by Hetemäki and Hänninen (2009) predicts that small- or medium-sized companies continue having difficulties in defining the concept and had inefficiencies in communicating with internal and external stakeholders of their best practices. Similar results and conclusions were reached by Taipalinen and Toivio (2004) that the concept appeared rather vague to Finnish SME entrepreneurs, yet they applied the principles of CSR in their operations. Graafland (2003) compared small and large companies' strategies and instruments for organizing CSR and discovered large companies to prefer an integrity strategy where values are defined without control or sanction mechanism, whereas small enterprises prefer a dialogue strategy: they try to learn from stakeholders which

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<sup>2</sup> The European Commission (EC) defines a SME as a business which employs fewer than 250 people and has an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million.

aspects of CSR are the most important to realize. Perrini et al. (2007) also compared SMEs and larger enterprises, and discovered larger firms to be more willing to define and implement specific CSR strategies. Sweeney (2007) found the volume and the range of CSR actions to be more substantial in larger firms, whereas SMEs described CSR as conducting business in a responsible manner, more specifically contributing to the local community. SMEs stated added costs as the only barrier to CSR engagement; additionally, smaller firms have some difficulties in articulating the activities they were involved with. Pressure from a supply chain buyer can boost the role of a smaller firm to act as a change agent for CR (Jorgensen & Knudsen, 2006).

Nielsen and Thomsen (2009) studied CR in SMEs from corporate communications perspective. Middle-level managers regarded CSR more as an ethical and morals issue, instead of a strategic instrument. Communicating CSR explicitly to the external stakeholders of the firm was seen as a particular challenge by the authors. Fassin (2008), on the other hand, has argued that while there is an increased pressure for SMEs to report CSR practices, formal reports and procedures do not validate CSR or prove ethical behaviour, and the absence of formalised reporting does not indicate absence of responsible behaviour.

The commitment of top-level management is essential to the success of CSR in SMEs. In larger companies, CSR is driven by the mid-level managers of human relations or external relations, although supported by executives. In a smaller business, the owner-manager frequently is both the driver and the implementer of company values. (Jenkins, 2006).

The particular characteristics of SMEs can benefit them in adopting corporate responsibility; SMEs are adaptable and flexible and can therefore respond quickly to changing circumstances. They may, for instance, be able to take advantage of new markets for products that incorporate social or environmental value. SME companies are often innovative, which can be applied to innovative CSR approaches. Communications in SMEs are more fluid and information can be efficiently spread across the organization. Wiklund and Shepherd (2003) have found that an entrepreneurial strategic orientation of the firm, i.e., innovativeness, proactiveness and risk taking enhances the positive impact that knowledge-based resources have on performance. As a result, some firms possess the ability to utilize their resources in identifying and responding to environmental cues earlier than competitors, possibly gaining the first-mover advantages. However, adoption of CR activities can also result in negative outcomes or the expected benefits may not materialize (Hillary, 2000).

The line managers of smaller firms also appear to be a "silent" stakeholder group, at least based on the very scarce research literature focusing on them. Yet they execute the company strategy every day by designing the products, developing the processes and delivering the products and services. They also have close working relationships with several other stakeholder groups both inside and outside of the firm, they are likely to be highly motivated to secure the long-term survival and success of the firm. In a recent study by Mattila (2009), the employees of a multinational Finnish forest industry company were interviewed on their views on the CR aims of their firms. Workers and middle-managers locally expressed dissatisfaction with current practices of the firm: they felt that CSR is for "outsiders" and not for the employees and the surrounding community. The employees in the head office of the company, on the other hand, had reached the conclusion that profits depend on the public opinion, which creates pressure to maintain a good corporate image.

Many SMEs feel there is a discrepancy between "the idealistic CR communications" of some larger companies and the actions of these corporations. Qualitative studies focusing on SMEs are thus needed to fill the research gap. This can also help their managers to observe the specific practices that impact profitability and performance while a solid body of evidence makes businesses more likely to get involved and adopt CSR practices (Perrini, 2006). In table 1, based on literature, a wide variety of areas are identified where the CR aspects as a potential source for competitive advantage could be considered by the smaller-sized forest industry firms.

**Table 1.** Operationalisation of the CR activities of a forest industry SME

<p><b><u>Internal operations</u></b></p> <p><b>Production and end-products:</b> efficient use of roundwood and by-products, energy efficiency, high/requested quality of products; customer value for money; patents, copyrights or trademarks for environmentally friendly products</p> <p><b>Processes:</b> quality system/certificate, environmental system/certificate; organizational routines that consider the effects of activities from economic, social and environmental perspectives, R&amp;D of environmentally advanced processes</p> <p><b>Economic responsibility toward owners:</b> safeguarding good rate of long-term return shareholders, e.g., by improving productivity and profitability</p> <p><b><u>External operations</u></b></p> <p><b>Wood procurement:</b> roundwood acquisition from certified forests, procurement from the vicinity of the mill, maintaining chain-of-custody of timber</p> <p><b>Supply chain:</b> locality and longevity of contracts; incorporation of economic, environmental and social elements in supplier selection criteria; compliance to upper supply chain requirements regarding environmental and social performance; long-term alliances and collaboration with industrial customers</p>	<p><b><u>Internal interactions</u></b></p> <p><b>Human resources:</b> job security; on-going training and education; performance appraisal; acknowledgement and compensation for specific skills and know-how; voluntary health and safety investments</p> <p><b>Organizational culture and communications:</b> flat management structure, e.g., easy access to management for all employees; efficient daily operational communications; a clear business strategy that is communicated throughout the organization; reporting of overall performance to all employees</p> <p><b><u>External interactions</u></b></p> <p><b>Customers:</b> active maintenance of customer dialogue; rapid response to concerns; striving for long-term relationships and collaboration; truthful promotion; verbalized mission</p> <p><b>Forest owners:</b> long-term relationships as a result of collaboration and trust</p> <p><b>Local community:</b> local recruitment; provision of income to local forest owners and contractors; corporate philanthropy; direct involvement in community projects and affairs, e.g., collaboration with local schools</p> <p><b>Society at large:</b> monitoring of societal trends (media, industry publications, market research etc.); communication and collaboration with NGOs, educational and research institutions, media etc.;</p>
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## Data and methods

Qualitative research and the selection of case study method can be credibly justified in this study where the topic is uncharted territory (corporate responsibility, SMEs, and forest industry). Yin (2003) defines a qualitative case study as an empirical enquiry that explores a contemporary phenomenon in its real-life context; the boundaries between the phenomenon and the context are not clearly evident; there are more variables of point than data points; the research relies on multiple sources of evidence (data triangulation); and the research benefits from prior theory to guide data collection and analysis. In a multiple-case study, replication logic can be employed to improve external validity: cases are carefully selected so that they either predict similar results (literal replication) or contrasting results but for predictable reasons (theoretical replication). The development of a rich theoretical framework is an important part of the research process as it depicts the conditions under which the research phenomenon is likely to be found and later serves as a vehicle for generalizing. Data analysis in a qualitative study concentrates on why things happen, rather than on statistical evidence. Patterns in the data are searched and codes are assigned to sections of interview data that relate to the research issues. Categorization is based on representative, current literature - which is presented - and its operationalization into specific, identifiable activities in this context.

To improve the reliability of the observations in this study, readers are presented with authentic extracts of primary data and the key contents of responses are summarized in table 2. This enables the reader to estimate if the interpretations of the researcher have been executed in a consistent way. The risk of "anecdotalism" – only using partial data and not attempting to analyse contradicting data – has been addressed in the careful research design based on the theoretical framework. By choosing a specific perspective on the topic and formulating research questions accordingly, majority of raw data gathered was usable to begin with. In processing of the data, the issues clearly outside the scope of the study could be also extracted. The semi-structured form of the themed interviews allowed for and anticipated topics and themes to be introduced by the informants; this input was considered valuable data and therefore carefully documented and analyzed.

In this study, the population consists of medium-sized Finnish forest-industry companies. Three companies are selected for the study because the evidence from a multiple-case study is often considered more compelling and robust. The companies are selected on two grounds: firstly, their product portfolios are non-identical and secondly, they appear to be addressing CR already based on their external corporate communications. There are two arguments for the latter selection argument: the need to investigate good role models in CR practice and the presumption that the amount of businesses comprehensively addressing CR is expected to grow in the future. The interviewees are line managers of the companies, i.e., they are in charge of specific functions of the firm: production, wood procurement, marketing etc. In a medium-sized company, the managing director of the enterprise often functions also as a line manager. Nine interviews were conducted with three managers representing each company and

the duration of interviews ranged from 30 to 100 minutes. While personal contact and allowing more time to deliberate on the topics would have undoubtedly produced more material, the gathered material was however quite rich and enabled the analysis of research questions.

## Results

Four main themes emerged when the informants were asked to identify specific sources of competitive advantage in their respective companies: production technology, roundwood acquisition, customer focus in designing products and services and human resources. One of the production managers noted how it is essential to combine both internal and external operations successfully. One of the wood procurement managers also called for a more holistic view of business as: *“In order to survive, a sawmill has to master the whole chain: the wood procurement, the production and the markets... the firm has to be agile in buying wood and in selling sawn timber - both at the right price”*.

The single contributor to CA that was most emphasized by the interviewees was the **advanced production technology** of the mills, which was also emphasized through the importance of pursuing profitability by optimized production technology. The finding of the perceived importance of advanced technology corresponds closely with the results of Lahntinen et al. (2009). As an acute illustration about the importance of technology, a marketing director spontaneously produced his definition of CR as: *“If you want me to say here what corporate responsibility is in this firm, then it is reliability which means that we deliver what we promise and that the quality is what we promise it to be...this is why we have made the investments into technology”*.

Along the importance of technology, **roundwood acquisition** was emphasized as the foundation of business underlines the local nature and strong raw material orientation of Finnish SME sawmills. According to the interviewed managers, continuous work is required to create and maintain good relationship with forest owners. In order to facilitate repeat transactions with forest owners, the harvesting has to be executed in a way that leaves the forest and the land in a condition that is acceptable to the seller.

In the context of wood procurement, the interviewees were also asked about their perceptions regarding forest certification, chain-of-custody certificates and their significance to business. More specifically, the managers compared the differences of two forest certification schemes: the PEFC which dominates in Finland and the FSC which is predominant in Sweden. Three of the interviewees regarded the Finnish scheme to be a somewhat debilitating factor to the Finnish SMEs in the U.K. in particular where the FSC is the "preferred system". The opinions on the topic ranged from sceptical to those who considered CoC-certificates to be a necessity. One wood procurement manager enunciated his doubts regarding the weight of a wood origin certificate in consumers' buying decisions - he suspected that customers make their purchasing decision of a piece of outdoor furniture based on the physical qualities of the wood itself (softwood vs. hardwood), not on a certification stamp and scheme: *“ I really don't think...I mean somehow I doubt that a European customer would buy furniture based on a stamp in a piece of furniture; I mean, they all have some stamp on their side and regardless that stamp, you really can't tell with the Asian products, what kind of timber they are made of”*. Some of

the other informants regarded the CoC-certificate as a necessity that "just has to be there by default". A sales manager expressed his thoughts on the subject: *"I think that a lack of certificate on a wood product can certainly be a deal breaker..."*

**Customer focus** – acknowledged as another principal source of CA by the informants of this study – was greatly influenced by the aforementioned foundation: customer selection is based on the available roundwood and technologies facilitate the delivery of promised quality to customers. Long-term relationships with industrial buyers were considered particularly valuable by the line managers; the demands from upper supply chain acted as drivers for certain practices (CoC-certificates, statements regarding employee working conditions).

Finally, the importance of committed **workforce** and their knowledge and competencies as a base for CA was spontaneously acknowledged by most of the managers in all three companies. One wood procurement manager commented on the change that had taken place in the job descriptions of the employees since the introduction of the more advanced technologies as follows: *"I am extremely proud of our employees and I have been positively surprised by their ability to adapt to the new technology, and by their willingness to accept new challenges...the change in the operations has required a lot from them...some 25 years ago the job used to be all about how broad their shoulders were, now it is about having the stamina to press a button without fatigue"*.

Table 2 briefly summarizes managerial' perceptions of CR, its implementation in their firms and its potential as a source of competitive advantage. The results are presented in the order of the supply chain, starting from wood procurement and ending with managers working directly with the customer interface.

Generally, the line managers of SMEs did not deem CR related activities to be a source of competitive advantage to the firm. The informants related to CR mainly through the firms' relationship with three key stakeholder groups: the employees, the surrounding community and the customers – although the majority of the managers did not use the word "stakeholder" in their definitions and descriptions. Stakeholder orientation of SMEs has been documented in previous studies; according to Jenkins (2006), SMEs are unlikely to see CSR in terms of brand risk and reputation: issues closer to home are more likely to receive attention from the managers.

A marketing director considered CR to equal with "an image of responsibility". He also identified the limited resources of a smallish company as the main reason why the company cannot implement what he called, "real corporate responsibility": *"This is a question of resources: because of limited resources, we cannot participate in activities that would actually affect the everyday life of the locals (in the export markets)...we are an important and responsible operator domestically but overseas, we simply do not have the kind of resources to execute CR that would touch the lives of the locals, like for instance something to do with the elderly or the local schools"*. One of the production managers remarked that possibly the firm simply regards CR as an obvious way to do business: *"Yes, I think CR is significant... perhaps we are being too modest about the whole thing...I mean we are so honest and think of these matters as so obvious that we don't really see them ourselves...so perhaps it is not so self-evident when looking from the outside"*.

## Discussion and conclusions

The theoretical framework of this study could explain appropriately the phenomena discovered in this study: allowing the SMEs and their managers the option to choose what kind of CR they want to implement offered a framework flexible enough to incorporate all findings under this umbrella theory without leaving deviant or unexplained cases. Approaching CR as a strategic issue aspired nevertheless to recognize the presumed reality of SMEs that not all activities related to corporate responsibility can be implemented, yet several aspects of the phenomenon should be considered.

**Table 2.** Managerial views within forest industry SME on CR and its connection with CA

What constitutes CR	Corporate responsibility and CA	Position of manager
Compliance with law, Injecting money into regional economy, To be able to look people in the eye while walking down the street	No potential in marketing; instead, potential for turning into "nonsense, like forest certification"	Wood procurement
Good relationships with customers	Industrial customers cannot be won over with imagery	
Source of income to employees and contractors, Paying taxes	Significance of CoC-certificates in consumers' purchase decisions is unclear	Wood procurement
Participating in projects with schools	No potential as a source of CA	Wood procurement
Economic responsibility toward owners Shows in the conducts of employees and in the relationship with the stakeholders geographically closest	Possibly the environmental aspect could be emphasized in marketing, as far as the origin of wood is concerned	
CR lives on "values level" in the firm, Local roundwood acquisition and employment	Significant, but the company is possibly too modest about its' CR activities, Long-term customers notice company CR practices	Production
Company considers dimensions of CR (economic, environmental, social) in every day decision making	PEFC certificate possibly a limiting factor in export markets (if compared to FSC); drivers of consumer purchase decisions are not always clear	Production
Provision of employment	Ecological perspective could be utilized more in marketing of wood products, CoC-certificate is not a source of CA – it is a necessity	Sales
Environmentally friendly practises	Environmental aspect (CoC) can be utilized in	Sales

Job security of the employees	marketing	
	Compliance with law cannot be utilized in marketing	
Injecting millions into regional economy, Paying taxes	CoC-certificates are important to consumers in the export market, Foreign industrial buyers are interested in the working conditions of employees	Export sales
Image of responsibility, Commitment to customers: delivering what it is promised	Watered-down concept; cannot be converted into currency; no CA potential, CR can only be practised locally	Marketing

Our findings are in line with Sharma and Henriques (2005), who studied managerial perceptions on stakeholder influence and sustainability practices within Canadian forest products industry where the surrounding community was found to be a major object and beneficiary of company CR. Strong connection to the surrounding community has also been recognized in many earlier SME studies (e.g., Observatory of European SMEs, 2002; Jorgensen & Knudsen, 2006; Jenkins, 2009). In discussing CR specifically, several managers defined CR and the CR executed by their respective companies through customer perspective: CR to them is delivering quality to customers. The stated customer focus of SMEs in other industry sectors has been documented by, for example, Murillo and Lozano (2006) and Jenkins (2009).<sup>3</sup>

An interesting perspective to the issue was added by one of the interviewed managers of this study who acknowledged that the "obvious" CR practised by the firm "may not be so obvious to the outsiders". As discussed earlier in this paper, several previous studies have shown that SMEs often practice CR without recognizing or articulating it (Sweeney, 2007; Fassin, 2008; Nielsen & Thomsen, 2009); the findings of this study strongly support the results of prior research in other industry fields. When looking for connections between identified sources of CA and identified ways that CR is implemented by the company, only two common themes emerged: the firm's relationship with its employees and its customers. Constructive affiliation with these two key stakeholder groups is both a contributor to competitiveness and a subject of responsible corporate action to the case companies, based on managerial evidence.

Interestingly, activities from Table 1 were widely discussed during the interviews – but most often they were not introduced by the managers while identifying sources of CA. Based on this, it is possible that responsible business practises are so closely woven into the fabric of everyday operations of the companies that they "practise without preaching": CR issues and practices do not generally get recognized as such by the managers. Bird and Waters (2002) have discussed this phenomenon known as "the moral muteness of managers" where managers often are reluctant to describe their moral actions in moral terms. Managers prefer to describe

<sup>3</sup> Studies with opposite results have also been published. For example, Sweeney (2007) found that SMEs were rather vague in describing CR as "responsible business" whereas larger companies described CR through their key stakeholder relationships (customer, employees, environment and community).

organizational interests, economic good sense and practicality as the drivers of the actions which, in fact, honour morally defined standards.

In the future studies, it would be of interest to learn what customers/consumers think about CR: do insights differ between industrial customers and end consumers, and how much weight they give to the CR stewardship while purchasing wood products domestically and overseas. Also, due to forest industry globalisation, exploring the issue in an international context could be worthwhile.

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