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**A quest for corporate sustainability in forest-based
industry: a resource-based perspective**

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Academic Dissertation

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ABSTRACT

Growing interest in corporate sustainability has translated into growing concerns about how corporate responsibility management can be more effectively integrated with economic business goals, challenging organizations to shift their priorities toward more holistic strategies and performance assessment models which encompass measures related to both multiple stakeholders and responsibilities. Although interactions between corporate (social) strategy, sustainability performance, and business competitiveness have received considerable attention in both theory and practice over the past three decades, the phenomenon is under-investigated in forest-based industry, which is undergoing broad structural changes and global shifts in market demand and supply.

This dissertation aims to fill this gap by approaching it from the resource-based view of the firm and empirically investigating a variety of aspects in an attempt to provide an overview of state-of-the-art corporate sustainability in global forest-based industry and to capture a structured view of the relationships between sustainability performance, competitiveness and economic performance among forest-based companies.

The results indicate that both larger and small forest-based companies seem to have clear stakeholder orientations. Driven by legal requirements aspects, small companies tend to adopt informal corporate responsibility strategies and tools to meet their stakeholder expectations. A majority of large forest industry companies appear to have implemented corporate responsibility mainly with a profit-maximizing assumption and a relatively defensive approach parallel to and beyond their core business. To these large companies, environmental and economic issues are dominant in disclosure and profitability, while regional differences are not decisive in formulating strategies for sustainability reporting. Furthermore, the results bolster previous findings that have reported a positive return on corporate responsibility initiatives in terms of profitability, suggesting that corporate responsibility can enhance value creation for forest-based companies. To that end, a differentiated business-oriented approach is necessary in managing the business case for sustainability.

Keywords: Corporate responsibility, competitive advantage, corporate responsibility standards, corporate social and financial performance, resource-based view, strategic corporate responsibility

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Helsinki, Finland, 22 October 2012

Ning Li

To Xuechen and Lanxin.

LIST OF ORIGINAL ARTICLES

This dissertation consists of an extended summary and six articles, which are referred to in the text by their Roman numerals. Articles I, II and III are reprinted with permission.

- I** Li, N. & Toppinen, A. 2011. Corporate responsibility and sustainable competitive advantage in forest-based industry: complementary or conflicting goals? *Forest Policy and Economics* 13(2): 113-123.
doi: 10.1016/j.forpol.2010.06.002.
- II** Toppinen, A., Li, N., Tuppuru, A. & Xiong, Y. 2011. Corporate responsibility and strategic groups in the forest-based industry: exploratory analysis based on the Global Reporting Initiative (GRI) framework. *Corporate Social Responsibility and Environmental Management* 19(4): 191-205.
doi: 10.1002/csr.256.
- III** Li, N., Toppinen, A., Tuppuru, A., Puumalainen, K. & Hujala, M. 2011. Determinants of sustainability disclosure in the global forest industry. *Electronic Journal of Business Ethics and Organizational Studies* 16(1): 33-40.
doi: jyu-201201271084.
- IV** Li, N., Toppinen, A. & Lantta, M. 2011. Managerial perceptions of SMEs in the wood industry supply chain on corporate responsibility and competitive advantage: evidence from China and Finland. Manuscript.
- V** Li, N., Puumalainen, K. & Toppinen, A. 2012. Managerial perceptions of corporate social and financial performance in the global forest industry. Manuscript.
- VI** Li, N., Berghäll, S. & Toppinen, A. 2012. Using SA8000 criteria as a tool to understand employee sentiments toward corporate responsibility: a case of Chinese manufacturing SMEs. Manuscript.

DIVISION OF LABOR IN CO-AUTHORED ARTICLES

	1	2	3	4	5	6
Conception and design	NL, AT ¹	AT ¹ , NL	NL	NL, AT ¹ , ML	NL, KP, AT ¹	NL, SA, AT ¹
Planning and implementation	NL	NL, AT ¹	NL	NL, AT ¹	NL,	NL
Data collection	NL, AT ¹	NL, YX	NL, MH	NL, ML, AT ¹	KP	NL
Statistical analysis and/or interpretation	NL, AT ¹	NL, AT ¹ , AT ²	NL, AT ¹ , AT ²	NL, AT ¹ , ML	NL, KP, AT ¹	NL, SB,
Writing the article	NL	NL, AT ¹	NL	NL, AT ¹ , ML	NL	NL, SA
Overall responsibility	NL	NL	NL	NL	NL	NL

NL = Ning Li, AT¹ = Anne Toppinen, KP = Kaisu Puumalainen, AT² = Anni Tuppuraa, SB = Sami Berghäll, ML = Marja Lantta, YX = Ying Xiong, MH = Maija Hujala

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1. INTRODUCTION

1.1 Background of the study

Corporate responsibility has become part of modern business in today's globalized economy (Donaldson 2005). Although companies have been dealing with economic, environmental, and social issues for many decades, corporate responsibility as an integrated concept and its implication in the corporate context is relatively new. Theorists within the classical strategy literature have articulated the relationship between corporate strategy and economic and non-economic contributions the firm tends to make to its shareholders, customers, employees, and communities (Andrews 1980), as well as the need for firms to develop societal strategies (Ansoff 1983). On the other hand, deliberate efforts have been devoted to integrating the concept of corporate responsibility into the traditional strategic model from various fundamental angles. For instance, Carroll et al. (1987) and Freeman (1984) argue that systematic attention to stakeholder interests is critical to a firm's success, and perceive stakeholder management and social demands as strategic issues, whereas other works (Carroll and Hoy 1984, Carroll et al. 1987, Porter and Kramer 2006) specifically recognize the strategic relationship between socially responsive policies and the economic interests of the firm. The more recent literature has shown that the degree of a firm's proactivity in corporate environmental strategy is positively correlated with its proactivity in its general strategic posture (Starik and Rands 1995, Aragon-Correa 1998, Sharma and Vredenburg 1998, Buysse and Verbeke 2003, Worthington and Patton 2005). Given the importance and sensitivity of forest-based industry to global sustainable development, only recently has attention focused on how to integrate corporate responsibility into the business strategies of forest-based companies. Only until very recently, however, have more efforts sought to explore corporate responsibility from a business strategy and/or financial performance perspective (Ketola 2009).

Corporate responsibility implies interactions between organizations and constituents, and the mode through which this engagement takes place is an inevitable focus of the literature. Stakeholder calls for more information regarding environmental and social performance have triggered a need for companies to legitimize themselves. Such legitimization should be constructed upon a policy of open information to justify business actions through the disclosure of corporate social reporting (García and Sánchez 2008), quickly making corporate sustainability reporting an issue of competitive strategic importance for many (large) companies around the world. The past two decades have thus witnessed a significant increase in the amount of information about environmental and social activities provided by companies (Gray et al. 2001). Such growth has inspired researchers to describe and understand the rationales of corporate responsibility reporting mainly from the perspective of communication or public relations (Bartlett et al. 2007). However, companies' current corporate responsibility reporting efforts have often met with accusations of lacking verification; substantial divergence across firms, industries and regions; and questionable quality. To respond to alleviate current criticisms of corporate reporting, a growing number of large forest-based industry companies have adopted the Global Reporting Initiative guidelines, which are the most dominant reporting guidelines to date that aim to improve the robustness, reliability, credibility, and consistency of reporting

practices. Due to narrow corporate aims to obtain organizational legitimacy and to boost internal development rather than external communication (Hedborg and von Malmborg 2003) beyond the financial bottom line (Willis 2003), the previous literature on the application of the Global Reporting Initiative guidelines has until recent years been limited (Morhardt et al. 2002, Willis 2003, Clarkson et al. 2008, Guthrie et al. 2008, Weber et al. 2008, Brown et al. 2009a, 2009b, Farneti and Guthrie 2009 Perez-Batres et al. 2010, Albers and Günter 2011).

Despite the rise of the Global Reporting Initiative in becoming the world's most widely used voluntary reporting framework for improved international reputation and stance, transparency, and accountability, as well as the great environmental sensitiveness of forest-based industry, the literature on corporate responsibility in the field remains heavily dominated by qualitatively oriented studies, and assumptions are often based on a limited number of regional case companies (see, e.g., Mikkilä and Toppinen 2008, Vidal and Kozak 2008, Ketola 2009, Vidal et al. 2010) with few quantitative inquiries (Sinclair and Walton 2003, Lazar and Albraham 2011).

A manager's attitude toward corporate responsibility-related issues is determined by stakeholder power, legitimacy, and urgency (Mitchell et al. 1997). Previous research has shown that managers' strategic leadership and their support may play a critical role in shaping an organization's values and orientation toward responsible business conduct (Berry and Rondinelli 1998), and managers' perceptions of their company's identity influence their interpretations of strategic issues as threats or opportunities (Dutton and Dukerich 1991, Gioia and Thomas 1996) and thus predict their firm's corporate social performance (Miles 1987, Weaver et al. 1999). Pertaining to an environmentally sensitive sector, many forest-based companies have recently introduced broader-scale responsible business practices into their communication strategies (Vidal and Kozak 2008, Li et al. 2011, Toppinen et al. 2011, Panwar et al. 2012), although little is known about the actual impacts of such strategic shifts in the industry.

Given the growing importance of corporate responsibility in corporate decision-making, measuring corporate social performance is 'an important topic to business and society, and measurement is one part dealing seriously with an important matter' (Carroll 2000, p. 473). Although the literature on corporate responsibility is becoming rather overwhelming, measurement of corporate responsibility remains underdeveloped due to the unavailability of detailed quantitative information relevant to the general rubric of corporate responsibility, as well as the lack of methodology for measuring the full impact of known corporate activities on society (Abbott and Monsen 1979). Corporate responsibility is an extra investment in human capital, the environment, and stakeholder relations (European 2001, Van Marrewijk 2003). During the past thirty years, a sizable number of empirical studies published primarily in the accounting and management literature have focused on the relationship between corporate social and financial performance (for meta-analyses, see e.g., Margolish and Walsh 2001, 2003, 2007, Orlizky et al. 2003, Salzmann et al. 2005, Van Beurden and Gössling 2008, Dixon-Fowler et al. 2012). However, few investigations have explored the context of forest-based industry.

Increasing societal demands are driving forest industry companies to evaluate the impact of their business activities more comprehensively. Smaller forest companies are also inevitably under the increasing pressure of legislation, the supply chain, trade associations and consumer demands for sustainable business conduct. The extant literature on corporate responsibility has generally focused on large firms with the primary thrust of explaining the

institutionalization of formal policies, and the manner in which corporate responsibility is incorporated into decision-making and business practices. Many smaller enterprises are likely to perceive it as a fuzzy concept lacking clarity in terms of definition, execution, and potential benefits. Because small and medium-sized enterprises are generally run by their owners who tend to have a personalized style of management and lack a formal management structure with specialized personnel (Bolton Report 1971), their approaches are particularly endogenous, being inherently shaped by the psychological characteristics of owner-managers and a range of contexts, such as cultural difference and values, stakeholder structure, economic development, or strategic cognition (Antal and Sobczak 2004, 2007). Market opportunities derived from greener products and services can also potentially act as an efficient barrier to the increasing competition in the traditional markets of smaller forest companies. While previous research on corporate responsibility in the forestry sector has exclusively focused on large pulp and paper companies, the topic remains largely unexplored for the smaller firms, urging empirical investigation of smaller firms' managerial awareness and motivation, as well as drivers and barriers in their companies' uptake of corporate responsibility.

As a consequence of the changing conditions of doing business, recent years have witnessed the emergence of an increasing number of voluntary environmental and social standards which companies have adopted and implement, thereby signaling a self-regulation movement as a response from the business community in support of greater social accountability. However, few of these codes have enjoyed high credibility and public trust due to the lack of independent verifiability, transparency and full public disclosure (Sethi et al. 2011). Although the benefits of corporate responsibility engagements are well documented (see, e.g., Ruf et al. 2001, Margolis and Walsh 2003, Orlitzky et al. 2003, Vogel 2005), to date, little is known about the impact of social accountability benchmarking initiatives in the context of developing and emerging markets (Blowfield and Frynas 2005).

The apparent convergence in the corporate responsibility literature on external stakeholders (e.g., shareholders, investors, consumers) diverts on the impacts of corporate responsibility on those internal beneficiaries, especially frontline workers in smaller businesses that are central to global supply chains. Given their growing importance in global supply chains, Chinese vendor plants, like those in other developing or emerging countries, are often confronted with varying degrees of accusations of non-compliance with voluntary codes of conduct (established by their upstream buyers). While labor issues are becoming a major concern affecting the competitive power of Chinese firms (Howard et al. 2007, Han 2008, Kelly Services 2010), the lack of knowledge and understanding of employees' perceptions of organizational behaviors in dealing with CR-related issues hamper company efforts with higher rates of turnover and low rates of commitment in many labor-intensive and export-oriented manufacturing industries in China. Job satisfaction is highly context-specific and time-sensitive (Van Saane et al. 2003). Chinese cultural and political climates differ significantly from those of industrialized countries. Western theories on antecedents of organizational justice and its affected outcomes may not apply to Chinese employees and corresponding instruments for measuring employee satisfaction may fail to address labor issues of imperative concern to Chinese workers. Taking the above observations into account, it is worth exploring work factors that predict employee job satisfaction and develop a workable instrument for measuring necessary intervention for purposes of improvement and evaluation.

This dissertation draws upon four pillars: the resource-based view of the firm, corporate social responsibility, stakeholder theory, and corporate accountability theory. Stakeholder theory and the resource-based view of the firm originate from the discipline of strategic management. Stakeholder theory shapes business arguments about why one should pursue sustainable goals. The resource-based view of the firm determines the strategic resources available to and contributing to a firm's competitive advantage. On the other hand, corporate responsibility deals with the role of business in society and is based on the moral philosophy that shapes the ethical argument for why corporations should work towards sustainable goals. Derived from the discipline of business law, corporate accountability theory deals with the ethical arguments for why companies should report on sustainability performance.

1.2 Purpose of the research

In an effort to fill the gap discussed above, this dissertation aims to investigate corporate sustainability in forest-based industry through the lens of the resource-based view of the firm. Gaining theoretical support from stakeholder theory, corporate accountability, and the corporate responsibility literature, the key objective of this dissertation is to explore factors that influence managers' perceptions of and attitudes towards corporate responsibility, and the impact of corporate responsibility practices on firms' profitability and competitiveness. The main research question is thus formulated as follows: *Does corporate sustainability matter in forest-based industry?*

The search for answers to this question is carried out through the six sub-questions in this dissertation:

Question 1: How is corporate responsibility being implemented in forest-based industry and what are the contextual factors determining the impact of corporate responsibility in forest-based industry?

Question 1 was formulated to obtain an understanding of the state of corporate responsibility in forest-based industry. A further aim was to develop a set of hypotheses for future research.

Question 2: What kinds of corporate responsibility reporting profiles exist among forest-based industry companies, and how are such strategic group memberships associated with organizational characteristics and financial performance?

Drawing on the assumption that corporate sustainability disclosure conforms to sustainability activities implemented by organizations, Question 2 aims to identify the *corporate responsibility* reporting profiles among the largest forest-based industry companies adhering to the Global Reporting Initiative guidelines, and to examine the associations between group membership, organizational characteristics, and financial performance.

Question 3: What patterns of sustainability disclosure exist in the global forest industry? What factors determine the level and quality of sustainability disclosure?

Based on the comprehensive guidelines and criteria of the Global Reporting Initiative, Question 3 investigated the changing patterns of economic, environmental, and social performance of the largest forest-based industry, as well as the factors influencing the levels and quality of sustainability disclosure. In answering Question 3, we used the same dataset as that in of Question 2, so these two questions unavoidably overlapped to a somewhat

certain extent. Approaching the issue from different angles, however, Question 2 and 3 aimed to jointly investigate and provide a more comprehensive picture of the corporate responsibility reporting behavior of global forest-based companies.

Question 4: How can corporate responsibility engagement benefit small and medium-sized forest enterprises from a managerial perspective, and what factors contribute to competitive advantage?

Again, with a particular focus again on corporate responsibility smaller enterprises, Question 4 studied line managers' perceptions of corporate responsibility and its relationship to perceived firm competitiveness.

Question 5: How do large forest-based companies perceive corporate responsibility? How can one measure corporate responsibility practices in the industry? Does it pay to be sustainable in forest-based industry?

With particular interest on corporate responsibility in large companies, Question 5 investigated the managerial perceptions of corporate responsibility, the scale of corporate responsibility practices, and the impact of corporate social performance on financial performance in the leading forest-based industry companies.

Question 6: What are the perceptions of employees toward their organization's ethical behavior? Could an international social accountability benchmarking initiative such as SA8000 serve to develop a measurement scale for employee job satisfaction?

With an empirical focus on frontline workers of labor-intensive manufacturing industries in China, Question 6 attempted to explore work characteristics that are predictive of employee job satisfaction under the Social Accountability 8000 standard criteria.

1.3 Structure of the research

This dissertation includes an extended summary (Part One) and six original research articles (Part Two). Part one provides a synthesis of the entire dissertation through five chapters: theoretical background; research design; validity, reliability and limitations; a summary of the articles; and discussion and conclusion. *Chapter 1* provides some background to the problem by describing the mainstream and trends in general with respect to global forest-based industry, identifying the knowledge gap and raising questions to be answered. *Chapter 2* outlines the theoretical premises that have lent legitimacy to this research, which includes the stakeholder theory, the resource-based view of the firm, corporate responsibility, and the corporate accountability theory. *Chapter 3* describes the research design of this dissertation from three perspectives, including the research strategy, data collection, and the validity and reliability analyses of this dissertation. *Chapter 4* briefly summarizes the main objectives and contributions of the six research articles comprising this dissertation. *Chapter 5* concludes the dissertation with a discussion of the methodological and theoretical contribution, managerial implications, and limitations and suggestions for future research. Part Two comprises the six complementary research articles of this dissertation. Figure 1 describes the relationships between the purpose, the main research question, and the sub-questions, illustrating how the six sub-questions are to be answered based on the four theoretical pillars, answering the main research question, and fulfilling the purpose of this dissertation.

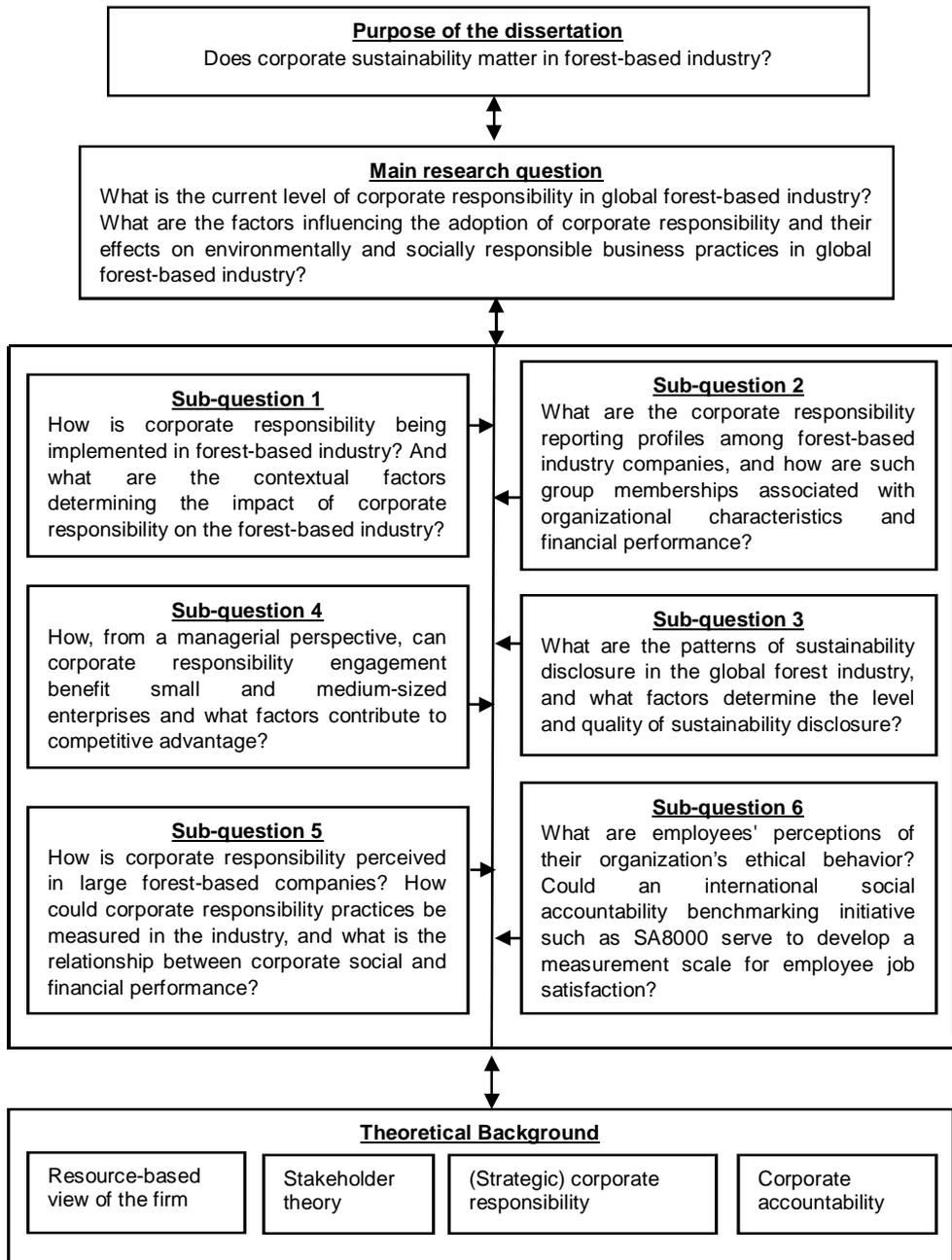


Figure 1: Illustration of the relationships between the purpose, main research question and the sub-questions

2. THEORETICAL AND CONCEPTUAL CONTEXT

2.1 Resource-based view of the firm

Merely three decades ago, Wernerfelt's articulation (1984) of the resource-based view of the firm signified the first coherent statement of the theory. Driven by frustration with neoclassical economic explanations of firm performance based on market power (see, e.g., Porter 1980), the resource-based view of the firm attacked the neoclassical assumptions of firm homogeneity and resource mobility (Barney 1991) by assuming resource heterogeneity and resource immobility. Firms are defined as a bundle of productive resources (Wernerfelt 1984, Penrose 1995). By shifting emphasis in the strategy literature from external factors (e.g., industry position) to internal firm resources as sources of competitive advantage (Hoskisson et al. 1999), applying the strategic leverage of the resource-based view of the firm directly advocates that a company's competitive advantage derives from its ability to assemble and exploit an appropriate combination of both tangible and intangible assets (Wernerfelt 1984). In his seminal article, Barney (1991) outlined the characteristics necessary for a sustainable competitive advantage as rare (unique), valuable (important), inimitable (hard to copy), and non-substitutable (involving an organizational focus) (also known as the VRIO framework of competitive advantage). Thus the uncontested objective of the resource-based view of the firm is to analyze the characteristics of resources held within a firm and to identify the actual or potential location of competitive advantage that yields superior economic performance for a firm. Despite the arguments of the resource-based theory of the firm from different perspectives, Barney and Arikan (2001) describe the resource-based view of the firm as "a theory of persistent superior firm performance using a firm's resources as a unit of analysis" (p. 134).

As Table 1 illustrates, the question of value, rarity, imitability, and organization can be brought together into a framework to understand the return potential associated with exploiting any of a firm's resources or capabilities. If a resource or capability controlled by a firm has no value, that resource will not enable a firm to conceive or implement strategies that exploit environmental opportunities or neutralize environmental threats. Exploiting this resource will increase a firm's costs or prompt customers' reluctance to pay, thus placing the firm at a competitive disadvantage with organizational weaknesses. If a resource or capability is valuable but abundant, exploiting this resource will generate competitive parity. If a resource or capability is valuable and rare, but cheap to imitate, exploiting this resource will bring a temporary competitive advantage to a firm. A firm that exploits such a resource may gain a first-mover advantage with superior performance and distinctive competence. Over time, any competitive advantage associated with the first-moving firm will be competed away as other firms imitate the resource through direct duplication or substitution. If a resource or capability is valuable, rare, and costly to imitate, exploiting this resource will generate a sustained competitive advantage, which forces competing firms to face a significant cost disadvantage in imitating a successful firm's resources, capabilities, and strategies. Such resources and capabilities are organizational strengths and sustainable distinctive competencies (Barney 1991, 2011).

Table 1: The VRIO framework of competitive advantage and organizational strengths and weaknesses (based on Barney 2011)

Is a resource or capability...					
Valuable?	Rare?	Costly to Imitate?	Exploited by Organization?	Competitive Implications	Organizational Strength or Weakness
No	---	---	No	Competitive disadvantage	Weakness
Yes	No	---	---	Competitive parity	Strength
Yes	Yes	No	---	Temporary competitive advantage	Strength & distinctive competence
Yes	Yes	Yes	Yes	Sustained competitive advantage	Strength & sustainable distinctive competence

As the most fruitful and controversial contemporary perspective in strategic management over the past three decades, the resource-based view of the firm has fueled the debate within the field (Mahoney and Pandian 1992) and also triggered some critiques on its inconsistent assumptions of rationality and mutually inconsistent underlying hypotheses (Tywoniak 2007), see Table 2.

Despite its limitations and the continuous debate in the field of strategic management, the resource-based view of the firm has been credited as an advance within organizational economics in that it incorporates significant elements of corporate strategy (e.g., positive economic payoff of non-economic managerial values and stakeholder engagement, and other intangible capability development within the firm) which other neoclassical theories of the firm ignore (Mahoney 2005), but which have inspired many researchers to explore its potential and implications in corporate social strategy research. As Table 3 indicates, a number of features of the resource-based view of the firm have lent legitimacy to the use of the resource-based view of the firm in explaining an organisation's social behavior at the strategic level and the social performance differences across firms (Bowen 2007). For example, Barney (1991) and Peteraf (1993) argue that the single and uncontested performance criterion of the resource-based view of the firm is the generalization of competitive advantage that leads to superior performance. When engaging in social strategies, this may indicate that a firm mobilizes its internal resources to either capture an appropriate opportunity (e.g., product differentiation on environmental friendliness) or a significant threat (e.g., damage to a valuable corporate reputation).

Table 2: Some advantages and critiques of the resource-based view of the firm (based on Bowen 2007)

Advance	
Restore the balance between internal and external analysis in strategic management theory	Dierickx and Cool 1989, Collis 1991
Provide the basis for a new theory of the firm	Conner 1991
Propose a theory of competitive advantage	Barney 1991, Peteraf 1993
Propose a theory of value creation	Peteraf and Barney 2003
Critiques	
Inappropriately address the question of explaining the processes that create advantage, and that activities were a more appropriate focus of analysis than resources	Porter 1991, 1996
Resorting to unobservable variables, thus rendering empirical research and validation problematic	Godfrey and Hill 1995
Propose tautological arguments because resources are defined in terms of their performance outcomes and thus empirically untestable	Priem and Butler 2001
Inconsistency in the logic of the theory 1) resource heterogeneity (boundedly rational decisions made by managers) vs. substantive rationality (RBV conceptualizes markets at equilibrium as the situation in which firms optimize); 2) the articulation of RBV with evolutionary approaches such as dynamic capabilities and routines vs. market equilibrium	Bromiley 2005 Lengnick-Hall and Wolff 1999, Bromiley and Papenhausen 2003
Inconsistent presentation of the theory due to failure to agree on the definition of key variables and constructs, leading to inconsistent presentations of the theory	Priem and Butler 2001, Bromiley 2005
Poor definition of the core constructs of the theory	Foos and Knudsen 2003

The resource-based view of the firm emphasizes resources that are firm-specific, non-tradable, subject to market failure, deeply embedded and path dependent (Amit and Schoemaker 1993, Barney 1986, 1991). Within corporate social strategy research, all these characteristics of resources can be sought through investment in and the development of particular tacit, historically unique, and socially complex resources (e.g., a dynamic organizational culture and highly regarded corporate reputation created from the coordination of a large number of people) that a firm has at its disposal (Dierickx and Cool 1989, Barney 1991, Hart 1995, Buysse and Verbeke 2003). Furthermore, based on the resource-based view of the firm that increased efficiency (Penrose 1995) or Ricardian rents (Peteraf 1993, Rumelt 1984) drive innovation and strategic change, corporate social strategy could be understood as a firm's attempt to mobilize its existing resources and

expertise to gain competitive advantage through, for example, multistakeholder engagement (Bowen 2007). Studies have found that organizational learning (Slater and Narver 1995), marketing expertise (Capron and Hulland 1999), enviropreneurial marketing (Baker and Sinkula 2005), entrepreneurial orientation (Luo et al. 2005, Zhou et al. 2005), and market orientation (Luo et al. 2005, Menguc and Auh 2005) are strategic capabilities-based resources leading to superior performance. An essential component to this process is the development of distinctive market sensing and customer response capabilities (Jayachandran et al. 2004). In fact, many previous findings clearly indicate that firms lacking such capabilities cannot contribute effectively to economic dimensions of sustainability (Chabowski et al. 2011).

In connection to the resource-based view, two concepts in the field of strategic management are worth noting: the natural resource-based view and the dynamic capability of the firm. Taking a different perspective, Hart (1995) argued that the resource-based view failed to take into account the constraints imposed by the natural and social environment. As a purely ‘internally based’ competitive approach may prove inadequate because of the issues of external relations, it is likely that strategy and competitive advantage will be rooted in a firm’s capabilities in facilitating environmental responsible activities. Hart (1995: 987) suggested that “this omission has rendered existing theory inadequate as a basis for identifying important emerging sources of competitive advantage. The goal is, therefore, to insert the natural environment into the resource-based view - to develop a natural resource-based view of the firm.”

Table 3: Key features of the resource-based view of the firm (based on Bowen 2007)

Key Feature	Implication	Reference
Firm definition	Bundle of resources	Wernerfelt 1984, Penrose 1995
Analysis level	Firm	Teece 1982, Conner 1991, Penrose 1959,1995
Managerial rationale	Perfect rationality	Wernerfelt 1984, Barney 1991, Peteraf 1993
Performance criteria	Sustainable competitive advantage	Barney 1991, Peteraf 1993
Dominant logic	Efficiency	Foss et al. 1995
Firm resource endowments	Heterogeneous; scarcity problem; unique resources important for gaining competitive advantage	Barney 1991, Penrose 1959, 1995
Scope of resource availability	Universal, uncontested, available to the firm as a whole	Teece 1982, Peteraf 1993, Penrose 1995

Built on the resource-based view literature, Hart (1995) introduced a conceptual framework that comprised three interconnected strategies: pollution prevention, product stewardship, and sustainable development. Pollution prevention is the concept that emissions and wastes decrease as a result of process innovations rather than traditional pollution control measures such as 'end-of-pipe' solutions that deal with emissions and wastes after they have been created. Product stewardship refers to the use of processes such as life cycle analysis to measure the impact of a product throughout its life, the introduction of processes to reduce that impact, and the involvement of external stakeholders in product development and associated processes. Sustainable development refers to the development of new low-impact technologies, consideration of the social impacts of a firm's operations and engagement with stakeholders in the developing world. As the resource-based view expands, the natural resource-based view of the firm has made an important theoretical contribution to the sustainable management debate.

While resource-based views have focused on the exploitation of firm-specific assets, the dynamic capabilities approach provides a coherent framework which can both integrate existing conceptual and empirical knowledge, as well as facilitate prescription. It is built on the theoretical foundations of Schumpeter (1934), Penrose (1959), Williamson (1975, 1985), Barney (1986), Nelson and Winter (1982), Teece (1988), and Teece et al. (1994). Teece et al. (1997) used the work of Nelson and Winter (1982) to define the concept of "dynamic capabilities" as "the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments" (p. 516). To avoid the near tautology of defining capability as ability, Zollo and Winter (2002) propose defining a dynamic capability as "a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness" (p. 340).

The dynamic capabilities approach is firm-level oriented, viewing competition on the basis of attributes such as production design, product quality, and process efficiency. The dynamic capabilities of the firm must be built incrementally through organizational processes that are difficult to transform, making opportunities for growth from diversification close to the firm's existing internal product lines (Rumelt 1974, Teece et al. 1994). Taking into account replicability and imitability, this approach focuses on the firm's internal processes, assets and market positions, the path along which it has travelled, and the paths that lie ahead (Teece et al. 1997).

Arising from learning, dynamic capabilities constitute the firm's systematic patterns of organizational activities aimed at the generation and adaption of operating routines, which can be developed through the co-evolution of three learning mechanisms: tacit accumulation of past experience, knowledge articulation, and knowledge codification processes (Zollo and Winter 2002). Dynamic capabilities are created over time and may depend on the history of the use of resources in an extremely complex (path-dependent) process. Such path-dependent capabilities provide the building blocks for the firm's strategic architecture of strategic complexity (Mahoney and Pandian 1992).

2.2 Stakeholder theory of the firm

Complicating the current corporate governance controversy is a major disagreement about

the fundamental purpose of the corporation. There are two main views on what should constitute the principal goal of the firm: shareholder value theory and stakeholder theory.

Prior to stakeholder theory, shareholder value theory or Fiduciary Capitalism was an economic theory. Shareholder value theory contends that the primary goal of a business is to maximize the economic value for its shareholders and that its only social responsibility is to make profit. Underlying neoclassical economic theory and aligning with agency theory, shareholder value theory concerns itself primarily with shareholder utility maximization and considers only legal prescriptions or those that maximize shareholder value. The paramount representative of shareholder value theory is Milton Friedman, a Nobel Laureate of Economic Sciences in 1976. Reinforced by agency theory (Lazonick and O'Sullivan 2000), shareholder value theory views shareholders as the principal and managers as agents of this principal. Managers are expected to exclusively serve the principal's interests.

With two centuries of experience (Jensen 2000), share value theory enjoys the endorsement of those who emphasize efficiency generating wealth and the broad support of law, especially in the Anglo-Saxon countries (Melé 2008). However, critics have identified several weaknesses of this theory, beginning with the acknowledgement that economic performance does not represent the entirety of the public good, and that business success requires much more than self-interest and lust for profits. Arrow (1973) argued that the effects of externalities through asymmetric information and for social purposes destroy Adam Smith's the invisible hand of the market, the connection between micro and macro levels, and the efficiency of markets. Shareholder value theory is often oriented toward short-term profitability. Economic success in the long term can only be achieved by taking into account shareholder interests and those of stakeholders in the firm's activities via trust, good relationships and enduring cooperation among these stakeholders (Kotter and Heskett 1992, Hosmer 1995, Kay 1993). Property right as an absolute right pivotal on shareholder value theory is no longer acceptable for modern theories of property (Donaldson and Preston 1995) in which employees are the principal asset (Handy 1997). Some scholars have criticized Friedman's approach for its narrow recognition of the human being, limited to freedom of election and self-interest; its atomistic vision of society; and its autonomous conception of business activity within society (e.g., Davis 1960, Preston and Post 1975, Sethi 1975, Grant 1991).

Building its legitimacy on several ethical theories (the principle of corporate rights, the principle of corporate effects, and stakeholder management principles) (Evan and Freeman 1988), stakeholder theory holds that the purpose of the firm is 'to serve as a vehicle for coordinating stakeholder interests' (Evan and Freeman 1988: 151). According to Freeman (1984: 52), stakeholders are 'groups and individuals who can affect, or are affected by, the achievement of an organization's mission' (Freeman 1984: p. 52). The core argument behind Freeman's definition is that in the long term, the firm's success depends on satisfying legitimate non-economic and economic stakeholders.

Other popular definitions of 'stakeholders' have included: "an individual or group that asserts to have one or more of the stakes in a business" (Carroll 1993); "any individual or group who feel that they have a stake in the consequences of management's decisions and who have the power to influence current or future decisions" (Sturdevant and Vernon-Wortzel 1990); "an individual, a coalition of people, or an organization whose support is essential or whose opposition must be negated if a major strategic change is to be successfully implemented" (MacMillan and Jones 1986); "persons who have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future"

(Clarkson and Deck 1995); and “stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity” (Donald and Preston 1995). These stakeholders comprise governments, legislators, suppliers, competitors, customers, investors, creditors, political groups, local communities, trade associations, and employees. Depending on their specific interests and level of engagement with a company, these stakeholders may directly or indirectly affect both financial and non-financial organizational outcomes (Cornell and Shapiro 1987), including to ‘(1) establish expectations about a company’s performance; (2) experience the effects of the company’s behaviour; (3) evaluate the effects of the company’s behavior on their interests; (4) act upon their evaluation’ (Wood and Jones 1995: p. 243).

Despite the notion that that stakeholders ‘have no precise or commonly agreed meaning’ (CAMAC 2006), various categorizations of stakeholders indeed exist to postulate basic groups of stakeholders predicated upon major differences in the basis of their relations with a firm (e.g., Henriques and Sadorsky 1999; Horrigan 2010). Stakeholders of a business entity may include employees (including outsourced workers), suppliers, shareholders, communities (within which the firm and its suppliers operate), customers, non-governmental organizations, governments (at multiple levels), media, creditors, major donors, joint venture partners, and competitors, as well as other interest groups.

Listings of stakeholders in organizations have long been restricted solely to humans (Starik 1995). Although environmental issues have long been thought to be within the domain of business (Carroll 1979), the natural environment, its elements, processes, ecosystems, and non-human life forms have been ignored as a relevant business environment (Castrogiovanni 1991, Wright et al. 1992, Sundaram and Black 1992, Baron 1993) until only recently (see, e.g., Stead and Stead 1992, Buchholz 1993, Starik 1995). Different arguments have been advanced as to how concern for the natural environment could enhance firm financial performance. For instance, being proactive on environmental issues can lower a firm’s costs of compliance with present and future environmental regulations (Dechant et al. 1994, Hart 1995, Shrivastava 1995); environmental responsiveness can enhance firm efficiencies and drive down operating costs (Russo and Fouts 1997, Shrivastava 1995). Firms can create distinctive, ecofriendly products that appeal to customers, thereby creating a competitive advantage for the firm (Shrivastava 1995). Being environmentally proactive not only avoids the costs of negative reactions on the part of key stakeholders, but can also improve a firm’s image and enhance the loyalty of its key stakeholder, including customers, employees, and government (Dechant et al. 1994, Hart 1995, Shrivastava 1995).

Table 4: Some models of stakeholder theory

	Criteria of measurement	Contribution
Stakeholder strategies (Freeman 1984)	<ul style="list-style-type: none"> • Cooperative potential • Competitive threat 	Offensive: when a group is supportive; Defensive: when a group is non-supportive; Swing: when a group is mixed blessing; Hold: when a group is marginal
Stakeholder identification (Savage et al. 1991)	<ul style="list-style-type: none"> • Power of threat • Potential to cooperate 	Supportive: high cooperative potential and low competitive threat Marginal: low cooperative potential and competitive threat Non-supportive: low cooperative potential and high competitive threat. Mixed blessing: high cooperative potential and competitive threat
Stakeholder identification Clarkson (1995)	<ul style="list-style-type: none"> • Mutual dependence • Voluntarism 	Primary: those without whose continuing participation, the firm cannot survive as an ongoing concern Secondary: those not vital to the firm's survival
Stakeholder identification (Mitchell et al. 1997)	<ul style="list-style-type: none"> • Utilitarian power: based on financial or material resources • Normative power: based on symbolic resources such as the ability to command the attention of the media • Coercive power: based on physical resources of force, violence, or restraint 	Latent: dormant, discretionary, demanding Expectant: dominant, dangerous, dependant Highly salient: definitive
Organization-stakeholder relations and stakeholder strategies (Friedman and Miles 2002)	<ul style="list-style-type: none"> • Compatibility in terms of sets of ideas and material interests • Necessity or contingency in terms of integrated connection 	Necessary compatible: all parties have something to win this connection (<i>to protect</i>); Contingent compatible: the two parties have the same interest, but no direct relationship between them (<i>to adopt an opportunistic strategy</i>) Contingent incompatible: the two parties have separate, conflicting and an unconnected set of ideas or interests (<i>to eliminate/discredit oppositional views</i>) Necessary incompatible: material interests are necessarily related to each other, and the operation will threaten the relationship (<i>situational concession and compromise</i>)

A stakeholder approach to strategic management is an active and interactive way of managing the business environment, relationships, and the promotion of shared interests among shareholders, employees, suppliers, communities, and other groups. Donaldson & Preston (1995) provide a three-branch categorization of approaches to the literature on

stakeholder theory: descriptive, normative, and instrumental. The descriptive approach aims to understand how managers deal with stakeholders and how they represent their interests. The firm is viewed as a constellation of interest, either competitive or cooperative. The instrumental approach studies the organizational consequences of taking into account stakeholders in management, and examining the connections between the practice of stakeholder management and the achievement of various corporate governance goals. The normative approach, at the core of stakeholder theory, focuses on identifying moral or philosophical guidelines linked to the activities or the management of corporations. It defines what responsibilities a firm holds for its stakeholders and why a firm should take care of other interests beyond those of shareholders.

Freeman (1984) argues that a firm must distinguish its important and negligible stakeholder in order to determine the optimal strategy for each stakeholder group, and that a realistic mapping can be made of two variables: the relative power of stakeholders and their potential to cooperate or threaten corporate strategy. Other scholars have contributed to such strategic stakeholder mapping with different focal points and boundaries of concerns. Table 4 presents some major models of stakeholder theory.

Extrapolating from stakeholder theory and the arguments discussed above, it is in the corporation's own best interest to work toward sustainable development, because doing so will strengthen its relationship with stakeholders, which in turn helps the corporation to meet its business goals. Undoubtedly, for all types of business, stakeholder-firm interactions have a major impact on stakeholders' perceptions and evaluations of a firm's legitimacy and performance. Investing time and other resources in addressing stakeholders' interests and concerns is therefore a justifiably and significant managerial activity (Freeman 1984).

Stakeholder theory has rather apparent strengths. For example, it is more respectful of human dignity and rights in that it recognizes non-shareholder (human and natural environment) stakeholder rights and their legitimate interests. It helps to clarify the conceptual vagueness of corporate responsibility by addressing and visualizing to whom corporations are responsible (Blair 1995, Clarkson 1995). It is more than merely an ethical theory and provides managerial guidelines related to long-term business success (Royal Society of Art 1995, Collin and Porras 1994).

In the form of critical distortions and/or friendly misinterpretations (Phillips et al. 2003), however, stakeholder theory has been accused of: 1) failing to provide a sufficiently specific objective function for the firm to balance stakeholder interests and business actions (Jensen 2000, Sundaram and Inkpen 2004); 2) excusing managerial opportunism, which destroys business accountability (Jensen 2000, Marcoux 2000, Sternberg 2000); 3) focusing on the distribution of final outputs (Marcoux 2000); 4) moral bankruptcy for failing to account for the fiduciary duties of the shareholder and to treat all stakeholder's interests equally; 5) permitting a plurality of interpretations (Hummel 1998); 6) presenting stakeholders in corporate decision-making which may affect the common good (Etzioni 1998).

Accordingly, leading proponents of stakeholder theory have tried to respond to these critics by arguing that stakeholder management is not necessarily against shareholders. For example, Freeman et al. (2004) note that creating value for stakeholders provides appropriate incentives for managers to assume entrepreneurial risks and is decidedly pro-shareholder; governance and management may not benefit from having a specific objective

function in balancing stakeholder interests and business activities due to the dynamic nature of business environment, but compared to other stakeholders, shareholders hold a more secure position and are protected by market mechanisms such price per share. Phillips et al. (2003) contend that as a common problem of any managerial alternatives, managerial opportunism should not lower the managerial accountability of stakeholder theory. Only legitimate interests should be considered in stakeholder theory (such as who has input in decision-making and who benefits from the outcomes of such decisions), thus making procedure equally important as the distribution of final outcomes. Despite limitations requiring future improvement, stakeholder theory is a powerful model for dealing with business-society relations.

2.3 Corporate sustainability and its related concepts

As a new and evolving corporate management paradigm (Wilson 2003), corporate sustainability is often used in conjunction with other terms such as ‘corporate social responsibility’, ‘corporate responsibility’, ‘corporate citizenship’, ‘sustainable development’, ‘corporate social initiative’, ‘corporate social responsiveness’, or as a synonym of other concepts such as the triple-bottom line (economic, environmental, and social) and the three Ps (profits, planet, and people). The different descriptions of different aspects of corporate sustainability have their own linguistic nuances, focal points, and boundaries of concern (see, e.g., Donaldson 2005, Perrini et al. 2006, CCPA and BCA 2007). The cornerstone of corporate sustainability is the voluntary merger of social, ethical, and environmental concerns into business administration to match the changing demands of consumers (Van Marrewijk 2003). Although corporate sustainability acknowledges the need for profitability, it fundamentally differs from the traditional growth and profit maximization model and in that it requires corporations to pursue social goals (e.g., economic development, environmental protection, social justice and equity) in a sustainable, yet profitable manner (Wilson 2003, Siddique and Quaddus 2011).

The concept of *corporate sustainability* can be derived from the famous Brundtland Commission’s definition of sustainable development: “...meeting the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987, p. 43). Ketola (2010) proposes that corporate sustainability “encompasses strategies and practices that aim to meet the current needs of stakeholders while seeking to protect, support and enhance the human and natural resources that will be needed in the future” (p. 322).

Corporate sustainability differs from corporate responsibility in that responsibility is relative; companies can adopt it on a discretionary basis except as prescribed by law. When sustainability is considered as absolute, only genuine, democratic and not totalitarian corporate citizenship illustrates genuine corporate responsibility that strives for sustainability (Ketola 2010). In determining the meaning of corporate sustainability, one can approach it from the quantitative sustainable growth that accentuates the material welfare of stakeholders or, alternatively, use a qualitative inquiry that focuses on the well-being of humans and nature (Ketola 2008). An integrative approach to corporate sustainability implies that companies can achieve environmental, sociocultural and economic sustainability simultaneously (Ketola 2010).

In terms of *environmental sustainability*, “as sustainability is a regenerating concept,

mere abstention of excesses over the carrying capacity of ecosystems is not enough; we should revitalize the ecosystems by protecting their biodiversity and their life-support systems” (Ketola 2010, p. 324). Competitive gains associated with the development of an organization-wide sensitivity to the natural environment through the implementation of new managerial approaches are well established in the literature (Hart 1995, Porter and Van der Linde 1995, Aragon-Correa 1998, Sharma 2000, Henriques and Sadosky 1999, Orlitzky et al. 2003, Dixon-Fowler et al. 2012). Corporate practices striving for environmental sustainability may include zero emissions, the use of renewable energy resources, and the use of only recycled or renewable resources harvested in a sustainable manner (Ketola 2010). In the context of the forestry industry, these practices can be integrated into fundamental and operational activities such as wood procurement from sustainably managed forests (e.g., Chain of custody (CoC) certification, third-party forest certifications accredited by the Forest Stewardship Council, Programme for the Endorsement of Forest Certification, or independent national forest certification systems), production waste as a source of bio-energy, the use of recycled raw materials for production and the adoption of environmental management systems and standards (e.g., ISO series and the development and promotion of green technologies).

Sociocultural sustainability can be achieved by “staying within the limits of the carrying capacity of humans and cultures, and by revitalizing human and cultural diversity and their life-support systems” (Ketola 2010, p. 324). “Although we may not yet have a full list of measurements for sociocultural sustainability, human and labour rights, capabilities given to all people (Nussbaum and Sen 1993), and gender and ethnic equality can be absolute yardsticks.” (Ketola 2010, p. 324). Companies can strive for zero occupational and product incidents, promote equal and fair pay as well as opportunities internally and among their business networks. Corporate commitment to sociocultural sustainability can be addressed and implemented through the building of an ethical organizational climate, the adoption of codes of conducts, social accountability benchmarking initiatives (e.g., Social Accountability SA8000), Occupational Health and Safety Management Systems (e.g., OHSAS 18000) or national initiatives. Competitive potential related to discretionary investments in community development projects or relationships with public and non-profit organizations can be realized with a broad spread of cross-sector partnerships and engagement initiatives, encouragement of stakeholder dialogue and interaction, and collaboration with society at large, all of which have been shown to support consensus management, thereby strengthening firms’ license to operate (Porter and Kramer 2002, 2006, Brammer and Pavelin 2006).

As the integration of financial and normative sustainability, *economic sustainability* can be achieved by “staying within the limits of the financial resources and global, regional and local legal and ethical norms and advancing them, so that an environmentally and socioculturally good life can be supported both now and in the future” (Ketola 2010, p. 324). Companies can strive for sufficient profit rather than profit maximization (Princeton 2005). Economic sustainability can be achieved by going beyond legal compliance and norms, and creating appropriate incentives for all stakeholders (e.g., employees, creditors, governments, and shareholders) in exchange for their stakes (Ketola 2010). Studies have recognized the importance of corporate responsibility in lower transaction costs, generating durable competitive advantage through reputation- and trust-based connections, and by designing, realizing, and delivering more attractive, environmentally friendly, and socially

cohesive value propositions (Post et al. 2002, Tencati and Zsolnai 2009).

Being largely a philosophical concept originating in 1953 (Carroll 1999) with the publication of Bowen's book *Social Responsibility of Businessmen*, the notion of corporate responsibility is a broad, dialectical concept dealing with the role of business in society in the most general terms (Wilson 2003) related to ethical and moral issues concerning corporate decision-making and behavior. The concept that found favor for its potential to overcome inefficiencies derived from regulation: compliance with the legal requirements alone is insufficient enough; not all of the public's demands can be protected by law (Smith 1990).

The principle of corporate responsibility is that companies must abide the law and be concerned with more than just profits and economic performance. Positioning itself as a challenge to the neoclassical business model, corporate responsibility has served as an umbrella concept for introducing a large number of ideas, concepts, and techniques (Freeman & Reed 1984). Van Marrewijk (2003) observes a sequence of three approaches that include and transcend one other among various definitions in the academic literature: shareholder, the stakeholder, and the societal approach. These approaches illustrate past responses to the question to whom an organization has a responsibility.

The meaning of corporate responsibility is standpoint-dependent, context-sensitive, and multi-textured, and no fixed substantive definition exists. Horrigan (2010) argues that the open-ended meaning of corporate responsibility is both a strength and a weakness depending on the user's standpoint and the particular need at stake, and "resting on preferred definitions of corporate responsibility is meaningful only for analytical use in conceptually identifying, demarcating or connecting important elements associated with corporate responsibility." Although the concept and definition of corporate responsibility remains ambiguous (Dahlsrud 2008), various and more specific definitions matching development, consensus on what constitutes good corporate social performance, and ambition levels of organizations have emerged (Aupperle 1984, Moir 2001, Van Marrewijk 2003, Bansal et al. 2008, Dahlsrud 2008). For example, Carroll (1979) declared that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." The Commission of European Communities describes corporate responsibility as a "concept, whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders on a voluntary basis" (Commission of the European Communities 2001). The World Business Council for Sustainable Development, on the other hand, regards corporate responsibility as an engine for the social dimension (social progress), which supports companies in fulfilling their responsibilities as good citizens and defines corporate responsibility as "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (WBCSD 2006).

Wilson (2003) concludes that the arguments in favor of corporations' ethical obligation to society draw from four philosophical theories: social contract theory, social justice theory, rights theory, and deontological theory. Extrapolating from these four theories, corporations enter into contracts with other members of society and receive resources and societal approval to operate in exchange for good behavior; corporate managers must consider how goods (e.g., wealth, power, and other intangibles) can be appropriately distributed; the property rights of shareholders must not override the basic human rights of other stakeholders (e.g., employees, local communities, customers); and everyone has a

moral duty to treat everyone else with respect, including listening and considering their needs.

Corporate responsibility offers great benefits for business. Some major benefits of corporate responsibility are: 1) contributing to the common good through shared societal infrastructure for either altruistic or self-interested reasons; 2) adapting and responding to changes in its surrounding business environment; 3) directly or indirectly improving corporate governance; 4) offering partnership, networking and coalition-building advantages; 5) maintaining competitiveness by meeting stakeholder expectations and standards, leveraging partnership, exploiting new markets and generating financial returns; 6) offering distinct corporate reputational advantages through, for example, cause-related marketing and social advocacy (Anderson and Landau 2006, CCPA and BCA 2007).

Having emerged in the 1970s, the term 'corporate social performance' is an attempt to provide a managerial framework for dealing with corporate responsibility (Freeman and Reed 1984) as well as an attempt to measure corporate responsibility (Wood 1991a). Corporate social performance is "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationship" (Wood 1991b, p. 693). Corporate social performance is a more comprehensive and descriptive term than corporate responsibility (Wood 1991b). The literature on CSP includes corporate environmental performance as a subcategory of corporate social performance (Orlitzky 2001) for two main reasons. First, stakeholder proxies (e.g., environmental interest groups and government agencies) may provide a voice for non-human nature (Freeman 1984). Second, it is reasonable to assume that the natural environment in and of itself is an important stakeholder (Starik 1995). There is no agreement, however, about the extent to which business could or should be involved in solving social problems or addressing social issues that are not directly and obviously related to their economic activities (e.g., Keim 1978, Zenisek 1979, Jones 1980, Tuzzolino and Armandi 1981).

One of the most representative models within corporate social performance theory is the model developed by Wood (1991b), which includes 1) principles of corporate social responsibility on three levels: institutional, organizational, and individual; 2) organizational processes of corporate social responsiveness, including environmental assessment, stakeholder management, and issue management; 3) outcomes of corporate behavior, including various measures of its external manifestations, societal effects, and social impacts. As a synthesis of relevant development on corporate social responsibility up to the 1980s, the corporate social performance model provides a coherent structure for assessing the relevance of research topics to central questions in the business and society field" (Swanson 1995, p. 43). Several weaknesses derived from the concept of corporate responsibility are worth noting: 1) the inherent weakness derived from the vagueness of the concept of corporate responsibility; and 2) the lack of integration between ethical normative aspects and business activity due to the exclusive focus of corporate responsibility on giving a human face to capitalism with a complete separation of economics and ethics (Freeman and Liedtka 1991).

Carroll (1991, 2004) notes that the vagueness of corporate social performance derived from corporate responsibility can be partially clarified by integrating stakeholder perspectives. Some scholars have devoted themselves to improve the model by advocating for a normative foundation of corporate responsibility (see, e.g., Frederick 1986) and integrating

economic and duty-aligned perspectives (Swanson 1995, 1999) into the model. Husted (2000) presents a contingency theory of corporate social performance, which views corporate social performance as a function of the fit between the nature of the social issues and its corresponding strategies and structure. The fit then leads to the integration of elements such as corporate social responsiveness, issues management, and stakeholder management. A more recent attempt by Van Beurden and Gössling (2008) views corporate social performance as a concept of three categories: 1) the extent of social disclosure on matters of social concern (Orlitzky et al. 2003, Wu 2006), 2) corporate actions (e.g., philanthropy, social programs, pollution control, and 3) ratings of corporate reputations (e.g., KLD, Fortune, and Business Ethics) (Wu 2006).

Wood (1991c) identified four types of perceptual and definitional barriers that may constraint corporations' efforts to produce less harm and more beneficial outcomes for societies and their people. These barriers include 1) the conceptual separation of economics and ethics; 2) ethics and the problems of social control, including social control and government regulation, the cultural basis of ethics, and multinational social control; 3) a restrictive, unpleasant definition of corporate social responsibility; 4) the language of coercion. Rowley and Berman (2000) argued that the future direction of corporate social performance needed to be built not on an overall concept of corporate social performance, but rather by reducing it to operational measures. Griffin (2000) proposed that existing research in related disciplines, such as marketing and human relations, can help broaden our understanding of corporate social performance. A more recent study suggests that a project-oriented approach may also be a useful tool for managing corporate responsibilities and activities, identifying appropriate measures, and quantifying actual social outcomes achieved (Salazar et al. 2012).

Corporate financial performance, on the other hand, is usually considered less ambiguous. The view of corporate financial performance as the 'financial viability of an organisation' (Price and Mueller 1986, p. 128) to achieve its economic or financial goals (Venkatraman and Ramanujam 1986) seems clear enough. However, different measures of financial performance seem to diverge rather than converge (Meyer and Gupta 1994). The concept itself is "clear-cut and uncontroversial" and operationalized into market and accounting measures (Orlitzky 2008). Predicting past, current, and future stock returns (Orlitzky et al. 2003), market-based measures include, for example, stock performance, market return, market value to book value, price per share, and share price appreciation (Van Beurden and Gössling 2008). Market-based measures relate more closely to shareholders' wealth (Davison and Worrell 1990). Reflecting an organization's internal efficiency influenced by its social performance, accounting-based measures refer to profitability measures, asset utilization, return on asset, asset turnover, and growth (Wu 2006). Accounting-based measures are more endorsed by investors when they affect shareholders' wealth (Davison and Worrell 1990). Accounting-based measures seem to be a more accurate predictor of the causal relationship between corporate social and financial performance than are market-based measures (Wu 2006). However, the construct validity of both constructs proves useful for research synthesis (Orlitzky 1999).

Research on the role and responsibility of business in society in the past four decades has centered on the business case for corporate responsibility and the causality between corporate social performance and corporate financial performance (Perrini et al. 2012). Despite the controversial results, the business case for socio-ethically responsible business activity is now commonly accepted (see, e.g., Porter and Kramer 2006), even among

business leaders (The Economist 2007). The extent of such an alignment of public and corporate interests has reignited recent public (see, e.g., The Economist 2007) and scholarly (see, e.g., Reich 2007, 2008) debate. Although the literature shows mixed results in the relationship between corporate social and financial performance likely due to, for example, the inconsistent use of variables and methodologies used in research, a positive relationship seems to predominate. In fact, ‘the overwhelming preponderance of the evidence indicates that firms oriented toward corporate responsibility perform at least as well as other firms do (Pava and Krausz 1996, p. 324), and a positive association is apparent with ‘...very little evidence of a negative association’ (Margolis and Walsh 2003).

Other Meta-analytic evidence has confirmed and extended this view. For example, a compendium of 95 empirical studies of corporate responsibility by Margolis and Walsh (2001) posits that over half of the papers included report a positive relationship. Similarly, a meta-study examining 25 years of other studies of corporate performance from the 1970s to the 1990s indicates a positive link between corporate social and financial performance (Orlitzky et al. 2003). Van Beurden and Gössling (2008) investigated the causality between corporate social and financial performance based on other studies published after 1990. Of the 34 papers included, 23 found a significant positive relationship, 6 found no significant relationship, and only 2 studies found a significant negative relationship. A more recent meta-analysis (Dixon-Fowler et al. 2012) of the relationship between corporate environmental and financial performance from 1970 to 2009 confirms and extends the findings of Orlitzky et al. (2003) in demonstrating that it ‘pays to be green’; small firms benefit from environmental performance as much or even more than do large firms, and environmental performance seems to have the strongest influence on market-based financial performance.

2.4 Corporate accountability and international standards

Corporate accountability can be defined as “the ability of those affected by a corporation to control that corporation’s operations” (Friends of the Earth 2005). Instead of urging companies to voluntarily provide an account of their activities and impacts, and voluntarily improving their social and environmental performance, the corporate accountability “movement” believes corporations must be “held to account”, implying enforceability (Bendell 2003). The increasing pressure to embrace corporate accountability holds for legal, social, moral, and financial aspects (Waddock 2004), as is evident in customers requesting for sustainable products (Gauthier 2005) and investors taking into account corporations’ socially responsible behavior in decision-making (Barnett and Salomon 2006).

Human rights, development and environmental organisations, trade unions, progressive think tanks and even some of the more enlightened sections of the corporate sector are now uniting behind the concept of corporate accountability. All of these developments demand a fundamental change to the legal framework in which corporations operate, shifting corporate attention from a narrow financial orientation to a much broader one, and expecting corporations to be accountable not only for their actions, but also for the social outcomes of their actions (Freeman 1984, Gössling 2003).

Accountability theory refers to building of perceptions of standards of self-actions (Schlenker et al. 1994) and has tended to focus on opinions, decisions or behaviors related

to moral or ethical issues (Dose and Klimoski 1995). Accountability involves an actor or agent in a social context who is potentially subject to observation and evaluation by some audience(s), including oneself. Wilson (2003) concludes that accountability is the legal or ethical duty to explain, justify, or report on an action for which one is responsible. There are also standards or expectations against which the agent's behaviors are compared, and the belief on the part of the agent of some likelihood that he or she may need to answer for, justify, or defend those decisions or behaviors (Frink and Klimoski 2004). In brief, corporate accountability theory holds that corporations are responsible and subject to the will of society. As a legal fiction with a real impact on the society in which it operates, a corporation conducts business, employs workers, produces goods and services, pays taxes, and supports social and governmental services.

The evolution of corporations and corporate accountability is inextricably linked to the role of the corporation in society. Corporations are thus subject to accountability under both criminal and quasi-criminal regulatory laws. Four classic theories have evolved to established corporate legal liability for *mens rea* offences: identification theory, vicarious liability theory, the theory of aggregation of individual fault, and the general corporate fault mode. The safety and security of the individual, the public and the environment are the primary purposes of corporate accountability (Keith 2010). The accountability of corporations for their management decisions is manifest by enabling of public welfare statutes and by public and political reactions to their activities (Keith 2010).¹

A broad conceptualisation of accountability comprises both formal and informal mechanisms, objective and subjective evaluations and rewards, and internal and external audiences. Explicit organisational responses to the need for accountability can be developed through, for example, reporting, employment contracts, disciplinary procedures, personnel manuals, performance evaluation and monitoring, and supervisory leadership training. Implicit mechanisms can be promoted through group norms or norms of corporate culture, for example, to meet social normative expectations (Frink and Klimoski 2004).

The evolution of corporate accountability has resulted in a plethora of strict regulatory liability offences (Keith 2010). Given the rapid pace at which public welfare statutes have evolved to become more important than the code in regulating the conduct of corporations (Keith 2010) and how governmental failures in addressing emerging social and environmental issues on an international level (Boatright 2000, Goodell 1999, Velasquez 2000), alternative mechanisms, such as the wide ranging yet practical principles of corporate responsibility, may prove more meaningful in resolving complex societal disputes to ensure corporate accountability (Keith 2010).

Wilson (2003) argues that in connection with corporate sustainability, corporate accountability helps to define the nature of the relationship between corporate managers and the rest of society, and sets out the arguments as to why firms should report on their economic, environmental, and social performance beyond just financial performance, calling for 'triple line' reporting. In the shifting social and political geography of the 21st century, companies are seeking guidance in dealing with their stakeholders and society. Governments have not yet been able to adequately address emerging social and environmental issues on an international level (Goodell 1999, Boatright 2000, Velasquez 2000). Market instruments and regulations are evidently not always sufficient to balance the

¹ Keith (2010) describes the evolution of corporate accountability from a legal perspective.

conflicting demands of different stakeholder groups (Amaeshi and Crane 2006). Over the past two decades, a growing body of self-reflective and communicative initiatives have emerged as the business community's responses to complement efforts by legislation to more fully understand stakeholder demand and to improve corporate accountability (Belal 2002, Frost 2005, Sandberg 2006).

McIntosh et al. (2003) provided an indicative list of eight standardized ethics initiatives, which have attained a high degree of recognition and a significant following around the world. Those initiatives are 1) the UN Global Compact, 2) ILO conventions, 3) the OECD Guidelines for Multinational Enterprises, 4) the ISO 14000 Series, 5) AccountAbility 1000, 6) the Global Reporting Initiative, 7) the Global Sullivan Principles and 8) Social Accountability 8000. Another noteworthy standard is the ISO 26000 released on 1 November 2010. The ISO 26000 standard offers guidance on socially responsible behaviors and possible actions. In contrast to ISO management system standards, ISO 26000 contain no requirement is and therefore uncertifiable. Taking a multi-stakeholder approach to corporate citizenship issues, these initiatives are multi-sectoral and voluntary with a global constituency. Although these initiatives do not address issues of regulations, many derive some of their legitimacy by reference to international conventions and regulations, exemplifying innovative organizational responses to the current socio-political business environment. However, most of these initiatives reflect a northern perspective and are balanced (only) partially by the inclusion of ILO conventions (McIntosh et al. 2003).

Despite a noticeable lack of integration between social and environmental concerns in the myriad codes and standards, recent years have witnessed some integrated initiatives. Rather than creating a single standard, the goal of these integrated initiatives has been to increase and strengthen the compatibility of each participating initiative (McIntosh et al. 2003). One good example is the International Social and Environment Accreditation Labelling Alliance (ISEAL), which co-ordinates seven member organizations (including the Forestry Stewardship Council) and brings together three different accreditation systems - organic, fair trade, and the SA8000 - to distill similar auditing methodologies.

3. TOWARD A FRAMEWORK OF STRATEGIC CORPORATE RESPONSIBILITY

3.1 Strategic corporate responsibility

Companies need to view corporate responsibility through a strategic lens regardless of the reasons they exist, because their survival depends on profit (Werther and Chandler 2006). “Businesses should concentrate on the sweet spot...the smart thing to do as well as the right thing to do” (The Economist 2007). The intersections between social responsibility and corporate competitiveness define what has come to be known as ‘strategic corporate responsibility’. Strategic corporate responsibility, though it does not encompass all forms of corporate responsibility activity, is nevertheless “the set of actions that promotes long-term profit for the firm given its competition, consumers, suppliers, and market environment” in a way that aligns making money with doing good (Chatterji and Listokin 2007). Within the pyramid of corporate responsibility (Carroll 1991), strategic corporate responsibility focuses more on the ethical and discretionary responsibilities that are less precisely defined, and concerns itself with both the ends of economic viability and the means of being socially responsible (Werther and Chandler 2006).

As the lynchpin of the corporate responsibility approach toward sustainability, strategic corporate responsibility offers a business and societal justification for corporate responsibility that is absent from other main alternative justifications that favor corporate responsibility, including moral obligation, sustainability, licence to operate, and reputation (Porter and Kramer 2006). The authors contend that these purported justifications offer neither company-specific rationales for action nor any real organizational framework or tool “to help a company identify, prioritize, and address the social issues that matter most on which it can make the biggest impact”, thus resulting in fragmented and uncoordinated corporate responsibility activities “that neither make any meaningful social impact nor strengthen the firm’s long-term competitiveness”, and which are therefore vulnerable to ‘a change of management or a swing in the business cycle’ (ibid., p. 81).

In their seminal article, Burke and Logsdon (1996) outline five elements of successful strategic corporate responsibility: centrality, specificity, proactivity, voluntarism, and visibility. Centrality refers to the extent to which a specific social activity aligns with the firm’s core business mission. Specificity refers to the ability of a social initiative to extract or capture value. Proactivity refers to the ability of the firm to anticipate social trends through its initiatives. Voluntarism refers to the degree to which social initiatives are carried out free of legal or social constraints. Visibility refers to the extent to which stakeholders are familiar with social initiatives and their benefits are known.

Organizational competitive advantage is determined by the dynamic relationship between innovation and managerial behaviour by which organizational capabilities are developed (Husted and Allen 2010). Innovation and the creation of dynamic capabilities to innovate effectively has long been a central theme in the research on the resource-based view of the firm (Teece et al. 1997, Teece 2007). Social issues are often disruptive, and a firm’s capabilities for disruptive innovation are vital in maintaining its competitiveness in the long term (Husted and Allen 2010). In formulating and implementing strategic corporate responsibility, the role of intangible resources, such as employee motivation, stakeholder commitment, and corporate reputation, is paramount. By engaging in social

initiatives that are highly central to their mission, firms are able to deploy and combine resources and capabilities to create both use and exchange values from these initiatives (Husted and Allen 2010). Knowledge, resources and capabilities developed in social initiatives are difficult to replicate and can be redeployed to the business areas of the firm; impinging uniquely social initiatives derived from careful identification of the competitive environment and stakeholder expectations on the value chain of a firm, such as proactive strategies, are difficult to copy (Husted and Allen 2010). First-mover advantages (Dean and Brown 1995, Nehrt 1996) and other factors such as learning effect, time compression diseconomies, and asset mass efficiencies (Nehrt 1996) make proactivity a source of competitive advantage. Investing in non-market activities free from constraints within a system of rules and regulations can create values and competitive advantages. Stakeholder perceptions of a firm's corporate responsibility initiatives shape the firm's corporate reputation (Formbrun and Shanley 1990), and good reputation has significant potential for value creation and is more difficult to imitate (Roberts and Dowling 2002, Sanchez and Sotorrio 2007).

3.2 Conceptual framework of strategic corporate responsibility

In light of the previous discussion, a conceptual framework for strategic corporate responsibility in this dissertation is graphically presented in Figure 2.

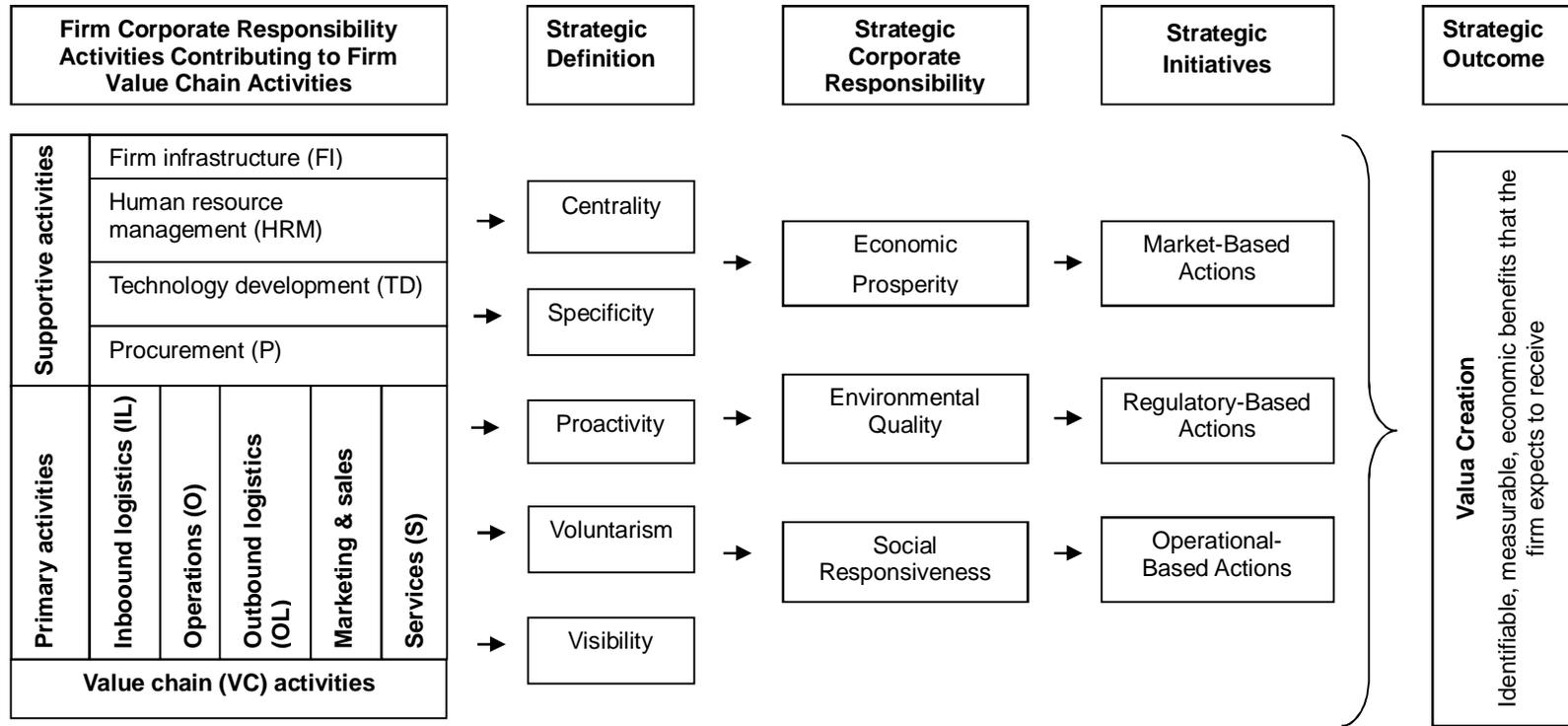


Figure 2: The theoretical framework of strategic corporate responsibility in this dissertation (based on Burke and Logsdon 1996, Porter and Kramer 2006, Galbreath 2011)

Porter and Kramer (2006) posit that for corporate responsibility to be strategic, corporate responsibility should contribute to firm value chain (Porter 1985) practices to improve the firm's competitiveness (Porter 1980). Porter and Kramer (2006) note that corporate responsibility activity form part of the firm value chain by supporting either primary activities or support activities. Corporate responsibility activities help firms to secure purchased inputs, reduce operational costs, smooth inbound logistics (IL) and outbound logistics (OL), and contribute to the Marketing and sales (MS) of the value chain. Similarly, corporate responsibility activities also help in the adding value to value support activities, such as procurement, and human resource management of the firm value chain.

When a firm's corporate responsibility activities improve the competitiveness of the firm, the activity becomes strategic. The reinforcement of competitiveness can provide opportunities for corporate initiatives. Thus corporate responsibility activities directed towards competitiveness could be of strategic significance to the firm. Corporate responsibility activities could improve the factors of production, such as skilled labor or infrastructure, necessary to compete in a given industry.

In an effort to characterize strategic corporate responsibility, Burke and Logsdon (1996) conceptualized five 'dimensions of strategic CSR', visualizing possible features, results, and outcomes from strategic corporate responsibility actions. These five dimensions are *Centrality*, *Specificity*, *Proactivity*, *Voluntarism*, and *Visibility* (see Table 5). If a corporate responsibility activity is of strategic importance to a firm, then the corporate responsibility initiative should satisfy the criteria of the five dimensions of strategic corporate responsibility (Burke and Logsdon 1996).

The next step, Strategic Corporate Responsibility Imperatives, defines the strategic objectives of the firm: 1) Economic Prosperity (e.g., sales, financial profit, market growth, and dividend to shareholders); 2) Environmental Quality (e.g., resource depletion, pollution, climate change, waste, and energy); 3) Social Responsiveness (e.g., health and safety, human rights, layoffs/offshoring, and transparency).

Table 5: Five dimensions of strategic corporate social responsibility (based on Burke and Logsdon 1996)

Dimension	Description
Centrality	Corporate social responsibility initiatives should be close to the firm's mission and objectives (Ansoff 1977, 1983, Thorelli 1977); such programmes linked to the organization's goals receive priority from management and thus yield benefits that can translate into firm profits.
Specificity	Strategic corporate social responsibility initiatives are expected to specifically benefit the firm. The firm should be able to capture and assimilate the benefits of such initiatives, rather than just create collective goods that can be shared by others in the industry, community or society at large. Strategic social responsibility should help in attaining competitive advantage and appear to provide costs and/or differentiated positions that help in attaining one of the two generic firm strategies for the firm to achieve competitive advantage (Rumelt 1980, Porter 1985, Day and Wensley 1988, Hunt 2000, Miles and Covin 2000, Kärnä et al. 2003, Crawford and Scaletta 2005).
Proactivity	Strategic corporate responsibility initiatives should anticipate the dynamics of stakeholder expectations (to capture changed socio-environmental, political and technological situations and trends). Strategic social responsibility initiatives are planned (Quinn 1980) in the absence of crisis situations.
Voluntarism	Strategic corporate responsibility initiatives should be a discretionary decision-making process (Lyles 1985, Burke et al.1986) for the firm. Corporate responsibility by definition is considered as discretionary (Carroll 1979). Voluntarism is related to proactivity.
Visibility	Strategic social responsibility initiatives should have both the observability of a social responsibility activity as well as the firm's ability to gain recognition from both internal and external stakeholders (pattern of business activity outcome) (Mintzberg 1988). Strategic corporate responsibility initiatives should build the firm's image by creating favorable media attention. Strategic corporate responsibility initiatives can also mitigate negative visibility and hence help in protecting a firm's reputation from being tarnished or help the firm to avoid government investigations and regulations.

Strategic Initiatives define the action-oriented projective. An effective corporate responsibility strategy requires proactive initiatives to help the firm to achieve strategic and corporate responsibility objectives. Such strategic initiatives can be market-based, regulatory-based, and operational-based (Galbreath 2011). *Market-based actions* deal with those that are market-facing, such as market segmentation, public relations campaigns, cause-related marketing, social advocacy, and other efforts to promote corporate responsibility. Market-based actions should be designed to enhance or extend the firm's competitive position. *Regulatory-based actions* include those that enhance reputation, and mitigate risk. Firms' responses to regulation range from non-compliance to proactivity (e.g., Carroll 1979). Complying with the law is the minimum requirement to avoid unwanted penalties and sanctions. A proactive stance towards regulation, such as adopting voluntary social and environmental standards, may create both tangible (e.g., low energy consumption and cost savings) and intangible (e.g., reputation, increased organizational commitment, improved job performance) benefits. *Operational-based actions*, on the other hand, involve those that enable the firm to capture or internalize the benefits of operations associated with a specific sustainability issue. Company supply, distribution, and production activities have societal consequences in terms of, for example, transportation impacts, greenhouse gas emissions, resource usage, and pollutants and hazards.

The ultimate measure of strategic benefits from corporate responsibility activities is the value they create for the firm. **Value creation** refers to "the readily measurable stream of economic benefits that the firm expects to receive" (Burke and Logsdon 1996, p. 499). Companies create value in their ongoing business activities through investments in new technology, new products, brand awareness, production facilities, training and customer service, and employee training. Corporate responsibility-driven investments or programs are capable of creating demonstrable economic benefits for the firm. Once this concept of strategic corporate responsibility is approved by top management, the very next step is to capitalize on these opportunities by developing appropriate methods and guidelines (Burde and Logsdon 1996).

To briefly summarize the framework, *Firm Corporate Responsibility Activities Contributing to Firm Value Chain Activities* illustrate how corporate responsibility can be achieved in a firm. *Strategic Definition* serves as the filter for determining whether a corporate responsibility activity is strategically important for the firm through the lenses of centrality, specificity, proactivity, voluntarism, and visibility. *Strategic Corporate Responsibility Imperatives* define the strategic objectives of the firm towards economic prosperity, environmental quality, and social responsiveness. *Strategic Initiatives* define action-oriented projects of the firm from three aspects: the market, regulations, and operations. *Strategic Outcome* refers to the ultimate measure of identifiable, measurable economic benefits that the firm expects to receive from its corporate responsibility activities. However, because the capitalizing on opportunities by developing appropriate methods and guidelines is beyond the scope of this dissertation, I do not discuss it here.

4. RESEARCH METHODOLOGY

4.1 Research strategy

This dissertation and the six articles included in it present an exploration into the triangulation of quantitative and qualitative inquiries into today's corporate responsibility and corporate sustainability research. Taking a single industry perspective, this dissertation aims to study the phenomenon of corporate responsibility in forest-based industry at both the industry and company levels. Topics such as the current implementation of corporate responsibility, the opportunities and challenges inherent in corporate responsibility engagement, strategies and actions in addressing environmental and social issues and interaction and divergent interests among stakeholders, as well as the trade-off between corporate social and financial performance, will be examined throughout the dissertation. To achieve the research objective, this dissertation approaches these topics from a strategic perspective and investigates different yet closely related perspectives in the six complementary research articles. Each article addresses a specific perspective and all of which are seek to form a coherent picture of the phenomenon.

This dissertation and the articles included in it are exploratory and incorporate both qualitative and quantitative inquiries as well as various modes of data collection (including content analysis, themed interviews, and surveys) and draw upon both primary and secondary data. In social sciences research, such a mixed-methods strategy is often labeled as "triangulation" (Webb et al. 1966, Jick 1979, 1983) or multi-methods/multi-trait (Campbell and Fiske

1959) for convergent validation. Incorporating diverse perspectives from 19 different definitions provided by 21 highly published mixed methods researchers, Johnson et al. (2007) conclude with a composite definition: “Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the purposes of breadth and depth of understanding and corroboration” (p. 123). One basic assumption behind triangulation designs is that, multiple and independent measures share none of the same weaknesses or potential for bias (Rohner 1977), and the effectiveness of triangulation rests on the premise that the weaknesses in each single method will be compensated for or neutralised by the counter-balancing strengths of another (Jick 1979). Some primitive forms of triangulation often found in organizational research include *between (or across) method*, *with-method*, and *parenthetical (or patronising)*.

As the most popular use of triangulation, the “between (or cross) method” (Denzin 1978) essentially involves cross-checking for internal consistency or reliability through the investigation of congruence between two or more distinct methods that yield comparable data (Denzin 1978). For organizational research, the between (or across) method would involve the use of multiple methods to examine the same dimension of a research problem. For example, the job performance of an employee may be studied by interviewing the employee, observing his or her behavior at work, and evaluating his or her performance records. Although the mode of data collection varies, the focus is always on the employee’s job performance. In doing so, multiple and independent measures can provide a more certain portrayal of the employee job performance phenomenon (Jick 1979). The “*with-method*” (Denzin 1978) triangulation tests the degree of external validity (Jick 1979) by using multiple techniques within a given method to collect and interpret data. For quantitative methods such as survey research, this triangulation can take the form of multiple scales or indices measuring the same construct. For qualitative methods such as participant observation, the with-method design can be reflected in “multiple comparison groups” (Glaser & Strauss 1965) to develop greater confidence in the emergent theory (Jick 1979). However, the use of only one method raises questions of testing reliability (Denzin 1978). Another form of triangulation is the *parenthetical (or patronising)* use of field observations to strengthen statistical results (Jick 1979). The parenthetical method is suitable when important qualitative data (e.g., the intensity, dynamic, meaning, and aftermath of a previous strike which occurred earlier) are insufficiently integrated with quantitative findings (e.g., significant chi-square results demonstrating deep job dissatisfaction).

Alternatively, some scholars suggest that triangulation can be classified by, for example, what is being mixed, one’s position in the research process, and the rationale for and scope of mixing.² For the purposes of this dissertation, the four basic types of triangulation (methodological, data, investigator, and theory) that were more or less captured in the six articles will be discussed here.

According to Jick (1979), Sim and Sharp (1998), Decrop (1999), and Downward and Mearman (2007), *methodological triangulation* involves using multiple and distinct methods to study a problem. *Data triangulation* involves the use of different sources of information to increase the validity of a study. *Investigator triangulation* involves using several different investigators in the analytic process. The investigators, who may work as a team or may attempt to replicate each other’s work, examine the problem using the same methods. *Theory triangulation* involves using multiple perspectives to interpret a single set of data. One popular approach is to bring together people from different disciplines. However, individuals within disciplines may also participate as long as they are in different status positions. Either any independent or a combination of any of the four types of triangulations offers richer and more valid interpretations of the research problem (Decrop 1999).

A variety of benefits of triangulation largely results from the diversity and quantity of data that can be used for analysis. Such benefits include increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating theories, and providing a clearer understanding of the problem (Thurmond 2001). Primary disadvantages of triangulation, on the other hand, are also apparent. Thurmond (2001) concludes that triangulation can be time-consuming; collecting more data requires greater planning and organization, and resources are not always available to lead researchers. Furthermore, a lack of

² In seeking consensus about mixed methods research based on 19 different definitions provided by 21 highly published mixed methods researchers, Johnson et al. (2007) found variation patterns in those definitions. Such variations include 1) what was being mixed (e.g., methods, methodologies, or types of research), 2) one’s position in the research process in which the mixing occurred (e.g., data collection, data analysis), 3) the scope of the mixing (e.g., from data to worldviews), 4) the purpose or rationale for mixing (e.g., breadth, corroboration) and 5) the elements driving the research (e.g., bottom-up, top-down, a core component).

consensus about the rationale of triangulation among investigators may lead to possible disharmony in terms of investigator biases and conflicts over theoretical frameworks. Patton (2002) cautions that it is a common misconception that the goal of triangulation is to arrive at consistency across data sources or approaches; in fact, such inconsistencies may be likely, given the relative strengths of the different approaches. In Patton's view, these inconsistencies should not be seen as weakening the evidence, but should be viewed as an opportunity to uncover deeper meaning in the data.

Drawing upon the corporate responsibility literature and hands-on experience in the forest industry, *Article I* used multiple sources of evidence from multidisciplinary research articles published in different international peer-reviewed journals to establish a chain of evidence. The article was written by two authors with different disciplinary backgrounds and positions of status.

Built on several theories (including the resource-based view of the firm, strategic group theory, stakeholder theory, and the Global Reporting Initiative framework), *Article II* studied the reporting profiles of the global forest industry based on corporate responsibility and/or sustainability reports. The data were collected from different sources (e.g., from corporate responsibility directories and company home pages for company reports, Pulp and Paper International magazine for ranking and company characteristics, and PricewaterhouseCooper for financial performance indicators). The data were analyzed with the content analysis technique, cluster analysis, one-way ANOVA, and the Kruskal-Wallis non-parametric tests. Article II was co-written paper by four authors of different disciplinary backgrounds and positions of status.

Article III used the same data set as for Article II, but approached it from different perspectives. Grounded on the Global Reporting Initiative framework and the corporate responsibility literature (in particular that of corporate reporting), Article III investigated the determinants and patterns in forest companies' reporting. Different techniques such as content analysis, the T-test, and regression analysis, served in data analysis. The article was co-written by five authors of different disciplinary backgrounds and positions of status.

Based on the resource-based view of the firm and the corporate responsibility literature, *Article IV* was a qualitative investigation of Chinese and Finnish managers' perceptions of corporate responsibility and its connection to competitive advantage. The data were collected from 23 semi-structured interviews conducted by the co-authors. Co-written by three authors of different disciplinary backgrounds and positions of status, Article IV was a comparative study of multiple cases.

Article V was a quantitative investigation of managers' perceptions of corporate responsibility in the forest industry. It was built on different theories, including stakeholder theory, the resource-based view, strategic group theory, the corporate responsibility literature (in particular that on the relationship between corporate social performance and financial performance). Collected through a self-reported industry survey, the data were analyzed with statistical methods, including factor analysis, cluster analysis, and regression analysis. The reliability of the performance measurement was improved by using both some financial performance indicators (e.g., return on assets) from external sources and subjective evaluation (e.g., managers' perceptions of their firms' corporate social performance). The article was co-written by three authors of different disciplinary backgrounds and positions of status.

Article VI was an effort to evaluate the applicability of the Social Accountability SA800 standard in understanding employee sentiments toward their organization's responsible behavior in China. The data were collected through a survey of over 800 Chinese production employees from 20 small and medium-sized companies in the Pearl River Delta. Grounded in the Social Accountability SA800 standard, Article VI attempted to develop a measurement scale of job satisfaction by using semi-confirmatory analysis. The article was co-written by three authors with different disciplinary backgrounds and positions of status.

Although the features of various triangulations discussed above could be more or less captured by definition in the included articles, the "primitive with method" triangulation that is typically applied in quantitative inquiries seemed to dominate in the corresponding articles.

4.2 Data Collection

4.2.1 Sampling, data, and analysis

Documents provide a source of invaluable information for research. Such documents may include public documents such as minutes of meetings, newspaper reports, private documents such as journals, diaries, or letters, as well as the

published data used in a literature review (Creswell 2009). Using documents for research enables a researcher to obtain the language and words of participants. Documents are data representing what participants have focused their attention on. Furthermore, as written evidence, documents are an unobtrusive source of information and of time-saving and cost-effective transcription. However, not all people are equally articulate and perceptive. The researcher may encounter unavailable information or protected public or private records, leading the researcher to hard-to-find places. Others limitations may involve completeness, authenticity, accuracy of materials, and difficulties with computer entry (Creswell 2009).

Article I in this dissertation was a literature review investigating the current status of how corporate responsibility has been implemented in forest-based industry and relies solely on the analysis of documents collected from multidisciplinary articles published in international journals.

Articles II and *III* of this dissertation examine issues of corporate responsibility issues in the corporate reporting produced by forest-based industry companies. Corporate documents were thus an appropriate source of materials for data collection. The annual report is the most publicized and visible document produced by publicly owned companies and is the principal means by which corporations communicate explanations of their past performance, their expectations of future results, and any other information a company perceives as important to share with the public (Staw et al. 1983). Although corporate annual reports are designed primarily to report to investors on past financial activities, they are one of the major sources of information used by a wide range of users, such as environmentalists (Roberts 1992). Annual reports are thus being increasingly employed to disseminate many different types of information. Social disclosure studies and scoring protocols focus principally on the annual report (Adams and Harte 1998). Yet annual reports are not the only reporting vehicle available to corporations. Companies are also likely to use other kinds of media, such as press releases, advertisements, and separate reports (e.g. specific environmental reports, corporate responsibility reports, non-financial information, sustainability reports, executive summary reviews, and web-based information) to disclose their corporate responsibility activities. Each reporting media, at least to some extent, reflects a company's corporate responsibility concerns.

Since financial performance has long been the dominating concern in corporate annual reporting, social issues are relatively less emphasized in company reporting. To meet such demands from their key stakeholder groups, recent years have seen a growing number of large companies produce sustainability disclosures to balance the triple bottom lines. In *articles II* and *III*, however, only annual and sustainability reports were selected as source of corporate responsibility disclosures published by sample companies. Moreover, to quantify the information in corporate annual and sustainability reports for further analysis, we applied a laborious content analysis technique in the coding and scaling processes.

Content analysis is a method for measuring variables by studying and analyzing communications in a systematic, objective, and quantitative manner. The definition of content analysis by Berelson (1952, p. 18) is often cited: "Content analysis is a research technique for the objective, systematic, and quantitative description of the manifest content of communication." Berelson's definition incorporates the important specification of the process as being objective, systematic, and focusing on the manifest (or denotative or shared) meaning (as opposed to connotative or latent "between-the-lines" meaning) of the content. At its core, quantitative content analysis is reductionist and incorporates sampling and operational or measurement procedures that reduce communication phenomena to manageable data (e.g., numbers or scaling) from which one can draw inferences about the phenomena themselves (Krippendorff 1980).

Content analysis is meant for systematic procedures in studying the content of written documents. Holsti (1969) and Riffe et al. (1998) claim that content analysis is useful, or even necessary, when: 1) data accessibility is a problem, and the investigator is limited to using documentary evidence; 2) the communicator's "own language" use and structure is critical (as in, for example, psychiatric analysis); 3) the volume of material exceeds the investigator's individual capability/capacity to examine it. To ensure the validity of content analysis, one should be able to answer three questions, namely: (1) are the content categories and relevant elements correctly defined? (2) How must the chosen variables correspond to the described phenomena? And (3) is the operationalization of the framework of content analysis sufficiently specified? Figure 3 below illustrates how content analysis is structured in *articles 2* and *3* of this dissertation.

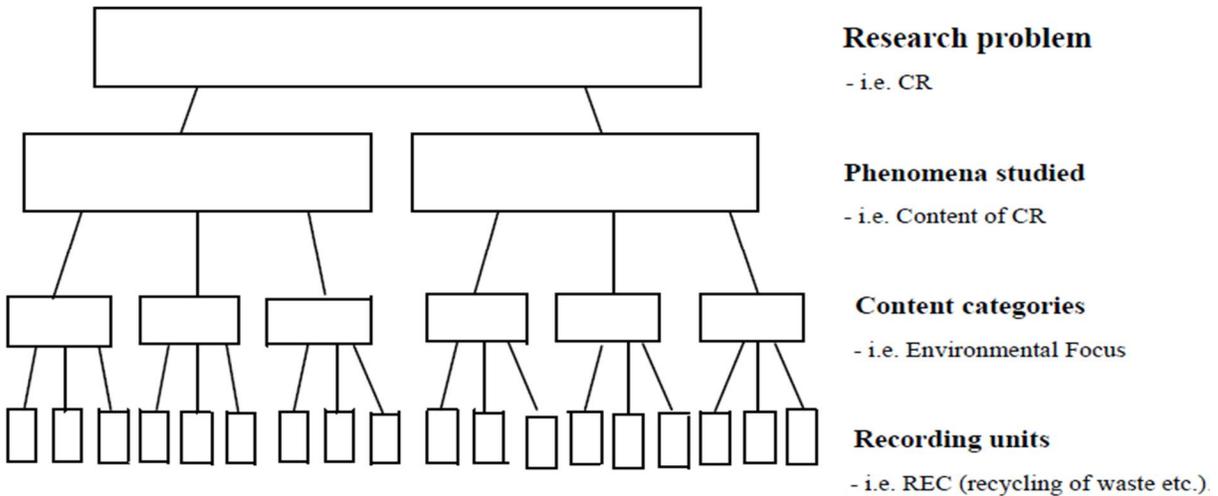


Figure 3: The structure of content analysis in article 2 and 3 comprising the dissertation

The Global Reporting Initiative framework contains six main domains of responsibilities, namely economic, environmental, social, labor practice, human rights, and product. Our study also included one additional category, corporate strategy and reporting profile, was also included in our study. Studies in content analysis have relied mainly on simple measures (e.g., paragraph and page counts of reports to compare the extent of reporting) which may fail to capture significant differences in the content of the reports. In order to overcome some of these deficiencies and to improve the accuracy and reliability of the findings, our study adopted the simple measure of word counts - in other words, detecting the presence of information on a number of different subject areas in corporate disclosure. Information provided in the sustainability reports/corporate responsibility reports is thus assumed to reflect the corporate responsibility activities adopted by the company (see, e.g., Rhee and Lee 2003, Orlitzky et al. 2003).

To transform the texts of the target reports into quantitatively measurable data, the original texts were first classified into an analysable data language according to the classification based on the Global Reporting Initiative guidelines, where each indicator consists of several exact clauses explaining the classification more clearly and precisely. Information on indicators disclosed in the texts of the reports ranged on scale from 1 (no information provided) to 5 (complete information provided). An independent Excel-formatted matrix was developed to register the coding data based on the theoretical framework and its operationization. Furthermore, other tactics such cross-checking and an independent two-tier coding procedure were performed to ensure consistency and accuracy in the data collection.

The initial sample for the content analysis in our study comprised the top 100 forest industry companies listed by Pulp and Paper International. The sustainability disclosures of 2006 or of the most relevant years (2005 or 2007) were scrutinized. The reports could be either separate sustainability or corporate responsibility reports or, if unavailable, the annual report (also called the 'integrated report') if it contained sufficient information on environmental, social responsibility and other sustainability issues as well as other sustainability issues. A final sample of 66 forest companies met the criteria; these companies provided 44 corporate responsibility reports or sustainability reports and 22 integrated annual reports.

4.2.2 Semi-structured interviews

Interviews are a qualitative technique to assess people's experiences, their inner perceptions, attitudes, and feelings of reality. The popularity of interviews and their application in social and organizational research are well documented (see, e.g., Myers and Newman 2007, Yin 2009, Creswell 2009, Creswell and Plano Clark 2011). Despite the variations among different typologies of interviews in the literature, the most common classification divides interviews into three categories based on their degree of structure: structured interviews, semi-structured

interviews, and unstructured interviews (see, e.g., Fontana and Frey 2005, Myers and Newman 2007). A *structured interview* has a set of predefined questions asked in the same order for all respondents. This standardization is intended to minimize the effects of the instrument and the interviewer on the research results. *Structured interviews* are similar to surveys, except that they are administered orally rather than in writing. *Semi-structured interviews* are more flexible, involving both closed-ended and open-ended questions prepared in advance, thereby leaving the interviewer a certain amount of room to adjust the sequence of the questions. The *unstructured interview technique* was developed in the disciplines of anthropology and sociology as a method to elicit people's social realities. The term is used interchangeably with the terms "informal conversational interview", "in-depth interview", "non-standardized interview", and "ethnographic interview" (Minichiello et al. 1990, Punch 1998, Patton 2002).

According to Creswell (2009), four alternatives are available for conducting an interview, including the *face-to-face interview* (or one-on-one, in-person interview), the *telephone-researcher interview* by phone, the *focus-group interview* (researcher interviews participants in a group), and the *e-mail internet interview*. Creswell (2009) concludes that these options are suitable when participants cannot be observed directly because they still enable the researcher to control the line of questioning and to obtain history information from the interviewees. However, these options also bear some inherent limitations, such as providing indirect information filtered through the views of interviewees or in a designated place rather than the natural field setting, thus creating a bias in response to the researcher's presence and to variations in the interviewees.

Interviews served as the mode of data collection in *article 4*, which was a comparative case study between China and Finland on managers' perceptions of corporate responsibility and its impact on competitive advantage. The two countries were chosen based on the assertion that the proliferation of corporate responsibility depends on the resolution of a myriad of organizational, economic, political, and legal issues; China and Finland are two dominant players in the global forest products market representing distinctive and interesting characteristics in terms of institutional and cultural settings.

In order to ensure the reliability and validity of the study, in addition to the English language skills of the individual researchers, an interceding agreement was clearly predefined in advance between the researchers, and included the research objective, the themed interview questionnaire, awareness of the perceived cultural biases of the answers (in both Finn-to-Finn and Chinese-to-Chinese interviews), awareness of the perceived effects of language barriers on the explanations of the questions during the interviews and the interpretations of the answers (from Finnish to English and from Chinese to English), the methods for data collection and analysis, the use of logical patterns in interpreting the transcripts, and the methods for establishing chain evidence and addressing rival explanations.

The data were gathered through semi-structured interviews. Of the 23 semi-structured interviews, 11 telephone-researcher interviews with the Finnish managers were conducted and transcribed by the second and the third authors, who are Finnish native-speakers, while 12 face-to-face audiotape interviews with the Chinese managers were carried out by the first author of the present study, who is a Chinese native-speaker. Both methods were chosen based on the convenience of the interviewees and for time-saving and cost-effective purposes. The content analysis technique was then performed based on an interceding agreement between the researchers to analyse the transcripts and audiotapes of the interviews using pattern matching based on, for example, the theoretical framework and explanations predefined in the interceding agreement.

4.2.3 Survey

Surveys are the primary method of quantitative research aiming for statistical accuracy and generalisability of the results. Four types of surveys are widely used in the literature: mail surveys, telephone surveys, computer/online surveys, and hybrid surveys. Each format is the most appropriate for a given circumstance. For the research purposes of this dissertation, only mail surveys and online/computer surveys were selected and discussed in connection with *articles 5* and *6*, which involved quantitative surveys in data collection.

Both mail surveys and computer/online surveys are self-administered surveys. *Mail surveys (or direct mail surveys)*, as the name suggests, are mailed to and administered by the recipient. Mail surveys are the most convenient for the respondents and are the least expensive way to collect sensitive information from a large number of people; they are also the most suitable for both random samples and targeted samples. However, mail surveys have little control over feedback (Erdos 1983; Bourque & Field 1995). *Computer/online surveys* can be administered

by computer and the Internet. They provide the potential to conduct complicated research because “help menus” can assist respondents through the survey. Most importantly, they are the least expensive format and have the quickest speed of data collection and reporting. In addition, they offer technical advantages, such as control of order bias. Apparently, the downside of computer/online surveys is skewed or limited sampling (Erdos 1983, Bourque and Field 1995).

Considered as the most appropriate method for our research objectives (e.g., time-saving and cost-effective transcription, respondent-friendly), computer/online surveys served in the data collection in *article V*. Target data on 750 companies operating under industry codes SIC 24 (lumber and wood products) and 26 (paper and allied products) with over 5000 employees were drawn from the Thomson One Banker database, with fifteen additional companies included from the PPI Top 100 list. Of these 765 companies, 550 could not be contacted or were ineligible to participate. Of the 215 eligible firms, 169 contact persons agreed to participate or requested further information when contacted by telephone; 46 companies withdrew. Of the 169 eligible firms, 60 questionnaires were received through WebPropol between October 2010 and March 2011, constituting a response rate of 28%. Geographically, the respondents (mainly sustainability officers of the participating companies) represented all the major continents (52% Europe, 23% North America, 18% Latin America, and 7% Asia).

In *article VI*, (direct) mail surveys were conducted in the Greater Pearl River Delta in China and targeted privately owned, labor-intensive, export-oriented SMEs in the Pearl River Delta region of southern China during June and August 2010. Several factors made our sample ideal for studying the business ethics of companies in the context of an emerging economy context as well as the impact and effectiveness of social accountability benchmarking initiatives. For example, since the late 1990s, China’s labor-intensive export-oriented manufacturing industries (in particular those located in the Pearl River Delta and Yangtze River Delta regions) have become a laboratory for various labor-related codes of conduct; the companies in our sample were among those manufacturing industries (e.g., footwear, toys, garments, electronics) where recognized labor issues have generated intense public outcry.

A final sample comprised 20 small and medium-sized enterprises, including one steel-making company, five mechanical wood processing firms, three paper products or printing companies, six apparel companies, and five household electronic firms. Both convenience and randomly targeted sampling were the means for selection. To collect the data on mechanical wood processing industry companies, a convenience sampling was used, and questionnaires were distributed to respondents through our field visits to the firms. For other firms, the questionnaires were sent to the respondents with the prior permission of the participating firms selected in the targeted sampling. The SA8000 certified companies were chosen at random from a December 2009 list of SA8000 certified facilities published by the SAI on its official website (the list is updated quarterly). All the participating companies acknowledged providing no information on firm size, name or location, because they felt uncomfortable disclosing what they considered to be the sensitive the demographic characteristics of their companies. A total of 1500 questionnaires were distributed to the participating firms. Of those, 834 usable questionnaires were returned, yielding a response rate of 55.6%.

4.3 Validity and reliability

The research design represents a logical set of statements, making judgment of the quality of any given design relevant to both the researcher and the reader (Yin 2009). The following four concepts, among many others, have commonly served to establish the quality of any empirical social study (Kidder and Judd 1986). *Construct validity* identifies the correct operational measures for the concepts under study. *Internal validity* seeks to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinct from spurious relationships. *External validity* defines the domain in which a study’s findings can be generalized. *Reliability* demonstrates that the operation of a study will yield the consistent results.

Creswell (2009) argues that the validation of findings occurs throughout the steps in the process of research and does not carry the same connotations in qualitative research as it does in quantitative research, nor is it a companion of reliability (stability or consistency of responses) or generalizability (stability of applying results to new settings, people, or samples). Qualitative validity means that the researcher checks the accuracy of the findings by employing certain procedures, while qualitative reliability indicates that the researcher’s approach is consistent across different researchers and different projects (Gibbs 2007). Validity is based on determining whether the findings are accurate

from the standpoint of the researcher, the participant, or the readers of account (Creswell and Miller 2000). Creswell (2009) identifies eight primary alternatives for dealing with validity and concludes that a multiple validity strategy can lead to enhanced overall quality. These eight alternatives are 1) triangulate different data sources of information to build a coherent justification for themes, 2) use member checking to determine the accuracy of the qualitative findings, 3) use rich and thick description to convey the findings, 4) clarify any bias the researcher brings to the study, 5) present negative or discrepant information that runs counter to the themes, 6) spend prolonged time in the field, 7) use peer debriefing to enhance the accuracy of the account; and 8) use an external auditor to review the entire project.

Of the six articles included in this dissertation, *article I* was a literature review of the current state of corporate responsibility in forest-based industry. *Article IV* was a qualitative comparison study between China and Finland based on 23 managers' perceptions of corporate responsibility and how corporate responsibility engagement can benefit small and medium-sized companies in the forest industry. In addition, it was a qualitative inquiry using semi-structured interviews and a multiple case study. To ensure the overall quality of the study, the researchers applied throughout the subsequent content of the study those tactics (Gibbs 2007, Creswell 2009, Yin 2009) tailored to case studies. For example, in dealing with external validity, the researchers used replication logic in multiple-case studies. To address construct and reliability, the researchers applied cross-checked (Creswell 2009) to the data collection by different coders, and used multiple sources to establish a chain of evidence. In response to internal validity, the researchers adopted pattern matching and explanation building, and addressed rival explanations. Furthermore, to enhance the researchers' ability to assess the accuracy of the findings and to convince readers of that accuracy, the researchers also provided the original statements of the interviewees on the themes being studied, addressed rival explanations, and commented on how their backgrounds, including culture, history and socioeconomic origin shaped their interpretations of the findings.

Creswell (2009), on the other hand, identifies several threats to the validity of quantitative research. Threats to internal validity include any procedures, treatments, or experiences of the participants that threaten the researchers' ability to draw from the data correct inferences about the population in a quantitative or experimental study. External validity threats arise when the researcher draws incorrect inferences from the sample data to other persons and other settings due to the characteristics of the individual selected for the sample, the uniqueness of the setting, and the timing of the study. Threats to construct validity occur when the investigator uses inadequate definitions and measures of variables. Threats to statistical validity arise when the quantitative investigation draws inaccurate inferences from the data because of inadequate statistical power or violations of statistical assumptions.

Certain procedures for quantitative research by Creswell (2009) were adopted to identify, determine, and ensure the validity of quantitative studies (*articles II, III, V and VI*) in this dissertation. For example, in response to the potential internal threat associated with selection and regression procedures, participants (or participating companies) were randomly selected so that characteristics will likely be equally distributed among the experimental groups, and only those participants or participating companies) with no extreme scores are qualify for further analysis. In response to external threats to validity, restrictions limited the groups or settings to which the results could be generalized due to the narrow characteristics of participants or participating companies) and the associated settings in the quantitative investigation. Regarding threats to the construct, adequate definitions and measures of variables were consulted with prior instrumental references (e.g., widely used textbooks for quantitative investigation) and an intensive literature review in order to acquire a decent and fundamental understanding of the research topics. To enhance the statistical validity of the quantitative studies, certain procedures and steps in multivariate data analysis (see, e.g., Hair et al. 2010) were followed in the implementation. These procedures and steps involved both the conceptual and statistical assumptions of multivariate normality, linearity, the dependence of error terms, the quality of variance, actual estimation of the multivariate model and assessment of overall fit, and interpretation of the effect on individual variants revealed from the accepted model, as well as validation of the generalizability of the results. A detailed description of multivariate techniques used in the investigation was provided in the data and methodology section of each corresponding article. The following Table 6 summarizes the research design, data and methodology, tactics for threats to quality and the limitations of the six articles comprising this dissertation.

Table 6: Research design, data and methodology, tactics for threats to quality, and limitations of the articles

Article	Type of Inquiry	Type of Data	Technique of Analysis	Tactics for Treats to Quality	Main Limitations
1	Qualitative	Extant literature	Extensive literature review	IV: pattern matching, explanation building, use of logic model(s); EV: restricting claims on generalizability; CV & R: use of multiple sources of evidence, establishing a chain of evidence	Restricted claims on the generalizability of the results due to the narrow characteristics of a single industry setting, a small sample of 23 studies, and limited timing (1997-2009)
2	Quantitative	Corporate CR/sustainability disclosure Cross-sectional	Quantitative content analysis Cluster analysis	IV: random sampling, cross-checking, two-tier coding; EV: restricting claims on generalizability; CV: adequate definitions and measures of variables; SV: restrictive and explicit attention incorporating conventional procedures and steps	Single industry research design; dependence on sustainability disclosure; use of communication of economic, environmental and social performance rather than CR performance; a limited number of explanatory variables; generic limitation associated with content analysis; limitations associated with cross-sectional data
3	Quantitative	Corporate CR/sustainability disclosure Cross-sectional	Content analysis Regression analysis	IV: random sampling, cross-checking, two-tier coding; EV: restrict claims on generalizability CV: adequate definitions and measures of variables SV: restrictive and explicit attention incorporating conventional procedures and steps	Single industry setting; dependence on sustainability disclosure; use of communication of economic, environmental and social performance rather than CR performance; a limited number of explanatory variables; generic limitation associated with content analysis used; limitations associated with cross-sectional data
4	Qualitative	Semi-structured theme interviews	Qualitative Content analysis of transcripts	IV: purposive sampling, pattern matching, explanation building, addressing rival explanations, use of logic model(s); audiotape interviews; EV: replication logic in multiple-case studies; restricting claims on generalizability CV & R: interceding agreement, use of multiple sources of evidence, establishing of a chain of evidence, develop a case study database	Single industry setting; a small sample of interviews
5	Quantitative	Self-reported survey Cross-sectional	Principal component analysis Regression analysis,	IV: random sampling EV: restricting claims on generalizability CV: adequate definitions and measures of variables; SV: restrictive and explicit attention incorporating conventional procedures and steps	Single industry setting; generic limitations associated with a self-reported survey: common method variance, consistency motif, and social desirability; a limited number of explanatory variables; limitations associated with cross-sectional data; bias of a single source of informants
6	Quantitative	Self-reported survey Cross-sectional	Principal axis factor analysis	IV: both convenience and random sampling, pre-tested with external informant review EV: restricting claims on generalizability; CV: adequate definitions and measures of variables; SV: restrictive and explicit attention incorporating conventional procedures and steps	Generic limitations associated with a self-reported survey: common method variance, consistency motif, and social desirability; limitations associated with cross-sectional data; single country setting

Note: This table complements Table 7 (p. 54); IV = internal validity, EV = external validity, CV = construct validity, SV = statistical validity, R = reliability

5. SUMMARY OF THE ORIGINAL ARTICLES

This chapter briefly summarizes the main objectives and contributions of each research article comprising this dissertation. The corresponding articles appear in full length in Part Two of this dissertation (see the main research question and sub-questions in Figure 1).

Article I: Corporate responsibility and sustainable competitive advantage in forest-based industry: complementary or conflicting goals?

The key objective of this study was to build a more comprehensive understanding of the current status of corporate responsibility in forest-based industry. By compiling and analyzing research findings from industry statistics and structural features of forest-based industry based on the three most prevailing approaches, or driving forces for corporate responsibility: the “trade-off” hypothesis, the “profit-maximizing” corporate responsibility conjecture, and the “corporate social impact” hypothesis. Starting from the landmark paper by Näsi et al. (1997), the first attempt to explore corporate responsibility in two boreal forestry countries (Canada and Finland), the period of 1997-2009 and 23 existing studies were chosen to mirror the highly dynamic and turbulent business environment of the industry.

Forest companies covered by previous studies appear to have adopted corporate responsibility activities mainly with the assumption of profit-maximizing. In the wake of globalization, growing ethical markets and the demand for socially responsible investment, a business case for corporate responsibility could only be made by embracing principles of corporate responsibility with radical changes in fundamental values, policy principles and operational procedures through double-loop organizational learning. Individual organizations must address persistent, highly complex, and interconnected sustainability issues. The recent increase in attention focusing on the environmental and social dimensions of corporate responsibility requires forestry companies to be innovative and change their business settings more proactively. The interaction and divergent interests between stakeholders provides both opportunities and threats with respect to how companies position themselves. To accrue the greatest benefits, forestry companies should approach corporate responsibility as a business value and integrate it into their core business strategies, challenging company decision-makers to rethink and redesign their fundamental business models as they endeavor to translate corporate responsibility rhetoric into actual practice.

Article II: Corporate responsibility and strategic groups in the forest-based industry: exploratory analysis based on the Global Reporting Initiative (GRI) framework

Large companies have confronted accusations of the lack of verification in their corporate reporting and are urged to adopt a consistent and independently auditable reporting standard such as the Global Reporting Initiative to alleviate growing criticisms of corporate disclosure. However, current reporting practices have mirrored the limited and narrow applications of such reporting standards in corporate responsibility disclosure in real business. Drawing upon the assumption that corporate responsibility disclosure conforms to corporate environmental and social performance, this study applied the Global Reporting Initiative guidelines and strategic group theory to study the corporate responsibility reporting profile of 66 of the largest forestry companies in the world, and investigated whether such group memberships associate with organizational characteristics and financial performance.

Results suggest that a majority (58%) of the leading forest industry companies have adopted a relatively defensive approach to corporate responsibility, 18% follow a proactive approach, and 24% exercise a stuck-in-the-middle strategy. Group membership significantly correlated with company size and core business area. We found no significant association between profitability and voluntary disclosure was found. These findings affirm those of prior studies which argue that company size, industry membership, and the degree of business diversity matter in voluntary disclosure. By incorporating the Global Reporting Initiative guidelines, the theoretical foundations arising from the resource-based view of the firm and strategic group theory, this study provides empirical quantitative

insight into the disclosure content of the forest-based sector at a global level.

Article III: Determinants of sustainability disclosure in the global forest industry

Forest-based industry is currently experiencing globalization of markets, consolidation, and vertical integration, resulting in a diminishing number of transnational companies that have confronted mounting public distrust and intensified stakeholder pressures for transparency and accountability. Little is known about reporting practices in forest-based industry and the application of the Global Reporting Initiative in ascertaining the industry's corporate responsibility profile. To fill the gap, this study used quantitative content analysis of the corporate responsibility disclosures of 66 of the largest forest-based companies in the world to investigate changing patterns of the economic, environmental, and social performance of forest-based industry under the Global Reporting Initiative guidelines.

The world's largest forest-based companies placed significant emphasis on environmental and economic issues in contrast to areas such as human rights, labor practices, and social and product responsibilities. Both company size and business diversity was significantly associated with disclosure; profitability and regional differences were not decisive factors in formulating sustainability reporting strategies in forest-based industry. This study provides new insights into the current state of sustainability disclosure of the global forest industry from a quantitative perspective. It also extends prior research by directly examining the patterns and determinants of the largest forestry companies worldwide and demonstrating a novel assessment of voluntary reporting under the Global Reporting Initiative guidelines.

Article IV: Managerial perceptions of SMEs in the wood industry supply chain on corporate responsibility and competitive advantage: evidence from China and Finland

Despite the significant importance of small and medium-sized enterprises in economic and societal prosperity today and of an integral part of the value chain, little is known about small and medium-sized enterprises' awareness of and motivations for corporate responsibility. Drawing upon the EU's definition of corporate responsibility, the resource-based view of the firm and the theoretical frameworks of Galbreath and Gavin (2008) and Galbreath (2009), this paper studied small and medium-sized enterprise managers' perceptions of corporate responsibility and how corporate responsibility can generate competitive advantage in the context of the forest industry, using the multiple-case study and a total of 23 semi-structured interviews with wood industry line managers in China and Finland.

To the sample companies, legal aspects were the key drivers for corporate responsibility initiatives. Advanced technology, efficient wood procurement, customer focus, and a competent workforce formed the four principal sources of competitive advantage. Despite the two vastly different cultural and operational settings, the importance and the role of corporate responsibility followed a fairly similar logic in how corporate responsibility can be understood and implemented among small and medium-sized enterprises in the wood processing industry looking for competitive advantage. This comparative study provides empirical evidence that, with a focused stakeholder approach, wood industry small and medium-sized wood processing enterprises apply informal corporate responsibility strategies and tools to deal with the expectations of their key stakeholders. It contributes to the literature on how managerial perceptions of corporate responsibility engagement can benefit small and medium-sized enterprises in both developed and emerging economies.

Article V: Managerial perceptions of corporate social and financial performance in the global forest industry

Proactive and reactive sustainability strategies can lead to different paths of learning and innovation at the business-environment interface for companies associated with the emergence of unique and various organizational capabilities. Although many forest-based companies have introduced broader-scale responsible business practices into their communication strategies, the actual impacts of such strategic shifts remain unknown. Drawing on the resource-based view of the firm and stakeholder theory, this study investigated the use of the corporate responsibility measurement scale obtained from a voluntary industry survey of 60 leading forest-based companies worldwide to explore whether corporate social performance could, as an intangible asset, enhance the sustainable competitive advantage and financial performance of forest-based industry companies. Using a survey of 60 of the world's

leading forestry companies, the study tested the applicability of the measurement scale by Turker (2009) in classifying the companies' corporate responsibility profiles, and examined the relationships between corporate social and financial performance, and the self-reported composite performance index (comprising market share, sales, profitability, and corporate image) in corporate responsibility practices.

A four-dimensional stakeholder orientation of corporate responsibility exists in current corporate responsibility practices. External factors seemed to be the predominant drivers of corporate responsibility, mirroring a prevailing legitimacy-based corporate responsibility strategy among forestry companies in addressing environmental and social issues. A proactive responsibility orientation seemed to dominate over a reactive one, and the positive impact of corporate social performance was more clearly evident on the composite perceived performance index than on accounting-based financial performance. Social strategies with an explicit orientation toward employees, legal (or government) requirements, non-governmental organizations, and society may offer a promising direction in value creation. The results support the common consensus and expectation that responsible business conduct positively contributes to financial performance and composite measures of perceived performance satisfaction, implying that corporate responsibility can be considered a source of value creation for forest-based companies, and suggesting that a positive return on corporate responsibility initiatives in terms of profitability seems promising. Such findings may provide greater motivation and incentive for forestry companies seeking to embrace corporate responsibility to create resources (assets) and capabilities (routines) that can lead to sustainable competitive and superior economic performance.

Article VI: Using SA8000 criteria as a tool to understand employee sentiments toward corporate responsibility: a case of Chinese manufacturing SMEs

Increasingly complex social and labor issues are becoming a major concern affecting the competitiveness of Chinese companies in their pursuit of high economic growth. While disciplinary research has delved into basic facets of job satisfaction, less attention has focused on tackling influential international initiatives for benchmarking corporate responsibility. Using existing general measurement scales, prior studies of the impact of ethical behavior and job satisfaction in the Chinese context provide little knowledge about employee sentiments towards their organizations' socially responsible behavior among export-oriented small and medium-sized Chinese manufacturing companies, which have often been accused of questionable acts in labor disputes. This study investigated employee sentiments toward their organizations' socially ethical behavior and tested the applicability of the Social Accountability 8000 standard (SA8000) in developing a measurement scale of employee job satisfaction through a survey of 835 production workers at privately owned small and medium-sized, labor-intensive, export-oriented manufacturing companies based in the Pearl River Delta in southern China.

The results suggest that the SA8000 standard can capture some core dimensions of employee sentiments toward their employer's ethical behavior in small- and medium-sized manufacturing enterprises in China. A four-dimensional measurement scale for job satisfaction, including employee benefits and welfare, discrimination, work health and safety, and governance were developed, thus providing ground for further examinations of business ethics and employee job satisfaction in Chinese companies. This study provides a first step toward the applications of the SA8000 standard, unearthing and understanding its implications on the construct of employee job satisfaction, and attempts to enrich the debate on labor issues in emerging economies, with a specific focus on work factors predictive of job satisfaction among Chinese production employees.

6. CONCLUSIONS AND DISCUSSION

6.1 Theoretical and methodological contributions

Grounded in the literature on corporate responsibility, stakeholder theory and corporate accountability, the main contribution of this dissertation lies in the area of strategic management, in particular the application of the resource-based view of the firm. The resource-based view of the firm served to investigate corporate sustainability in the

global forest-based industry. While the logic of the resource-based view of the firm was applied throughout the dissertation, the research topic was also viewed through the lens of strategic group theory and frameworks of the Global Reporting Initiative and the SA8000 standard. The primary focus was to identify resources that can derive from corporate responsibility practices striving towards corporate sustainability. As a qualitative inquiry into the current state of corporate responsibility implementation in the global forest-based industry, *article I* formulated three hypotheses in line with the resource-based view of the firm, which were to be tested in the following articles. The logic of the resource-based view of the firm behind *articles II* and *III* was that corporate responsibility can be developed as a source of competitive advantage for companies through corporate responsibility or sustainability reporting (*articles II and III*), as well as internal and external operations and interactions of (*article IV*). Based on accounting measures, *article 5* was an effort to empirically test the quantitative effects of corporate responsibility practices on corporate financial performance. Drawing on the resource-based view of the firm which sees employees as intangible strategic assets of the company, *article VI* examined the applicability of the Social Accountability 8000 standard in understanding employee sentiments towards their company's socially responsible behavior and developed a measurement scale for job satisfaction.

The results of this dissertation indicate a significant positive relationship between corporate social and financial performance (*article V*), supporting the proposition (see, e.g., Orlitzky et al. 2003) that it pays to be sustainable. Such findings may provide greater motivation and incentive for firms wishing to embrace corporate responsibility to develop resources and capabilities that can lead to sustainable competitive advantage and superior economic and social performance.

Given its heavy dependence on natural resources (e.g., wood, water, and land) and huge consumption of chemicals and energy, forest-based industry is at the frontline of sustainable development. The ongoing major structural change has triggered the need for forest companies to develop new resources and capabilities that sustain their current and future competitiveness. Through the resource-based view, corporate responsibility provides abundant opportunities from both the internal and external environment. This dissertation emphasizes the exploitation of resources and capabilities with VRIN attributes through socially responsible practices. However, the importance and implications of such resources in concrete business practices were not the focus of this dissertation and thus fall outside the scope of the discussion here.

In summary, the findings of this dissertation offer some insights: 1) corporate responsibility can be developed as a source of competitive advantage for forest-based companies, 2) supplementary and voluntary disclosures can be an effective tool in coping with adverse and increasing stakeholder demands, 3) success in dealing with unpredictable social and environmental issues accompanying globalization and the relocation of operations overseas requires explicit strategic positioning in corporate responsibility and high levels of proactiveness, 4) social strategies with explicit stakeholder orientations (including employees, legal or government requirements, non-governmental organizations, and society) represent a promising direction for value creation.

In terms of developing corporate responsibility models, this dissertation provides a theoretical framework that contributes to the general literature on strategic corporate responsibility and a measurement scale for employee job satisfaction. The conceptual model of strategic corporate responsibility attempts to provide a comprehensive framework for making social strategies from a strategic stance with an aim to develop resources and capabilities through socially responsible practices. The model is compiled based on several well-established frameworks and concepts, including 1) Burke and Logsdon's (1996) five elements of strategic corporate responsibility: centrality, specificity, proactivity, voluntarism, and visibility; 2) Porter's (1985) value chain concept; and 3) Galbreath's (2011) developmental framework for strategy and sustainability.

The motivation behind the development of the measurement scale was 1) disciplinary research that delved into basic facets of job satisfaction; 2) fewer efforts to tackle influential initiatives to benchmark corporate responsibility; and 3) depending on the existing general measurement scales, prior studies on employee job satisfaction and organizational commitment provide insufficient knowledge of those labor and social issues Chinese vendor plants have been accused of. Based on the SA8000 criteria, we developed a multidimensional measurement scale containing 22 measurement items pertaining to 4 factors: employee benefits and welfare, discrimination, work health and safety, and governance. By recognizing the contextual work factors, the measurement scale provides a novel tool for further examination of the business ethics of Chinese companies.

6.2 Managerial implications

The findings of this dissertation provide clear implications for managers, particularly in firms seeking additional sources of competitive advantage through socially responsible efforts or those striving for corporate sustainability with corporate responsibility-driven values. Even though the findings are drawn from a single industry, their implications should not necessarily be limited to a narrow interpretation. The present dissertation provides managers with valuable knowledge and practical insights into how corporate responsibility practices can be integrated into business strategies and fundamental operations to create potential sources of competitive advantage for their companies.

Given the overwhelming rise of corporate responsibility to its position as a part of modern business in today's globalized economy, increasing competitive pressures have left companies with no other choice but to examine the nature and extent of their companies' corporate responsibility activities. From a strategic standpoint, rejecting corporate responsibility greatly limits companies' understanding of their surrounding environment. Financial considerations are still the prevailing criteria for accepting or rejecting corporate responsibility initiatives. Corporate responsibility's merits still lack clarity among many companies, partly due to the generally voluntary nature of corporate responsibility, the vagueness of corporate responsibility and its related concepts (e.g., corporate social performance), and the controversial results of studies on the causal relationship between corporate social and financial performance. In the absence of compelling institutional norms and guidelines, corporate responses to stakeholder pressure for accountability and legitimacy are even more convoluted.

Although environmental, social and corporate governance data are becoming more and more crucial for investment decisions, many companies seem reluctant to produce corporate responsibility reports. Given the multitude of existing reporting systems, companies have also been accused of managerial opportunism in selecting a set of indicators most favorable to them most (Brown et al. 2009a). The theoretical link between corporate sustainability disclosure and financial performance largely depends on social responsibility investment, which currently remains low despite its rapid growth. Being proactive in disclosing corporate responsibility activities or adopting leading reporting standards such as the Global Reporting Initiative can significantly increase a company's credibility (Du et al. 2010), which in turn contributes to its corporate reputation, a strategically valuable asset that sustains the company's competitive advantage. Despite the variation in national or regional reporting requirements across the world and the differences in national settings that may lead to variations in corporate responsibility strategies and practices, supplemental and voluntary disclosures are effective in coping with often conflicting stakeholder demands.

In practice, for most forest companies, corporate responsibility still remains a fuzzy concept with unclear boundaries and debatable legitimacy, but which plays a vital role in their business strategy. To fully benefit from corporate responsibility, forest companies should take an explicitly strategic stance to engage with their stakeholders and inform them about what and how corporate policies and practices are conducted in the interests of society. Given the high sensitivity of media exposure in forest-based industry, this is particularly important, as the accelerated pace of globalization and the relocation of operations overseas have raised public awareness and expectations of social and environmental issues, creating increasingly unpredictable stakeholder pressures on companies in both home and host countries.

Companies may achieve competitive advantage with a well-defined stakeholder orientation and develop new resources and capabilities for dealing with company-stakeholder matters. As *article 5* shows, customer, employees, legal or government requirements, non-governmental organizations, and society at large are the four stakeholder groups that represent a key direction for value creation among forest companies.

Firms have traditionally started on their corporate responsibility paths by integrating social and environmental concerns into human resource management practices (Perrini 2006). Along with the growing importance of intangible assets for company success, the quality of the workforce has become a critical source of competitiveness for companies. Therefore, internal initiatives can start with those issues that are to be embedded in organizational processes or systems. Such issues may include employee training in, for example, occupational health and safety, product safety, ethics, company policies and procedures of equality of treatment, fair wages, transparency in compensation, incentives and reward for performance, flexible job design, and career plan. By adding value and relevance to employees and their well-being and by stimulating participation, collaboration, and new knowledge creation and exchange, corporate responsibility has the potential to yield operational and competitive benefits, such as the creation, management, and transfer of knowledge; increased productivity; identification of growth and

innovation opportunities; and efficiency gains through reduced costs.

Integrating corporate responsibility into the corporate value proposition can create “shared value”, which redefines and innovates products, markets, value chains, and connections among business, government, and civil society (Porter and Kramer 2006, 2011). Involvement in social and community development projects has been shown to have important impacts on organizational capability development. For example, employee volunteering for a non-profit partner can strengthen organizational commitment and reinforce employee loyalty and morale, which lead to greater job satisfaction and employee retention. Community engagement can also yield positive impacts on the management, leadership and teamwork skills of employees (Kotler and Lee 2005, Mirvis and Googins 2006).

The natural resource-based view fits well with various efforts to develop new resources and capabilities through environmental/ecological sustainability. Given that firms are increasingly dependent on and constrained by ecosystems, competitive advantage becomes a function of how well firms develop the resources and capabilities to deal with this changing environment. Three strategies driven by the natural resource-based view - pollution prevention, product stewardship, and sustainable development - have been found (Hart 1995) to provide concrete guidelines for visualizing how to achieve these goals, since a sustainable-development strategy facilitates and accelerates a firm’s capability to develop pollution prevention and product stewardship, and vice versa (Hart 1995, p. 1007). Pollution prevention and other environmental protection strategies generate sustainable competitive advantage by motivating product and process innovation and identifying new market opportunities. Corporate environmental goals should be acknowledged as a catalyst of innovation aiming to improve resource productivity, create better products, and minimize waste (Schmidheiny 1992, Porter and Van der Linde 1995) by developing new resources and capabilities and adapting production processes and appropriately designed products. Recent efforts devoted to confirming and extending Hart’s (1995) propositions have argued that companies’ progress in one area has not necessarily depended on progress in another, and resources for implementing strategies for sustainable development can accumulate in parallel (e.g., Fowler & Hope 2007). Moreover, recent meta-analytical evidence (see, e.g., Dixon-Fowler et al. 2012) suggests that smaller enterprises can benefit from environmental management as much as similar-size or more than large companies do.

The role of government as an important stakeholder is well established. The word “government” refers to legislators, administrators, and arbitrators in the administrative bureaucracy who control a state at a given time and to the system of government by which they are organized (Frank 1999). Government is the means by which state policy is enforced and is the mechanism for determining the policy of the state. The government is interested in businesses, as it establishes the regulations and needs businesses to function well in order to keep the economy health. Engagement with local, state or provincial, and federal governments in the key areas of public policy and regulatory oversight that affect existing and future company operations and business is fundamentally important. Companies are encouraged to work with governments in proactive exchanges of information regarding taxation, the environment, and social circumstances. As multinational companies have spread their activities across a growing number of countries and constituencies, the search for new coordination and control systems has led to both the formulation and implementation of codes of conduct and the development of practices aimed at strengthening trust, reciprocity, and collaboration among firms in supply chains (Drake and Schlachter 2008).

This holds important implications for the membership of forest-based industry among extractive industries and for the growing environmental and social issues that accompany the ongoing consolidation and globalization (e.g., increasing foreign direct investment, relocation of production overseas, emerging overcapacity in the West, and strong growth in the South) in this industry. Companies can endorse initiatives (e.g., codes of conduct, industry-wide initiatives, environmental management systems or standards of social accountability) that seek to ensure risk management (e.g., environmental and social conflicts taking place in both home and host countries) and contribute to sustainable development and poverty alleviation through, for example, bottom-of-the-pyramid strategies such as market-specific products, as well as business and community partnerships.

Using accounting-based measures such as return on assets (ROA), as an indicator of financial performance, the results of this thesis (*article V*) support the proposition that it pays to be sustainable. Managers need to remember that although competitive gains associated with the development of organization-wide sensitivity to the natural and social environment through the implementation of new managerial approaches are well established in the literature, proactive efforts may also lead to more costs and do not necessarily generate direct revenue benefits. Therefore, as discussed in the theoretical section of this thesis, a clear understanding of the consequences of corporate responsibility is a prerequisite for disentangling different management areas and appreciating the corresponding social and financial outcomes. Rather than merely seeking a positive and straightforward return on efforts toward

corporate responsibility, managers are encouraged to initiate and translate specific activities into their organizational, managerial, or market gains in alignment with a multiple-bottom-line perspective (Perrini and Tencati 2006, Tencati and Zsolnai 2009). To that end, a differentiated business-oriented approach is necessary in managing the business case for sustainability.

6.3 Limitations and suggestions for future research

The main limitations of this dissertation are associated with the data that were available during the research period. The cross-sectional nature of the data used in the corresponding studies and the unavailability of a wider range of explanatory variables and more comprehensive data sets were the major obstacles to a broader analysis. Using a relatively small sample from a very specific industry also posed potential limits on the generalizability of the results. In addition, when drawing findings upon self-reported surveys, as was the case of *articles 5* and *6* in this dissertation, one should be aware of the general problems (e.g., common method variance, the consistency motif, and social desirability) associated with this methodology. Despite these limitations, this dissertation is a valuable contribution to the extant literature on corporate responsibility and enriches our knowledge of the resource-based view of the firm and its implications in corporate sustainability research.

The results of this dissertation also provide avenues for prospective future work. All in all, these avenues also evident in the individual articles of this dissertation. Given the conceptual vagueness of corporate responsibility and the fragment characteristic of forest-based industry, more efforts should seek to improve our knowledge and understanding of how small and large companies interact with their key stakeholders (e.g., employees, customers, and the community) identified in this dissertation. Issues worth of investigating include how key stakeholder groups define corporate responsibility and evaluate companies' performance. Future studies with a more in-depth focus on the supply chain will likely to expand our knowledge of how values can emerge through socially responsible practices in both small and large forest-based industry companies.

With respect to the growing importance of corporate responsibility reporting and the rise of third-party assurances and attaining types of accreditation and certification of corporate responsibility (e.g., the Global Reporting Initiative, Social Accountability 8000, ISO 9001, ISO 26000, ISO 14001, OHSAS18001), driven by growing multistakeholder demands, research on evaluating corporate reporting provides a promising area for further research on corporate sustainability. Moreover, the demand for improved quality of corporate sustainability disclosure will lead to a shift from the current focus on the quantity to a focus on the quality of such disclosure. It would be worthwhile to investigate whether similar differences in corporate responsibility profiles (under the Global Reporting Initiative as explored in this dissertation) exist in other industries, especially those less dependent on natural resources. Furthermore, the nature (persistent or transient) and effects of the corresponding differences revealed in this dissertation could be further tested with longitudinal data sets. Future studies can also benefit from a qualitative approach to deepen our understanding of managers' motivations and perceptions of attaining a standardized reporting framework, as well as how such a reporting standard can integrate into the corporate strategy.

In investigating the corporate responsibility measurement scale and the link between corporate social and financial performance, the data used in this dissertation reflected only managerial perceptions, not actual corporate behavior. Future studies should therefore include objective indicators of corporate practices in order to assess the extent to which extent such self-reported perceptions are linked to actual practices and performance over time. Further studies should include a wide range of internal and external indicators in measuring corporate responsibility scales, financial performance, firm-specific characteristics, and mediators of both internal and external pressures. Given the highly context-specific and multidimensional nature of corporate responsibility, another important task for future studies is to identify the factors that affect the construction of corporate responsibility and social performance in other industries. Last, but not least, for organizational learning purposes, future studies should explore best practices and failures and specify those factors associated with different performances and outcomes.

Table 7: Summary of the six original research articles comprising this dissertation

	1	2	3	4	5	6
Title	Corporate responsibility and sustainable competitive advantage in forest-based industry: complementary or conflicting goals?	Corporate responsibility and strategic groups in forest-based industry: exploratory analysis based on the Global Reporting Initiative (GRI) framework	Determinants of sustainability disclosure in the global forest industry	How SMEs in the wood industry supply chain perceive corporate responsibility and competitive advantage: evidence from China and Finland	Managerial perceptions of corporate social and financial performance in the global forestry industry	Using SA8000 criteria as a tool to understand employee sentiments toward corporate responsibility: a case of Chinese manufacturing SMEs
Objective	Assess the current stage of adoption of corporate responsibility and the importance of corporate responsibility in forest-based industry; formulate hypotheses for further research	Explore the corporate responsibility profiles and strategic groups in the global forest-based industry based on its their reporting profiles and the GRI guidelines	Investigate current patterns and determinants of sustainability disclosure in the global forest-based industry	Managers' perceptions of corporate responsibility engagement and its contribution to competitive advantage in small and medium-sized enterprises in mechanical wood processing	Investigate managerial perceptions of corporate responsibility in the forestry industry; classify companies' corporate responsibility profiles; examine CSP-CFP link	Examine the applicability of the SA8000 standard in measuring employee sentiments toward their employer's ethical behavior; develop a measurement instrument of employee satisfaction based on the SA8000 criteria
Theoretical framework	The three prevailing approaches driving corporate responsibility	The GRI guidelines, the resource-based view, strategic group theory, stakeholder theory	the GRI guidelines, the literature on corporate reporting	Resource-based view, the Literature on corporate responsibility	Stakeholder theory, resource-based view, strategic group theory, CSP-CFP link	SA8000 standard
Data and Methodology	Analysis of 23 studies on corporate responsibility in forest-based industry Qualitative literature survey	Sustainability or corporate responsibility reports from the 66 largest forestry companies Content analysis, cluster analysis, ANOVA	Sustainability/corporate responsibility reports of the 66 largest forestry companies Content analysis, T-test, regression analysis	Semi-structured interviews with 23 line managers Comparative and multiple-case study	Survey of managers from the 60 leading forestry companies Factor analysis, cluster analysis, regression analysis	Survey of 835 Chinese frontline employees (50% of respondents from forestry-related industries) Semi-confirmatory factor analysis

(Table 7 continues in p. 55)

Main findings	Corporate responsibility in the forestry industry is driven mainly by the assumption of profit maximization.	Three approaches to corporate responsibility are adopted in forest-based industry; statistically significant differences between groups in terms of company size and core business area.	Environmental and economic issues were the most emphasized; company size and business diversity significantly correlated with disclosure; profitability and regional differences were indecisive in formulating reporting strategies.	Small and medium-sized enterprises exercise implicit corporate responsibility strategies and tools with a focused stakeholder approach; corporate responsibility is heavily driven by legal aspects; advanced production technology, customer focus, a competent workforce, and efficient wood procurement formed the four principal sources of competitive advantage.	A four-dimensional stakeholder orientation toward corporate responsibility exists in current practice; firms with proactive orientations dominate over those with reactive ones; a positive impact of corporate social performance on the composite perceived performance index is more apparent than on accounting-based corporate financial performance.	The SA 8000 standard can capture some core dimensions of employee sentiment toward their employer's ethical behavior; four-factor multi-item measurement model was deemed the most appropriate, covering employee benefits and welfare, discrimination, work health and safety, and governance.
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