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Exploring Managerial Attitudes to Environmental, Social, and Governance (ESG): A case study

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Abstract:

The adoption of the EU's Corporate Sustainability Reporting Directive (CSRD) means that companies need to significantly expand their ESG (Environmental, Social and Governance) reporting. It also dramatically increases the number of companies subject to EU sustainability reporting requirements. This thesis is made in cooperation with a company that is obligated to create and implement an ESG plan for the first time. It is the social dimension of the ESG which is the particular focus of this research. Semi-structured interviews with five managers at the company are used to study managers' knowledge and attitudes towards ESG in preparation for the ESG plan. The study also examines what and how the company must communicate internally to implement the sustainability measures outlined in the ESG plan. The research finds that there are four main issues that must be considered for a successful implementation of the ESG plan. These issues relate to lack of knowledge among managers, fear of change, homogeneity among the staff and narrow understanding of ESG. They are framed and discussed here in the context of sustainability and management theories. This study provides suggestions for the company to overcome the issues that are raised.

Keywords:

ESG, accounting, communication, social governance, leadership, social performance

Contents

1 Introduction

Millennials (born 1981–1996) and *Gen Z* (born 1997 or later) are more critical about the values of their employer than were previous generations (Dimock 2019). At the same time public awareness of e.g., pollution and human rights is growing, and younger generations expect more transparency from companies (Samans & Nelson 2022). This means that there's heavy pressure on companies to be transparent about their actions when it comes to people, the environment, and finances. This is also why companies have been forced to implement more ethical ways of operating and the pressure is increasing especially in the Western world.

In attempt to make a greater global change, sustainability actions have been made obligatory for companies by law. An example of this is that from 2016 until the end of 2022, large, EU-based listed companies (more than 500 employees) were obligated to provide a public plan relating to their environmental, social and governance matters, known as an 'ESG[1] plan'. Now, by the end of 2023 the EU will implement the new Sustainability Reporting Directive (CSRD), which makes it obligatory to report non-financial information more extensively. This directive makes it obligatory for an even larger group of EU-based companies (including private ones) to have an ESG plan if they meet at least two of the following criteria:

- The company has more than 250 employees.
- The turnover is more than 40 million euros.
- The balance sheet is more than 20 million euros. (TEM; European Commission.)

With the implementation of this new directive it becomes necessary for new company segments to review, change and report their operations. This can be a challenge for companies that have not prioritised sustainability metrics and reporting. As CSRD tightens the reporting, also the need for deeper understanding of ESG within the companies becomes increasingly important.

As a case study, this thesis is studying my employer, in this text "the company". The study is written as the company is rapidly expanding in accordance with its growth plan causing the

[1] ESG stands for environmental, social and governance.

new legal obligations to be implemented fast. I will focus on social sustainability, or the "S" in ESG, and why it matters to companies. The focus will be on the manager's role in the communication; what the managers know about ESG; what is their attitude towards it; what role do managers have when it comes to social sustainability; how ESG is or should be communicated internally; and can it be an advantage when trying to attract new employees. For a fast-growing company it can also be difficult to maintain a healthy company culture. To help tackle this issue from a communications perspective when it comes to people management.

As it stands ESG if often studied and discussed from the viewpoint of investors whereas the importance of internal understanding and benefits is not often studied. Therefore this study aims to provide deeper insight into the reasons behind the ESG framework and why it would be important that ESG is understood and communicated clearly. The process of creating an ESG plan is a natural point to review how social sustainability looks inside the company.

For a growing company, reviewing the company's social sustainability measures also makes financial and reputational sense. Studies show that failing to act on ESG-related matters has seen some companies experience "the rapid deterioration of investor, employee and societal trust, heightened financial and operational risks, and impairment of value" (Samans & Nelson 2022: 46). It is also suggested that the public is more aware of the human cost and misconduct at workplaces, which can lead to financial, reputational, and operational costs and risks (ibid.).

The theorical underpinning of this study comprises ESG frameworks that are mostly based on the Triple Bottom Line theory introduced by the Brundtland Commission in 1987 (Fischbach & Księżak 2017; UW Extended Campus 2022). The role of leadership in implementing values is discussed from the point of Critical Management Theory. The study uses a literature review to position itself in existing knowledge and to suggest actions supported by relevant theories. Interviews are used to get more specific data about what the managers know about ESG and what their attitudes towards it are.

The findings of this study will be used for planning the internal ESG training for managers and the communication of the values outlined in the ESG report. The managers have a crucial role when it comes to following through any change that must be made in the company. The assumption is that educating management about ESG and the benefits of it for the company improves the management's readiness to act according to the sustainability measures outlined in the ESG plan. Therefore, companies would benefit from making sure that their managers are prepared for their roles and have enough knowledge to help the company make changes towards a more sustainable future.

1.1 Research questions

As a result of the demands put on companies by the EU’s new CSRD directive, ESG is a topic that is increasingly gaining importance and raising questions. Many companies are still new to this topic and as the reporting becomes obligatory they must understand what is expected of them and how the reporting will impact the operations. This study focuses on this topic by finding out what the managers’ knowledge and attitudes are towards the social aspects of ESG. It will also provide deeper understanding of the value of implementing and following social initiatives to gain competitive advantage with stronger employee commitment and therefore better internal performance.

This study will answer the following questions:

1. What are the managers’ attitudes towards ESG, its importance and its implementation?
2. Why is social sustainability important to companies?

1.2 Methods and limitations

This study uses two methods; firstly it focuses on the literature about ESG, sustainability and leadership and secondly data from interviews conducted with five managers from the company.

The main objective of a literature review is to examine the existing literature in the area studied, collect information from the existing research, critically analyse it and present the relevant literature in an organised way. The critical analysis helps to find gaps in the existing research and subject areas that may not yet have been studied. (RLF Education.)

The structure of a literature review can be chronological, thematic, methodological or theoretical. Depending on the length and purpose of the review it's also possible to use several methods in the same review. (McCombes 2023.)

In this study the literature review is a chronological one that focuses on the role of managers studied through management theories; the impact and issues of ESG frameworks; the conclusions regarding the necessity and impact of a sufficient ESG plan; and the communication of it. The findings are used for refining the research questions and the critical analysis is used to identify aspects of the studied subject that are under-researched.

For the literature review of this study, key words such as "ESG", "management", "communication", "stakeholder" and "sustainability" are used. The found sources include books, articles and blog posts.

The aim of theoretical discussion is to establish what aspects of managers' roles are known and what aspects could be studied further. Through the discussion the aim is also to understand how the sustainability frameworks could more effectively be used to unify the company culture and in so doing improve employee satisfaction and commitment.

To establish what the managers' roles are in the implementation and communication of the sustainability plan, empirical data from the interviews will be used. It will provide information about what managers at the company currently know about ESG and whether they have the ability to understand and willingness to implement matters related to ESG's social dimension in their daily interaction with staff.

The limitation of the literature review is that the studies often focus on the ESG's impact on how companies are perceived externally and by investors. Matters related to internal implementation and impacts are often not mentioned. This impacts the quality and relevance of the sources. Many sources related to the internal understanding and communication are drafted by companies that sell ESG implementation services.

Limitations of the interviews are related to the general issues of qualitative research, which are described in chapter 1.3.1 below. In this case the main issues were a small group of interviewees and the delicate nature of the research topic. Because the topic is new to the company it was also difficult to know precisely what kind of questions the interviewees would be able to answer.

This study is limited to studying social performance and the roles and attitudes of managers when it comes to issues related to employee life cycle and work satisfaction. The external side of the social aspects, the environmental questions and governance are not included in this study.

1.3 Empirical data

1.3.1 Qualitative research

For the interviews the qualitative semi-structured interviewing method was used. This method allows open-ended questions and further questions for specifications. In general, qualitative research methods are used for studies where quantitative methods do not produce detailed enough data. Qualitative methods can be used independently or to fill in the blind spots of quantitative studies. Data collecting methods for qualitative research include non-numerical data such as field notes and audio recordings. Qualitative research is effective for studying the nature of a phenomenon and especially for answering the question *why* the studied phenomenon is observed. Among the most common qualitative methods are interviews, which extract explicit data from a focus group. (Bussetto et al. 2020.)

The approach of a qualitative interview can be inductive or deductive. The inductive approach observes a problem and tests theories on it, whereas the deductive approach is used to confirm an existing hypothesis or theory. The inductive approach can be either a thematic content analysis or a narrative analysis. In the thematic approach of an inductive interview the focus is on finding and removing biases, studying the overall impression of the data, and finding common patterns. The narrative approach focuses on individual stories and finding the critical point in each of them. (Streefkerk 2019; Butina 2015).

The format of qualitative interviews is structured, semi-structured on unstructured. Structured interviews consist of pre-set questions that are asked in the same order each time. The questions are not open-ended and clarifications are not used. This format is used to provide data that is easy to analyse and compare. Semi-structured interviews follow the same format but use clarifications and open-ended questions. The benefit of this interview method is that it allows for more open conversation and can therefore provide deeper insight to the studied phenomenon. On the other hand the results can be harder to compare and analyse because the format of the answers is not uniform, while follow-up questions can lead to further need for study and analysis. Unstructured interviews are mainly a form of free conversation and therefore the data can be very versatile. This method can provide unexpected findings and the data can be difficult to analyse. (Torkar et al. 2011; Bussetto 2020.)

Data collected through qualitative methods is processed through an iterative process of collecting and analysing data (see Figure 1)[2].

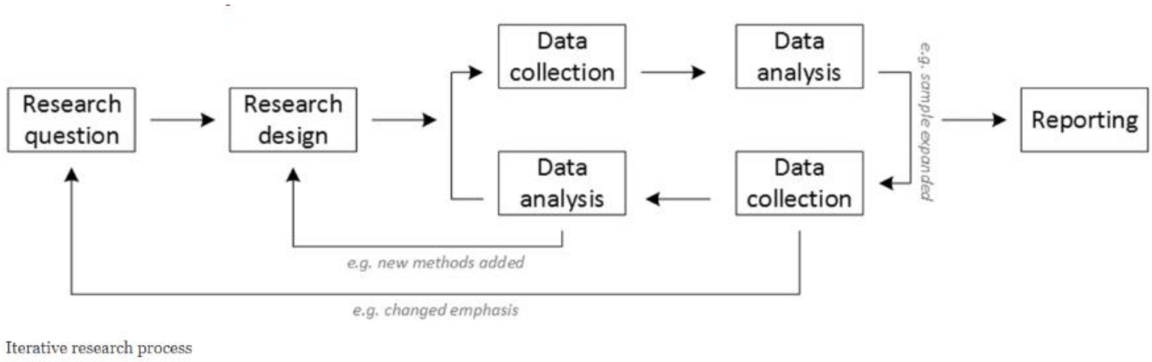

Figure 1. Process for analysing qualitative data (Bussetto et al. 2020).

The main limitations of a qualitative research method are that the data collecting process is time consuming and labour intensive. The data collection process includes agreeing appointments with the respondents, transcribing the recorded audio, analysing and segmenting the data and recording the findings. As qualitative research mostly consists of open-ended questions the interviewees have more control over the content and the data is also more exposed to biases, which makes it more difficult to objectively verify the data. To ensure that data is obtained accurately qualitative studies require careful planning and judgement. Another limitation is that qualitative data is used to study a specific case. This means that the data and findings are specific to the conditions of the studied subject and can therefore not be applied in a more general or universal way.

[2] This figure is originally used for describing qualitative neurological research but is applicable for other fields using qualitative research methods (https://neurolrespract.biomedcentral.com/articles/10.1186/s42466-020-00059-z).

To gain better insight of the studied company's issues and be able to provide suggestions for future actions this study uses data from qualitative interviews with managers. The studied phenomenon is their knowledge of the social sustainability framework and the implementation of it. The approach for the qualitative method for this study is inductive semi-structured interviews.

1.3.2 Data collection

The interviews were carried out as recorded video calls through the communications application Teams. Beforehand, interviewees received a summary of the objectives and goals of the interview by email. Interviewees also received the interview questions in advance and were given the opportunity to ask questions. The interview consisted of eight questions starting from general questions about the manager's knowledge of ESG and proceeding towards questions that were specific to the company.

The questions were:

1. Are you familiar with ESG (e.g. vision and regulations)?
2. How did you learn about ESG and what do you think of ESG?
3. What are your thoughts of the social dimension of ESG?
4. Do you think ESG is an obstacle or asset to the achievement of your company mission?
    a. (If yes: Company vs social interest: how is the manager going to resolve it?)
    b. (If no: Why so? Do you think the company's mission is in line with the ESG vision recommendations?)
5. What do you think is the role of social sustainability in daily life? How can it be communicated?
6. How do you think the company would benefit from better communication of ESG, and especially the social dimension?
7. How do you think the company could make its ESG values more visible internally?
8. What do you think is the role of the managers in distributing and communicating the values outlined in the ESG plan? (Appendix 1 below)

Each interviewee is responsible for a team ranging in size from 3–15 people. Each interview lasted 35–60 minutes and the same set of questions was asked of each interviewee with some further questions and specifications. The interviews were recorded and the main answers were transcribed for categorisation and analysis.

The presenting of the data is limited and the transcriptions are not attached to this study because of the delicate nature of the topic. The managers who were asked to participate in this study were reluctant to be interviewed. The interview request was sent to 9 managers out of whom I interviewed in total 5 managers, which represents around 5% of the total number of managers in the company. Only one interviewee agreed to the interview after the first request. The other four only agreed after more discussions and one interviewee declined the interview at the last minute because they felt that they didn't have enough knowledge to provide insight to the topic.

For the interviews the questions were translated into Finnish and the interviews are carried out in Finnish (Appendix 1). The transcripts are used as material for the discussion and some quotes are used as examples but are not added as a whole to this study. The findings from the interviews are analysed and discussed in chapters 5 and 6 below.

1.3.3 Source description

As stated previously, for this study five managers from the studied company were interviewed. The interviewees were chosen based on the geographical location of their team and team size. The reason for this is that the company has a nation-wide network of offices and teams and the company's growth strategy is based on mergers and acquisitions. For this reason different teams in the company have very different situations and backgrounds from each other and the local cultures and circumstances vary between the offices. The aim was to find interviewees that would provide an understanding of how the local circumstances affect the knowledge and understanding of what social sustainability means and how it would need to be adapted with regards to the local aspects. The interviewees cover the regions of Lahti in the South, Kotka and Mikkeli in the East, Tampere in the West, and Pori and Rauma on the West coast.

The interviewees were:

1. **Manager 1**: Representing Eastern Finland, joined the company through merger in 2015. Worked as a manager for just over 2 years.
2. **Manager 2**: Representing the West coast, joined the company in 2016. Worked as a manager at the company for just over 5 years, 15 years in total.
3. **Manager 3**: Representing Southern Finland. Worked as a manager at the company for 2.5 years, 15 years in total.
4. **Manager 4**: Representing the West coast. Worked as a manager at the company for 2.5 years, 22 years in total.
5. **Manager 5**: Representing Western Finland. Worked as a manager at the company for about 7 months, about 2 years in total.

1.4 Definitions

In this chapter the main concepts relevant for this study are presented. The aim of the chosen definitions is to provide basic understanding of the concepts that are relevant for the study.

ESG:
ESG stands for Environmental, Social and Governance. It is the framework of actions that companies should follow to act sustainably not only when it comes to the environment, but also towards their staff, the community in which they operate, the supply chains they use, and their stakeholders and investors. (Brock 2022.)

Social sustainability:
Social sustainability is the dimension of ESG that measures how well a company treats its staff and what the businesses impact is on staff, people in the supply chain, and the community in which the company operates. (UN Global Compact 2023.)

Social performance:
Social performance is the indicator of the effect of a company's social mission. In other words, it measures how well a company has managed to turn their social initiatives into reality and what impact they have had on the people directly and indirectly related to the company. (SPFT.)

Leadership:
Leadership is a function that comes from the process of individuals working together. It enables groups of people to join their efforts to achieve common goals. A leader is a person who is pointed out by the group and the function of a leader is not fixed – the role can be given to different people depending on the needs of the group. A leader often has an ability to influence and motivate others. (Demirtas & Karaca 2020.)

Management:
Management is a function or a person who oversees activities such as planning, organising, and facilitating, rather than people. They also allocate resources to achieve certain goals. Management in a company is a defined task with a set of rules and responsibilities. (Demirtas & Karaca 2020.)

Stakeholder:

A stakeholder is anyone affected by the company and its workings (Simon 2022). The term stakeholder was first described by Edward Freeman in 1984 in his book "Strategic Management: A Stakeholder Approach" (ibid). Freeman's stakeholder theory has since been one of the foundations of the social aspect in ESG (Peterdy 2022).

1.5 Structure

This work begins with an introductory section that presents the focus of the study. The introduction is followed by a section with the research questions, methods and a description of the data that has been collected and used. In chapters two and three, that follow the aforementioned, the concept of ESG is explained in more detail (chapter 2) and the theoretical framework is presented (chapter 3). The theoretical framework describes the theories that are used as a base for formulating suggestions for actions at the studied company. In chapter four the key findings from the interviews are presented and analysed. Chapter five contains the discussion and suggestions. The literature used for this study and the interview questions are presented in the last section.

2 Introduction to ESG

2.1 Concept and background of ESG

ESG stands for environmental, social and governance (IATE). Peterdy (2022) describes it as follows: "ESG is a **framework** that helps stakeholders understand how an organization is **managing risks and opportunities** related to environmental, social, and governance criteria […]. ESG takes the holistic view that *sustainability* extends beyond just environmental issues." Investopedia (2022) defines the three dimensions of ESG as follows:

Environment

- Publishes a carbon or sustainability report
- Limits harmful pollutants and chemicals
- Seeks to lower greenhouse gas emissions and CO2 footprint

- Uses renewable energy sources
- Reduces waste

Social

- Operates an ethical supply chain
- Avoids overseas labour that may have questionable workplace safety or employ child labor
- Supports LGBTQ+ rights and encourages all forms of diversity
- Has policies to protect against sexual misconduct
- Pays fair (living) wages

Governance

- Embraces diversity on board of directors
- Embraces corporate transparency
- Someone other than the CEO is chair of the board
- Staggers board elections

In other words, ESG is a public sustainability plan created by the company itself. The plan considers three different aspects of corporate sustainability. The idea of ESG is to ensure that companies are operating in a way that conforms with legislation and ethical values.

The content of an ESG plan is in Finland defined in the Accounting Act 30.12.1997/1336 (Finlex) as well as in the EU directive 2014/95/EU (eur-lex) and the new CSRD Directive 2022/2464 (European Commission). The Accounting Act (Finlex) states that an entity with a legal obligation to keep books must explain how they are taking care of social and human resources (HR) matters. The explanation must include a description of the policies and procedures that the accounting entity follows when carrying out the matters referred to in the act (ibid). As stated above in chapter 1.1 the previous ESG regulation is about to change as the EU's new CSRD directive comes into force from the start of financial year 2024 making it obligatory for companies to report and to have an ESG plan. According to the new reporting rules drawn up by the European Financial Reporting Advisory Group, ESG reporting will be mandatory for an even wider range of EU based companies (European Commission; Kapoor 2022).

The first efforts towards more harmonised, transparent and ethical business leadership and operations started to take form in the early 1970s as the original *1973 Davos Manifesto* was signed at the World Business Forum (Samans & Nelson 2022). The original manifesto has since been developed further and in 2019 a group of large organisations including the World Economic Forum (WEF), the International Business Council (IBC) and the "Big Four" accounting firms (Deloitte, PwC, KPMG, and Ernst & Young) established standardised measurements of 22 metrics to enable companies to report their results in a uniform and comparable way. The result of this joint effort is called the *Davos Manifesto 2020* (Atkins 2020; Samans & Nelson 2022: 52). These metrics were aligned with the UN's 2030 Agenda for sustainable development (UN 2015) and the Big Four are leading the main areas of these metrics: principals of governance, planet, people, and prosperity (ibid.).

According to Atkins (2020), ESG was first mentioned in the report United Nations Principles for Responsible Investment (PRI) published in 2006. In this report it was required for the first time that ESG criteria be a part of the financial data provided by companies. Since then, the importance of ESG has grown as major investors have tightened their requirements and expectations for companies to commit to ESG criteria (Atkins 2020).

The regulations from the EU started to form in 2011 when the commission published several statements and held meetings regarding the need for companies to publish standardised data about their operations (eur-lex). According to the original decisions by the commission the social data was defined as follows:

> "As regards social and employee-related matters, the information provided in the statement may concern the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right of workers to be informed and consulted, respect for trade union rights, health and safety at work and the dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities. With regard to human rights, anti-corruption and bribery, the non-financial statement could include information on the prevention of human rights abuses and/or on instruments in place to fight corruption and bribery." (eur-lex, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014L0095.)

According to the resolution, the aim of the regulation is to move towards a sustainable world economy whilst increasing investor and consumer trust and focusing on long-term profitability (ibid.).

Further steps towards regulated ESG reporting were taken in connection to the United Nations Rio+20 conference held in June 2012. Paragraph 47 of the outcome document of this conference stated that the UN encourages "[…] industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting […]." (UN 2012).

All these initiatives towards regulated sustainability reporting show that there is both business and sustainability-related interest when it comes to giving out company data. It can be argued that providing the requested data increases the trustworthiness of a company and provides evidence that a company is operating on a healthy basis when it comes to the environment, people, and finances. In 2017, the results of a global survey with 475 respondents, including e.g., private and public pension funds and official institutions, revealed that 68% of the respondents believed that the implementation of ESG criteria had improved their returns (ibid.). This means that companies should also have a financial interest to have an ESG plan.

2.1.1 Social sustainability as part of ESG

As stated above, social sustainability is one of the three main dimensions of ESG. Peterdy (2022) describes it as "[…] an organization's relationships with **stakeholders**. Examples of factors that a firm may be measured against include Human Capital Management (HCM) metrics (like fair wages and employee engagement) but also an organization's impact on the communities in which it operates". This means that the social aspect of ESG includes the entire work lifecycle from hiring to ending a contract, as well as how a company treats other parties in their network and supply chain. The main categories are: acting in accordance with laws and regulations; transparent hiring and salary principles; gender and minority equality; a responsible supply chain; and partner strategies and benefits (e.g., work health care). (Finlex; Investopedia 2022.)

To implement and follow matters related to social sustainability companies must engage the stakeholders, i.e., the people in their plans and due diligence processes. This is crucial to manage and monitor human rights risks. As a part of implementing social sustainability companies must also pay attention to legally binding labour standards and public targets for diversity and inclusion. These measures are a part of *stakeholder capitalism*, which is a central part of a more people-friendly, and therefore socially sustainable, working life. (Samans & Nelson 2022.) Stakeholder capitalism originated in the 1950s and 1960s when companies naturally considered everyone who was impacted by the company. According to Schwab and Vanham (2021), this approach became common after the wars when it became clear that the way to a single person's success was a well-functioning community and economy. They describe stakeholder capitalism as follows:

> "[…] it is a form of capitalism in which companies do not only optimize short-term profits for shareholders, but seek long term value creation, by taking into account the needs of all their stakeholders, and society at large." (Schwab & Vanham 2021.)

Since then, global trends have emphasised companies' duty to make profits, which has weakened the popularity of the stakeholder approach. Schwab and Vanham (2021) argue that the approach is now coming back in a more comprehensive way. Stakeholder capitalism and its theoretical background is discussed further in chapter 3.2.1.

2.1.2 Criticism towards ESG

ESG is a new concept that has been designed in cooperation with large corporations and it has also faced criticism. The purpose of discussing the criticism of the ESG framework is to understand its shortcomings and create a more balanced view of the impact of the framework for the company. The criticism can be discussed both from the angle of shortcomings in the ESG framework as well as through a critical view of management. The latter I will discuss in chapter 3.2.2 from the point of view of the critical management theory (Alvesson & Willmott 2003).

According to Esty (2020), the current ESG frameworks have significant limitations that make it hard to judge the actual performance at companies. The author (ibid.) highlights a lack of regulation and aligned practices for presenting data; unclear standards; issues with transparency and detecting errors; as well as incomplete reporting and issues with data verification.

According to Jermier and Forbes (2003), an issue with companies' urge to show interest in sustainability is that the efforts can make the company appear sustainable at the level of expressed commitments, but still not provide a genuine solution to the issues (2003: 166). It's important to consider this critical perspective to be able to study if improved internal communication truly can help companies – or will the efforts come across as a PR trick.

Another of the main criticisms towards the ESG framework is that it's mainly used to look attractive for investors and does not consider non-financial aspects (Yoon et al. 2018). ESG material is also created by the companies themselves and can therefore be biased (ibid.). This thought is supported by Power et al. (2003) as they discuss accounting from a critical view based on Haberman's Theory of Communication (2003: 132).

2.1.3 Social sustainability as a tool for managers

ESG is often seen and presented as a tool to show investors that the company is "healthy" and worth investing in. Rarely is it used internally as a tool for the company to present itself as a desirable, responsible, and ethically run employer. (Horsley 2022; Hulbert; Miller 2021.)

In one survey referred to by Miller (2021), a third of organisations reported that they didn't have a policy to manage ESG. Hulbert further says that businesses often have a communications barrier when it comes to ESG communication, and that 43% of CEOs report difficulties in telling engaging ESG stories. This statistic shows that there is a need for managers to understand and use ESG in their communication. It also suggest that there's space for more effective use and internal communication of companies' ESG plans. Since this study focuses on the social dimension of ESG, I will describe further how implementing social sustainability initiatives and indicators could be useful tools for managers as previously outlined.

According to Samans and Nelson (2022), business leaders have four priorities that should be followed to create a sustainable enterprise. These priorities include committing to shared purpose and values; leveraging opportunities to create shared value; managing shared risks to protect the value; and evaluating a report on performance for share value (2022: 141). For these priorities to be implemented, a company must have a "clearly articulated corporate purpose beyond profit and a set of values that are embedded in company culture, strategy and decision-making." (ibid). Samans and Nelson (2022) state further that a company must also have systematic processes for identifying the risks and opportunities for the employees and other stakeholders to achieve business leadership goals. These components of a stakeholder-oriented strategy to identifying risks and opportunities are presented below in Figure 2. The figure shows that companies must implement all four dimensions simultaneously to create sustainable values and provide more value for their stakeholders.

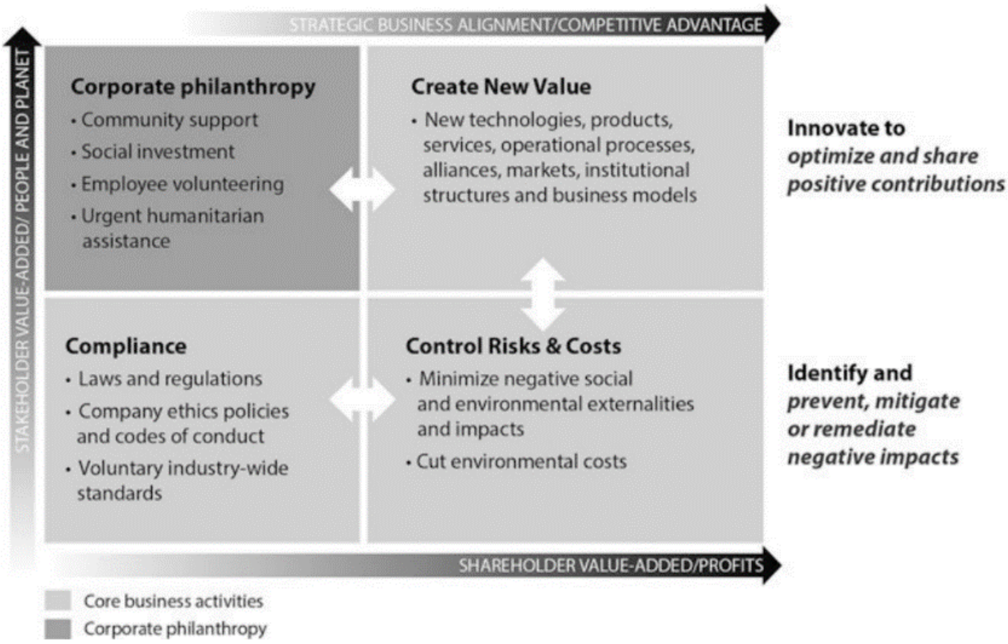

Figure 2: Components of a credible and comprehensive stakeholder-oriented strategy (Samans & Nelson 2002: 143).

Although complying with the law and controlling the risks are important building blocks in creating and sustaining a creditable stakeholder-oriented and socially sustainable work environment for staff, the most important component is “common values”. Samans and Nelson (2022) point out that companies cannot effectively implement stakeholder-oriented approaches if the company does not have a shared sense of purpose and commitment. In many large corporations these are communicated through a purpose statement that outlines how the company aims to act on social and environmental issues. Developing a company’s values and creating and implementing a purpose statement are among the most important leadership tasks of a CEO and their team (ibid.).

The key for companies to achieve better results among their stakeholders is to consistently implement and follow the company values and other key drivers of business performance. As Samans and Nelson (2022) state, lack of coherence in the actions creates mistrust in the company and cynicism both internally among employees as well as externally among other stakeholders and shareholders. As the research shows, managers have a vital role when it comes to maintaining work satisfaction and company credibility both internally and externally. Research also shows that companies benefit from implementing and following standards and measures related to social sustainability, or as the authors state:

> "[…] a corporate purpose and set of values outlining how the company can profitably serve stakeholders should be the lodestar for how executives and managers develop and implement strategy, make major capital allocation, investment and business planning decisions as well as day-to-day operational decisions, lead and motivate their teams, and engage with internal and external stakeholders." (Samans & Nelson 2022: 149.)

To be able to maintain work satisfaction and to reduce employee turnover caused by unhappiness or lack of sense of meaning at work it's not enough the managers communicate the company values. They must also actively monitor and encourage staff.

For the managers to be able to use social initiatives and indicators they must understand what they mean and how they can be used. The issues related to knowledge and awareness are discussed in chapter 5. The theoretical study suggests that the managers can base their actions on compensation theories, which will be discussed further in chapters 3.2.3 and 6 below as part of the theoretical framework and discussion with recommended actions for the company.

An aspect that is important to note when it comes to implementing the above-mentioned tools and minimising dissatisfaction at work is the fear of change as a common factor for all humans.

Change in any form, even positive, breaks the routine and causes disturbance in the feeling of safety. For a manager to implement changes and execute new plans, they must overcome their fear of interfering with the company's status quo and their own fears.

Fear in connection to work is often explained through Maslow's hierarchy of needs.

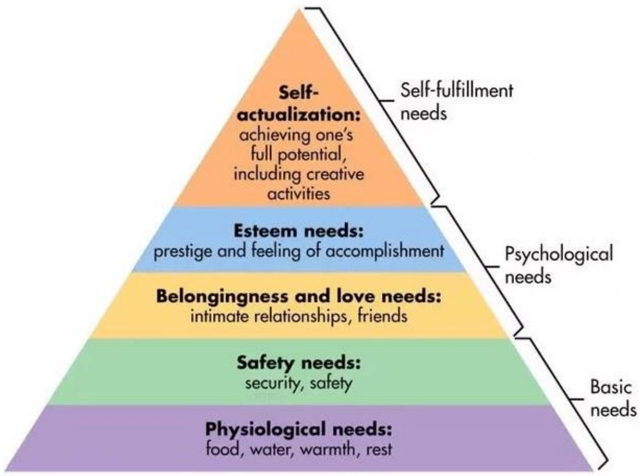

Figure 3: Maslow's hierarchy of needs (Lock 2020).

According to Maslow, humans have six basic needs where psychological needs and safety form the base of contentment for people.

In their study of ethical leadership, Demirtas and Karaca (2020: 65) point out that "[…] it is necessary for the leaders to stimulate the employee's attitude to participate in the accomplishment of collective goals by directing them ahead of Maslow's hierarchy. This will determine both the personal and collective visions." This means that to control the fear of change among employees the managers must have knowledge about people's basic functions and how to steer them to get past the fear and towards bigger mutual goals.

Although Maslow's theory is frequently discussed in connection to leadership theories, it is not without criticism. According to Ballard et al. (2018), Maslow never created the pyramid with which he is associated. Its popularity has also fluctuated depending on global trends (Bryman et al. 2011). According to Ballard et al. (2018) one of the criticisms is that it "[…] is simplistic to believe that people are motivated to satisfy just one category of need at a time; that a universal classification across all individuals and all cultures is problematic; and that, in any case, it is unscientific, being based on personal beliefs rather than objective evidence." (2018: 82). They (ibid.) also state that also other studies have noted that the continuous usage of Maslow's theory is unhelpful when it comes to management studies as it undermines the work of Maslow and simplifies his theories. Maslow's theories were also originally created for psychology studies, and they were brought into management studies in the 1950s by Douglas MacGregor. The theories were further developed into tools for consultants in the 1960s by Charles McDermind, who also presented them in the form of the pyramid (ibid.).

Since Maslow's theory has been firmly adapted in management theories despite the criticism, in this study I discuss that theory from the angle of the notion of fear of change that came up during the interviews and which is discussed further in chapter 5 below. The theory as such and the criticism is not discussed in depth.

3 Theoretical framework

To understand the concept of ESG, the social dimension of it, and the impact of applying it in a work environment, the theoretical background of sustainability as well as leadership must be studied. In this chapter the theoretical basis of the concepts relevant to this thesis are examined in more detail. First, the theoretical background of sustainability and ESG are deepened, and the concepts are discussed further in relation to the research questions. After that, relevant leadership theories are discussed, and lastly relevant theories related to qualitative research.

3.1 Theoretical background to sustainability

Sustainability is a concept that can be understood and applied in many ways. To be able to understand and apply the concept of social sustainability in a company context, it's necessary to understand the larger framework and background behind sustainability. The public might consider sustainability as relating to environmental issues, e.g., recycling waste; using public transport; and using renewable energy sources, but the concept of sustainability also includes the financial and social dimensions. This wider view outlines the ways companies are supposed to operate to be sustainable. In 1987, the United Nations Brundtland Commission defined sustainability as follows:

> "Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs. In addition to natural resources, we also need social and economic resources. Sustainability is not just environmentalism. Embedded in most definitions of sustainability we also find concerns for social equity and economic development." (UN 1987, Brundtland Commission, http://www.un-documents.net/our-common-future.pdf.)

This definition is further illustrated in Figure 4 (McGill Office of Sustainability), which presents the three components constituting sustainability that were originally outlined in the Brundtland report: environment, economy, and society (UN 1987, Brundtland Commission). It illustrates that a sustainable balance is kept when ecological integrity is maintained, environmental systems are in balance, and resources are consumed in a way which enables faster growth than consumption.

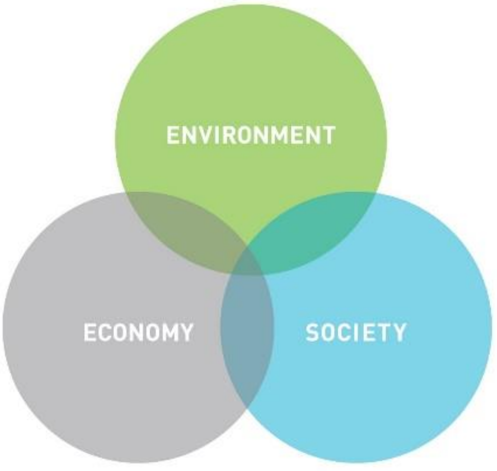

Figure 4: Three pillars of sustainability (McGill Office of Sustainability).

Economic sustainability is maintained when people have access to the economic systems and activities they need, as well as livelihoods. Social sustainability is achieved when people are treated equally, given access to health services, and provided safety. (McGill Office of Sustainability.)

Sustainability as a part of business strategies has its roots in the Brundtland Commission. After being founded in 1984 the commission created a final report in 1987 that outlined new definitions and targets for states, organisations and businesses. This framework described in the Brundtland report in 1987 was later named *Triple Bottom Line* (see chapters 1 and 2.1 above) by John Elkington in 1994 and he argued that, in addition to loss and profit, corporations should also pay attention to metrics related to ‘people’ and ‘planet’. (Esty & Lubin 2020; McGill Office of Sustainability.) The framework has since been used as the base for several other sustainability models, such as ESG. (Fischbach & Księżak 2017; Samans & Nelson 2002; UW Extended Campus 2022.)

The emergence of frameworks that consider other aspects of business than just shareholders, e.g., stakeholders and the environment, has led companies to place more value in sustainability. As a result of the growth of sustainable investing from a niche interest to a mainstream strategy, companies have had to pay attention to their metrics that measure more than just financial performance. With the rapid growth and interest the number of financial and non-financial metrics and frameworks have according to some studies led to confusion and reporting fatigue in companies. The different reporting models have also made it difficult for stakeholders (e.g., investors and employees) to form a clear opinion. (Bose 2020.)

Figure 5 below demonstrates the evolution of sustainability frameworks. The graph shows how theories of sustainability have evolved since the 1950s as sustainability has become a critical perspective via a holistic approach by considering economic, environmental, and social dimensions of firms (Chang et al. 2017).

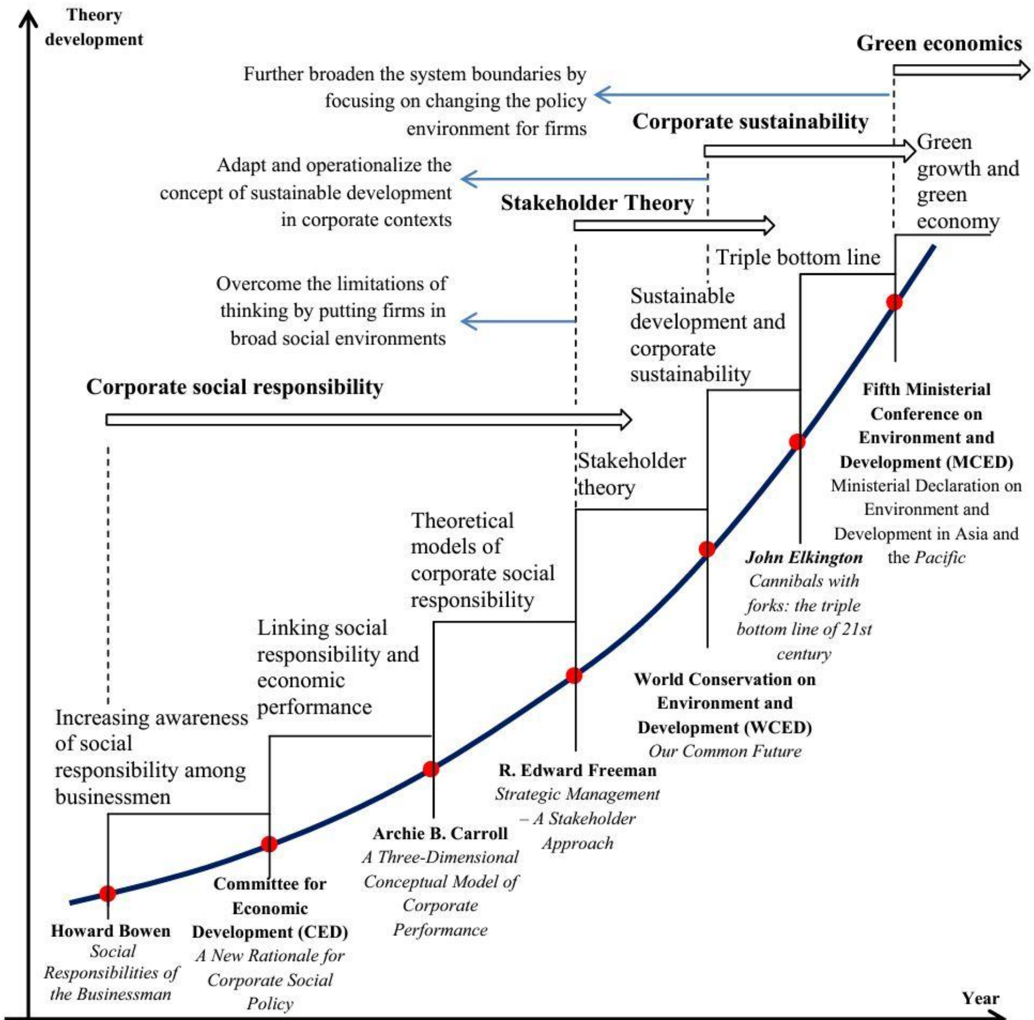

Figure 5: Evolution of theories of sustainability at companies (Chang et al. 2017).

Many of the frameworks – such as the ones created by IIRC, SASB and IRIS[3] – are aimed at investors and external stakeholders. One of the frameworks that is intended specifically for stakeholders is the Global Reporting Initiative (GRI) founded in 1997 by the Coalition for Environmentally Responsible Economies, the UN Environment Program, and the Tellus Institute. The cooperation with the UN makes this framework more unique in comparison to the others because the focus is not only on investors, but also on consumers, employees, and society. (Bose 2020.)

The issue with most frameworks having a focus on external stakeholders, such as investors, is that the meaning of the reporting can remain unclear when it comes to internal functions at

[3] International Integrated Reporting Council, Sustainability Accounting Standards Board and Impact Reporting and Investment Standards

companies. Esty (2020) argues that many of the previous ESG metrics efforts have been focused on the financial side serving the investors and have therefore ignored the social dimension. He states that “In our era of “shared value” and “conscious capitalism,” companies must pay attention to a broader set of stakeholders and ensure that they deliver on behalf of their customers, employees, suppliers, communities, and society as a whole – as well as delivering profits to their shareholders.” (Esty 2020: 55.)

This means that companies also internally must pay attention to the social dimension to be able to meet the requirements. Another recognised issue is that the demands on sustainability are versatile and general, resulting in ESG frameworks that fail to cover all aspects of sustainability. As a solution Esty (2020) suggests that ESG should be used as a menu of metrics from which companies can choose those that best align with their interests and strategies.

3.2 Leadership theories

3.2.1 Stakeholder theory

Stakeholder theory was created by Edward Freeman in 1984 in response to Milton Friedman’s shareholder theory. Friedman was an economist who supported free-market systems and no governmental interventions when it came to business. A shareholder is anyone who owns shares in a company and thus benefits from a company’s financial result in forms of increased share price or dividends. Shareholders have an interest in a company’s financial performance but not necessarily in the other values of the company. According to Friedman, companies have no social responsibilities and a company’s only function is to earn profit for its shareholders, and the shareholders should then take care of social responsibilities. (Schwab & Vanham 2021; Samans & Nelson 2020; Simon 2016.)

Since the 1980s, stakeholder capitalism[4] has received more attention because the pressure for companies to act sustainably has increased, especially because young generations want to have their own voice heard as employees, consumers, and investors. As stated above in chapter 3.1, sustainable investing has also become a mainstream strategy. This has led to a shift from

[4] Stakeholder capitalism is a corporate financial model based on the stakeholder theory. (UVA Darden School of Business, https://www.darden.virginia.edu/stakeholder-theory.)

shareholder capitalism to stakeholder capitalism, which means that the focus within companies is shifting from only acting to maximise profit to also considering the societal impact.

Stakeholder theory stresses the connection between all those who have a stake in a company, e.g., customers, suppliers, employees, and communities. According to Freeman's theory, a healthy company never loses focus on the people who are involved in a company's success. This means that, in order not to fail, a company must consider business ethics, and the well-being of employees. (Simon 2022.)

As stakeholder theory has gained momentum through the 21st century, large and global bodies have participated in the discussion through reports and conferences. In 2002, Samans and Nelson (2022: 52) published the report *Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards* in connection to the World Economic Forum. This report was compiled together with CEOs from leading global organisations and the aim was to identify three key leadership challenges and a framework for action. According to Samans and Nelson (ibid.), the outcome recognises some of the pioneers of stakeholder capitalism and the final statement of the report outlines that the responsibility of executing actions related to the stakeholders lies with the managers of the companies.

> "While specific definitions, approaches and issues may differ according to industry sector, location of operations, size and type of company ownership, we believe the Framework for Action provides a template for leadership that is relevant for all companies, industry sectors and countries. Some of us will use the terminology of corporate citizenship, others of corporate social responsibility, ethics, triple-bottom-line or sustainable development, but we believe the core principles and actions required are the same. First, provide leadership. Second, define what it means for your company. Third, make it happen. Fourth, be transparent about it." (Samans & Nelson 2002: 53.)

Stakeholder theory has also been studied by Professor Craig McDonald (Simon 2022). According to Simon (ibid.), McDonald's research complies with the other studies about stakeholder theory. The key for a company to be successful and sustainable is to follow the best practices of ESG frameworks and genuinely pay attention to their stakeholders. Simon (ibid.) points out that if companies can influence their stakeholders, they are more likely to reach their goals when it comes to business projects and company image. This however calls for good leadership, which will be described further below in chapter 3.2.2.

One of the recognised issues with stakeholder theory is that companies and organisations view ethics as something negative. The issue is that ethics is often discussed from a negative perspective, in this sense that companies are flagged not acting ethically or have bad business ethics (Simon 2022). According to Simon (2022), Freeman suggests that a company should receive positive attention when they are applying the stakeholder theory and ethics in their operations and being transparent about their actions.

3.2.2 Critical management theory

For a group of people to generate the best outcome, the group must act efficiently together. To further enable efficient and coordinated actions the individuals in the group must have specific roles so that tasks are carried out smoothly and simultaneously without overlapping or negligence. For this kind of group action to be achieved someone must be in charge, and this person is the leader of the group. In companies the leaders are often called managers. The management roles in companies are not always given to those with the best ability to lead people and this will often cause issues inside companies. When leadership is not executed well by managers it creates ethical problems as well as issues related to business operations and profitability. According to research, people trained to think critically have better tools to make informed decisions (Liu et al. 2014: 4; Chandler & Kirsch 2018: 4). This means that mangers who are familiar with critical thinking and management theory have better tools to act in their role.

In this study, critical management theory is the base for suggestions for the managers at the studied company to improve the managerial performance and to increase employee satisfaction. Using critical management theory as a starting point can provide tools for the managers to make more informed decisions when it comes to practical application of social sustainability at work.

Critical theory was established in Germany by the Frankfurt School in 1930s as a reaction to the modern industrial society and its attempts to steer the societal status quo to fit the demands of a profit-driven consumer society. Supporters and developers of this theory were influential thinkers such as Horkheimer, Benjamin, Adorno, Marcuse, Fromm and Habermas. Critical management theory is based on this theory, and it has its origins in critical management studies by Mats Alvesson and Hugh Willmott published in 1992 (Alvesson & Willmott 2003; Chandler & Kirsch 2018: 29).

Critical management theory questions management and leadership from a critical viewpoint. By reflecting more deeply on aspects of management, critical management theory gives more space to study management more broadly e.g., from the point of the marginalised and oppressed rather than from the point of capitalism. (Alvesson & Willmott 2003; Chandler & Kirsch 2018.) Chandler and Kirsch (2018: 29) clarify this thought by stating: "If a researcher only limits themselves to pure description, then describing oppressive social relations, while refusing to judge them as such or issue a call to do anything about them can only reinforce those oppressive relations".

When discussing critical management theory, it is necessary also to discuss critical management ethics. Thomas Klikauer (2010) points out that "Management ethics has been turned into a departmental issue like operations, marketing, sales, Human Resource Management (HRM), etc. that needs to be managed. This tends to set tight parameters for the role ethics can play inside the framework of management and its ideological outgrowth of Managerialism.". This means that the management is not viewed from a point of view where the emphasis would be on the actual role of management, but it's rather seen as part of the income generating actions.

Alvesson and Willmott, Chandler and Kirsch (2003) and Klikauer (2014) criticise the way management is seen in the modern capitalist society. According to their critical viewpoint, management should be studied from a more philosophical and individualistic perspective (Alvesson & Willmott 2003: 2; Klikauer 2014: 1). This criticism follows the Frankfurt School's arguments against traditional theory. According to their criticism traditional theories were unable to describe the complexity of social life, to provide a vision for social change, and they sustained patterns of domination (Chandler & Kirsch 2018: 21).

3.2.3 Compensation theories

Compensation theory is based on the equity theory that was first developed in the 1960s by psychologist Stacy Adams. According to equity theory, employees seek to maintain a balance between what their input is and the compensation they receive, along with how they compare to others at work. (Wikipedia 2023.) Equity theory has since evolved and now there are three main compensation theories: behaviour reinforcement theory; equity theory; and agency theory (Prasad 2019).

These theories are based on the feedback and reward system whereby employees get frequent feedback and reward for their actions. (Martin 1999: 197.) In the modern world the feedback and reward system may not always be instant. Martin (ibid.) uses as an example people who work for monthly salary or work on a degree for years. The fact that people can do this shows that humans can work towards goals that have a delayed reward. To be able to cope with the delayed reward and the uncertainty of it people have developed processes to cope. These processes can include e.g., problem solving and mental stimulation though which they can get feedback about progress or enjoyment that is in keeping with the final goal (Martin 1999: 197). When people don’t get this feedback, they can experience uncertainty and lack of control, for example (ibid.). The compensation theories are based on this behaviour.

The reinforcement theory was originally described by psychologist B.F. Skinner in 1957. The theory proposes that an individual’s behaviour is a result of consequences. This means that positive consequences reinforce desired behaviour. This theory overlooks an individual’s internal factors such as motivation and feelings. This theory can be applied for controlling the actions of employees by, for example, using positive reinforcement. This means that a positive response is given to desired behaviour. (McLeod, 2023.)

The agency theory was introduced in 1976 by Michael Jensen and William Meckling. The theory is based on the idea that the employer and employee form a relationship between two individuals and in this relationship, there is an agent (the employee) and a principal (the employer). The theory aims to explain how to these relationships should be organised so that conflicts between the parties are avoided. (Jensen & Meckling, 1976.)

4 Results

In this chapter I will discuss the results of the interviews in depth, as well as assess the interview questions and process in relation to the research questions. The interviews highlighted issues that are common for all regions but there were also differences. The similarities were connected to the growth that causes fragmented company cultures between offices. This means that the small, acquired companies are not properly introduced to the company’s operations and therefore they continue operating in their old ways within their teams. It is also a fact that the profile of the company and its employees is still very uniform. The differences are connected to specific regional aspects such as religiousness or local primary language. The interviews showed a variety of issues when it comes to knowledge about ESG and the manager’s communicative role but there were four main areas of issues that came up during each interview. I will focus on describing and discussing these areas through examples and suggest solutions based on the theoretical framework of this study.

4.1 Key findings

The interview questions were formulated to find out what the managers know about ESG, how it affects or should affect the company’s internal communication and what the managers’ attitudes towards ESG-related topics, especially the social aspect, are. The main issues that were raised in the interviews were:

1. Lack of knowledge
2. Fear of change
3. Homogeneity
4. Narrow understanding of the concept of ESG

In the following chapters I will discuss these issues to find out how they are connected to the managers’ ability to understand and implement new practices. I will also discuss how the extracted data should be used when drafting a plan for implementation and publishing of the company’s ESG plan.

4.1.1 Issue 1: Lack of knowledge

As the focus of the study is to find out about the managers’ knowledge and attitudes about ESG, the three first questions were mapping out this information:

1. Are you familiar with ESG (e.g. vision and regulations)?
2. How did you learn about ESG and what do you think of ESG?
3. What are your thoughts of the social dimension of ESG?

The two first questions were answered very similarly by four interviewees as they stated that they had not really heard about it, except in media or during their studies. Manager 1 commented for example “I’m not very familiar with it. I have of course heard about it, it’s a very wide subject. This is why I think I have only briefly touched it; I have not thought it’s relevant for this [accounting].”

Another reply to this was by Manager 4: “I’m not familiar with this. The first time I came across this is in the spring when a trainer showed what the report looks like. It was a large document and there’s a lot to fill in there. So I got a quick example of what it includes.”

Manager 5 was the most knowledgeable and was able to describe ESG and elaborate what it meant for the company and what the prospects of reporting were. The reason for this manager’s knowledge can be that they were by far the youngest of the interviewees but at the same time had been working for the company for more than 6 years. The young age made them more aware of sustainability and the meaning of it for companies and they were also the only interviewee who had researched and read about ESG to inform themself in regard to his management role. They said: “I’m familiar with ESG and I understand what sustainability reporting means and what the aim of it is. I know that it has been obligatory for large companies.” When asking about where they have heard about it, they said “I have seen it in finance media years ago then researched it to understand what the letters mean. I have also learned about it in school.”

The answers to these questions raised the first key issue, which is a lack of knowledge regarding ESG. This issue was also highlighted by Manager 5, who commented: “I think the biggest reason for how people view the issue [of ESG] or what people think about it has to do with a certain lack of understanding of what it means and what is being done. […] I think it shows through when talking about this that people don’t understand what it means.” Manger 3 commented that “there has been very little talk about sustainability, not even in the company’s communication aimed at the staff.” These comments show that there’s an understanding of the fact that sustainability-related matters have not been systematically discussed at the office.

The issue with lack of knowledge is that managers are not able to identify what matters in their daily work would need attention and how they could communicate values and implement measures for a fair and safe working environment. The interviewees were able to mention some aspects related to the social dimension of ESG, which were:

- Fair salaries
- Equal treatment of men versus women in hiring, promoting and salary
- Work safety
- Work health care
- Employee questionnaires
- Internal education opportunities

As described in chapter 2.1 above, the social dimension of ESG also includes things such as operating an ethical supply chain, avoiding overseas labour that may have questionable workplace safety or employing child labour; encouraging all forms of diversity; policies to protect against sexual misconduct. When it came to these topics the interviewees did not mention them nor did they consider them relevant for the company when asked in the interview. Below are examples of thoughts about ESG:

> "I have really not thought about these. I think it's about common sense and good manners, about addressing issues in everyday life and following the process descriptions. There must however be flexibility in this as our offices differ so much from each other and the location and histories of the offices are so different. Locality and common sense must be considered." (Manager 1)

> "Clients or personnel have not raised discussion about ESG. […] I have not familiarised myself with it. I have not paid attention to the topic so that I could mention more about it. […] I'm thinking that is it necessary for the company to change the way of operating just because we implement reporting. […] Discussion of equality is not really something I have encountered during my career. I don't really know how much companies should take a stand on it. It's a difficult question." (Manager 3)

Other topics related to equality and inclusion were not being discussed openly at the offices of the interviewees. The interviewees had also not in their roles as managers made efforts to promote these topics at their local offices, nor had the company suggested any actions in these areas. Responding to the question of the company's impact on society as a large employer, the interviewees said it was important for the company to act sustainably, but the answers formulated did not provide a deeper insight to why and what the societal impact would be. It was also pointed out that the sustainability of the company did not elicit questions from customers, nor was it a criterion for the customers. On the question of how social sustainability should show in the daily operations the comments were for example:

> "The topic of inclusivity has not been raised anywhere. […] I think everyone should be treated equally, but the extremes should not be raised." (Manager 1)

> "As respect for others, everyone has the same value, also the customers. I cannot really express it in other ways." (Manager 2)

> "We talk about high-quality management and the employees have the right to high-quality management. I think we have progressed with this and the employees have again started to rate the management higher. The topic is something that should be frequently discussed." (Manager 4)

As the quotes above show, the answers were often very general and the managers were not able to provide informed answers. Three interviewees also suggested that because the company is so large and has offices in different regions, then the rules should be applied case by case in different cultural and historical contexts. The interviewees also expressed that the direction should be the same for all offices, but the speed of communication and change should be considered based on the specifics. For example Manager 1 expressed this as following: "I cannot say exactly what would be the best way as I'm not so familiar with all the regions. I think the right way and channel can be found by discussing with the regional managers." Manager 1 also said that they would want support with the communication and understanding of these topics:

> "It's not something I really know about. When I thought about it, [I supposed it meant] things related to employee welfare, how it can be progressed, what we can take a note of when it comes to work safety and work healthcare. These are things I feel like I would like to have support with and it's very good that this process is now ongoing. It provides tools and support for the daily operations." (Manager 1)

These findings are important for the concept of leadership as the company struggles with staff turnover and satisfaction at work. The managers are gate keepers for bringing the company's strategies and values to the daily work. If they are not aware of them or are ignorant about, for example, aspects of equality then staff members can often choose to find more suitable company cultures rather than trying to fight for their rights in their current position. Lack of knowledge can also be problematic when new courses of action and values are implemented at workplaces. To get employees to follow a new course and in the process allay their fears and feeling of uncertainty and provide answers the leader must have knowledge and experience of leading change. (Ionescu et al. 2014.)

Another factor that impacts knowledge is that the interviewees may have ended up in their roles due to mergers or because of a long work history in the company. This means that not all interviewees – or managers at the company – have formal training or necessarily a genuine interest in their role. As the background data shows, Managers 1 and 2 have progressed to their positions through mergers and acquisitions. Managers 3 and 4 have come though recruitments and Manager 5 has been promoted to their position through other changes in the company.

This means that the managers are not necessarily familiar with management theories and have not learned how to apply leadership theories to their work. In this case the leaders could for example apply theories of transformational leadership and change management in these kinds of situations.

For these theories there are two main approaches. Demirtas and Karaca (2020: 87–89) discuss the Transformational Leadership Theories by Burns and Bass. The main difference between these theories is that Burns emphasises morale in leadership whereas Bass puts the focus on efficacy. According to Burns' theory, "leadership is an effort to raise the awareness of the target audience and develop them in line with the ideals of equality in peace and serenity" (ibid.). The theory of Bass on the other hand outlines the following:

> "[…] a leader can transform his followers in these ways:
>
> - By increasing the awareness of the meaning and importance of the mission,
> - By instilling the idea of keeping the organization's interests ahead of their own interests,
> - By mobilizing the higher demanded needs." (Demirtas & Karaca 2020: 89.)

These ideas about transformational leadership highlight the fact that for a manager to be able to lead change they must understand what the change is about and how the change is made at a company, what issues are good to be aware of and how to get over them. According to the interviews, lack of knowledge was problematic both regarding the interviewees' own assessment of their knowledge and regarding their understanding of equality and the social aspects at a workplace.

The interviewees did not point out the aspect of lack of knowledge in relation to substance and leadership but in further study it could be raised as a viewpoint. This point can also be studied from the point of the stakeholder theory (chapter 3.2.1 above). In the case of change the managers should have knowledge about the theories regarding change and resistance. The stakeholder theory highlights the feeling of ownership, which means that the employees are more likely to accept change if they feel ownership in the process. In this case, the managers must have knowledge in the related management theories and be able to apply them. Samans and Nelson (2022: 3) describes the role of the managers in connection to the stakeholder theory as follows:

> "To this end, business leaders in this new era must look more rigorously beyond their firm's near-term operations and financial results, improving their understanding of how underlying economic, social, political, technological and environmental conditions are evolving and likely to affect their firm's operations and prospects over time. And they must proactively translate this wider appreciation of the drivers of enterprise value into strategies and practices that simultaneously benefit shareholders and other stakeholders, out of a recognition that such synergy is a source of further firm competitiveness and resilience."

If the managers do not possess the knowledge of the management models and how to use them in their work, changes can be hard to implement and managers can feel stressed, and it may lead to issues when it comes to motivation and productivity (Sarna 2022).

4.1.2 Issue 2: Fear of change

The second area that was highlighted in the interviews was the fear of change and routine. This theme was discussed in connection to the interview question 4 (below) and it also ties in with the issue of lack of knowledge, presented above. The aim of the question was to understand how the managers think ESG will impact the status quo and the company's strategy.

4. Do you think ESG is an obstacle or asset to the achievement of your company mission?
    a) (If obstacle: Company vs social interest: how is the manager going to resolve it?)
    b) (If asset: Why so? Do you think the company's mission is in line with the ESG vision recommendations?)

The implementation of ESG was not strictly seen as an obstacle by any manager, but initial reactions were to question how it might be done. The managers expressed this mostly through comments that suggested that the communication of ESG should be moderate and modified for each region. The fear of change is connected to the cultural change rather than a fear of the future of the company or the interviewee's own positions. The cause of fear for Managers 1, 2, 3 and 4 was that they are in the critical position of introducing the ESG values to their teams and they felt that they don't fully understand what ESG means and what is expected of them. A dilemma that came across is that as the company's aim is to become a Nordic leader in its field the managers feel that the larger strategies weigh more than the question of the local implementation of values. As the topics discussed were fairly complex and have to do with bigger strategical questions, the interviewees didn't have very informed answers on how they could resolve the issue of the implementation of the ESG values and the need to communicate it to the teams. Manager 3 commented for example:

> "As I don't know precisely what the ESG plan includes, I think the essential communication should be done carefully. Maybe through weekly letters and then be discussed in team or unit meetings. My approach would be cautious. […] I think that if there were people who would stand out from the mass there might be some commenting. It would of course be the manager's job to somehow interfere with it, but maybe one thinks that if the communication would be on a more generic level, e.g. "we have space for different personalities", I think it would make it easier to handle it." (Manager 3)

Only Manager 5 did not see the implementation of ESG policies as an issue but rather as a desirable step forward in communication and public commitment to the values that would be outlined in the company's ESG plan. He formulated his thought as:

> "I think that the best way forward is to communicate; we can bring forward diversity and different people from a communicative angle. We can highlight how diversity in all its forms is a strength. […] I think the issue is the fact that we have so many internal Finnish cultures, people and offices that in some ways it's all about ignorance, it's what causes the fear and certain attitudes." (Manager 5)

As also pointed out in the interviews, the cultural and historical issues are for example related to the fact that there are religious and old-fashioned communities in Finland, especially in Ostrobothnia. In these cases the fear of change is related to the fact that the managers don't necessarily feel that they have the tools or knowledge to discuss for example diversity and the thought is that the traditional communities might struggle with change. When it came to these factors, Managers 1 and 2 commented:

> "Of course by discussing with the managers in each region one would find out the best channels and methods for each region." (Manager 1)

> "Satakunta is not a metropolitan area and people have not necessarily encountered much diversity. I have said here that I'm almost looking forward for the first nonbinary person or minority representant or equal would start here. Because Satakunta is a bit in the woods. I'm in some ways a bit scared of how the other work community would react. It would definitely not be easy for everyone. One does notice from certain comments that the mentality is a bit old." (Manager 2)

Another fear that was expressed is that some of the clients could find the company's sustainability communication "too green" or liberal. In the interviews some concerns were raised about client companies in Ostrobothnia in relation to the company's public statements about values related to environmental sustainability and minority rights, for example. The fact that the company has a background as a family-owned company was also pointed out in this context by Managers 2 and 4. They felt that the mentality and values of the original founders is still strong even though the company already for years has run as a large enterprise with financers as owners. Manager 2 said: "I think the family-owned background highlights the issues. I think the values of the one person are still visible there."

What became clear was that question 4 was too broad and the topic disconnected from the interviewees' own reality. The managers didn't reflect on how the strategy, vision and mission of the company is connected to them personally but rather on how they can get by in their daily work. The comments and reactions to this discussion show that the interviewees had not thought about implementation of company values and what consequences it could have. They had also not reflected on their own position and role in the bigger strategical growth and change. This means that their fear comes from trying to balance between the larger strategical demands and their position as communicators between the higher management and the staff.

The finding of this question was that although the question failed to produce relevant answers about the more strategical viewpoints, it raised the issue of the lacking connection between the company's greater goals in comparison to the daily work. From a theoretical perspective this can be seen as an issue with leadership and organisational evolution, which is for example discussed by Bryman et al. In their book, Bryman et al. point out that there are few recent studies in this field and they (2011) cite a study by Shamir and Howell (1999):

> "[…] when a new organization is being formed, there is usually much ambiguity and anxiety and a great need for orientation on the part of organizational members. Under such conditions, members are more likely to look for charismatic leaders and to accept their definitions of the organization's identity and its mission. The great ambiguity and need for orientation among potential followers increase the chances that the leader's frame alignment efforts will be successful. Shamir and Howell also argued that the foundation of a new organization often requires a leader who can identify opportunities in the environment, develop a vision, demonstrate high confidence in the achievability of the vision, and recruit other parties (investors, suppliers, employees) to support his or her efforts despite uncertainties and fears."

In the company's case the question is not about forming an entirely new organisation, but similar efforts will be needed to implement the ESG values internally. To implement a completely new set of values will simultaneously require adjustments to the company's status. The examples above show that there are regional differences in the attitudes towards for example diversity. With the company's desire to expand in the Nordics these questions would need to be addressed and the values implemented to avoid tension within the company. For the managers to tackle their own fears of introducing something new as well as overcome the employees' fear of change the managers would need to be more included when it comes to the strategical decision making and policy implementation. One solution for this could that the managers would be introduced to transformational leadership and be provided with training and support. These were also requests that came up in the interviews.

When it comes to the fear regarding the disruption of the status quo in the teams and the changes in the daily operations the managers should be aware of the basic reactions that people have to change. Management theories are often discussed through Maslow's hierarchy of needs (chapter 2.1.3). According to this theory all humans have a set of basic needs that must be met to be able to attend to the more abstract and acquired emotions. In management theory this is used to describe the fact that people must feel safe at work to be able to use more time and effort for demanding and creative tasks. This means that if a manager can maintain the basic feeling of safety, the employees are more likely to be happier and provide more value to the company. In the case of the studied company this means that the managers should be able to create a stable atmosphere to introduce and implement new operations models. If the managers themselves feel insecure about change or their positions, it becomes difficult for them to introduce new company policies.

4.1.3 Issue 3: Homogeneity

To find out what the managers' knowledge and attitudes are towards the social values likely to be in the ESG plan the interview had a set of questions about implementation and communication of the values:

6. What do you think is the role of social sustainability in daily life? How can it be communicated?
7. How do you think the company would benefit from better communication of ESG, and especially the social dimension?
8. How do you think the company could make its ESG values more visible internally?

As with the previous findings, the answers to these questions showed that since many managers in the company don't have formal training or leadership degrees they operate based on "common sense and politeness", as expressed by Manager 1. Manager 3 had a different approach and according to their viewpoint the company's main task is to generate profit. They said:

> "I would start from the thought that this is business. We need to achieve certain financial results and give certain goals and boundaries to the operations. We aim to be the best workplace within accounting and we aim to make sure that the workload is even and everyone has a good setting for working – there's not too much or too little work. When our finances are secured then the workplaces are secured. When we are a business there are certain responsibilities and obligations for the staff, but we must be able to offer a good workload, have flexible work hours and provide remote work. We can offer many benefits from the viewpoint of the staff. So there are rights but also obligations." (Manager 3)

The comment shows that Manager 3 considers the factors related to social sustainability and values to be something which is more embedded in the actual operations of the company rather than something that comes from discussions of values. According to this view the relationship at work is that the company takes care of the staff on a legal level and the employee must then perform according to their role and if these two aspects are in balance, the operations are socially sustainable. He also said that since the accounting branch is “traditional and homogeneous”, any diversity could spark up discussions or commenting. According to the interviewee, these are things that the managers must deal with but at the same time the interviewee wonders how much a company should be involved with the value discussions.

According to these comments, the interviewees did not have a clear vision of the point and meaning of ESG’s social values. The values are seen more as a set of rules that are binding for both the employer and employees and in addition everyone involved should follow social norms and behaviours. The reason for this can partially be seen as lack of knowledge – as discussed in chapter 4.1.1 – but also the fact that some of the questions from the interviewees concerned what social sustainability has to do with diversity. The company is still, as also stated by the interviewees, a very homogenous environment. People are in a familiar environment and have learned to act around each other and there has maybe not been a need for a discussion about social values. As Manager 2 pointed out, the company has traditionally had a structure where females are responsible for the operational side and the management has consisted of men. Manager 3 said that in their team 90% of the team are white Finnish females.

Based on this data one of the issues at the company can be seen to be the homogeneity of its staff. It’s evident that since the company to a large extent has not had to address issues regarding diversity then the discussion about social values and sustainability, the implementation of them and the discussion of the effects on the company has not been necessary. Another factor is that some managers, in this case Managers 1 and 2, are also experts in the field their team is responsible for and three of the interviewees still do some work related to the topic on which they have substantial knowledge. The managers’ backgrounds can cause them to apply personal thoughts and emotions to their leadership rather than objectively finding out facts about the company’s operations. For example, Manager 1 said that they had not heard of issues related to equality and thought that all equality matters are fine already. In this case the manager is reflecting on their immediate surrounding and not the company as a whole. The comment also shows that the manager has not had a need to reflect on sustainability questions.

As stated above, these comments can indicate that the managers are not necessarily aware of the issues and apply personal values and thoughts to their view of the company. This can make it difficult for the managers to see the need for further implementation of social values. It can also make it difficult for managers to promote new values in a credible way. Lack of awareness can also make it difficult for the managers to spot inequalities and make it hard to support employees whose experience of equality differs from the manager's view. As with the issue of fear of change, the answers to these questions provided only little insight to how the managers see the implementation of social values. The answers showed rather that the managers have difficulties in connecting the relevance of the topic to their work.

The issue of homogeneity was evident in comments regarding equal treatment of the employees and perceptions of what values are important. The reason for this issue is that people tend to confuse their personal views and emotions with reality (Heflick 2012). In psychological studies it has been shown that people assess their opinions to be more objective than they are. Psychologist Emily Pronin calls this phenomenon "the bias blind spot" (Pronin & Kugler 2007). According to Pronin's study, people see themselves as less biased than people around them, or as Pronin describes:

> "Participants considered introspective information more than behavioral information for assessing bias in themselves, but not others. This divergence did not arise simply from differences in introspective access. The blind spot persisted when observers had access to the introspections of the actor whose bias they judged. And, participants claimed that they, but not their peers, should rely on introspections when making self-assessments of bias. Only after being educated about the importance of nonconscious processes in guiding judgment and action—and thereby about the fallibility of introspection—did participants cease denying their relative susceptibility to bias." (Pronin & Kugler 2007.)

As Pronin explains, people must be educated about biases before they can understand that their own thinking may be biased. This is another issue that the company should consider when providing education for managers.

Demirtas and Karaca (2020: 68–79) discuss the manager's role in connection to ethical leadership and according to their studies the manager's role consists of the components of sincerity, self-knowledge, and maturity. The consistency between the manager's thoughts, speech and actions are also crucial in displaying their "sincerity towards their work" (Demirtas & Karaca 2020: 74). A good manager should also have self-knowledge when it comes to their own strengths and weaknesses (ibid.). This means that if the leader cannot identify and separate their own perceptions from the company's visions and values, they also cannot deliver the values to the employees in a sincere and reliable way. Developing their understanding of the outlined values and the true meaning of them is therefore crucial for successful implementation of values.

4.1.4 Issue 4: Narrow understanding of the concept of ESG

As mentioned in chapter 4.1.1, four out of five interviewees said that they had not really heard about ESG, and they didn't really know what it exactly meant for the company. Manager 5 had investigated ESG out of interest and could outline the basic idea behind it. When ESG was explained all the interviewees understood the idea and reasons behind it but still could only provide some comments about why it would be important for companies to have ESG plans.

This issue came through during the interviews as a whole and not just as answers to specific questions. The issue is also related to the issue of lack of knowledge described in chapter 4.1.1 as the answers indicating lack of knowledge also indicate a narrow understanding of ESG. The interviewees commented on the topic as follows:

> "I have heard about it, but the content – it's a very wide topic – so maybe it has been left aside a bit. The topic has been touched but I have not understood that it has to do with this. I'm not familiar with it and everything that has to do with it. (Manager 1)

> "I think, based on no facts, that consumers and everyone wants to be more aware about what kind of operators they buy from – or the need maybe comes from that the final consumer wants to buy sustainably. That the products have not come to existence from depriving someone. The companies then want to report about this to get competitive advantages." (Manager 2)

> "I have not read much about it. When considering the staff, maybe if we had such a report, we could bring it up in the job interviews – that we have made a report like this and take sustainability seriously." (Manager 3)

> "The topic of societal sustainability has been talked about for a long time and so, but it has kind of remained as something vague – like a line drawn on water." (Manager 4)

> "I understand what ESG is and what the aim is. I know that it has been demanded of large companies, but I cannot say that I would know on a very specific level." (Manager 5)

These comments show that the interviewees had difficulties describing ESG on a deeper level and it was mostly seen as something to do with recruiting and sales. Managers 1 and 4 clearly expressed that they understood that it's a large and complex topic. During the interviews, the interviewees asked questions such as: if values must be formed, does the company have to change their ways because of the ESG reporting and how strongly does the company have to take a stand on sustainability matters? Questions like these also show that the reasons and benefits behind ESG are not necessarily clear to the managers.

The narrow understanding of ESG also causes hesitance among the managers when it comes to interpreting the concept and the values. For the managers to be able to make the ESG plan a powerful and working tool to improve satisfaction at work they must understand the reasons and functions behind the outlined values. They must also be able to communicate and implement the values on a grass-roots level so that the employees genuinely feel that the promised values are adhered to and that the company acts the way it promises. If the managers don't know or understand the values or do not agree with them, the communication to their teams and discussions with members of staff may fail to achieve the outlined goals.

As having an ESG report will be obligatory it can be argued that understanding of the principle and practical details are important so that the managers can communicate the values to the staff and help them act accordingly. ESG itself is important not only for combating global societal issues but also for investors who want to invest sustainably and for employees. By having legal reporting obligations, the companies must pay attention to sustainability matters and failures in reporting can cause e.g., reputational risks. Creating an ESG plan is not only necessary for the company because of EU regulation but also because the company's growth plan would benefit from it. The benefit comes both from the fact that satisfied employees can create a solid base for the company to operate but also because good reporting can make the company more desirable when it comes to mergers and acquisitions as well as for investors.

The need to understand what ESG is and why it is relevant for the company would also be important for the managers because the company's field of business is accounting and financial services. The company's integrity and reliability are extremely important not only for the customer's safety and legality but also for the company's safety. ESG is a tool that is used by investors to determine the sustainability and health of a company they are investing in (Atkins 2020). Cort (2020) also highlights the importance of corporate sustainability and financial performance. This means that as the company is looking to grow the importance of the ESG reporting and data becomes more valuable both internally and externally since the company's growth is dependent on functioning and cost-effective operations.

5 Discussion

This thesis is written in cooperation with the studied company and provides points for consideration when it produces its first ESG material. The focus is on the social dimension of ESG. The study aims to map out managers' knowledge about ESG and their attitudes towards it. It also seeks to understand what their roles would be in a successful implementation of ESG. The thesis also discusses the benefits for the company of a successful implementation and provides a background to the discussion through historical and theoretical perspectives about ESG, management, and motivating staff.

> The research questions were:
> 1. What are the managers' attitudes toward ESG, its importance and its implementation?
> 2. Why is social sustainability important to companies?

The methods used are a literature review with focus on theoretical studies on ESG and management. The aim of the literature review is to provide context and a framework for the discussion of ESG and to study the background and reasons for it. The theoretical framework consists of theories about ESG, sustainability and management, with emphasis on management theories. The theories are used to gain deeper understanding of the role of a manager and for formulating suggestions about what kind of training could be provided for the managers to support their understanding and management skills.

The other method used is semi-structured qualitative research in the form of interviews. Five managers at the company were selected for interviews based on certain factors (e.g., region and team size). The recorded interviews were used to understand the state of managers' knowledge and understanding of ESG at the company. The interviews also sought to unearth the prevailing attitudes towards ESG planning and reporting and what the needs are when it comes to communicating and implementing actions outlined in an ESG framework.

The interviews highlight four main categories when it comes to the managers' knowledge and understanding of ESG:

- lack of knowledge;
- fear of change;
- homogeneity; and
- narrow understanding of the concept of ESG.

As the company's growth strategy is based on acquisitions and mergers, the company structure is somewhat fragmented. This was recognised by the interviewees and it lies in the background for the issues. The fragmentation has led to several company cultures and different norms and values at different offices. Within the company there are also managers who have ended up in their roles through internal arrangements and may not strongly identify as leaders. Their attitudes vary between different regions and are impacted by their work histories. The regional differences between attitudes are more evident between North and South and are also clearer between smaller and bigger towns and regions. As presented in chapters 4.1.2 and 4.1.3, certain issues are not recognised by the managers in some areas, whereas in other regions questions about e.g., ethnicity and diversity have been discussed and are present in the office's daily operations. These regional differences are important to understand when it comes to the implementation of ESG.

The lack of knowledge and narrow understanding of ESG have to do with the fact that the company has not in the past needed to raise sustainability-related topics. The company has until now had a set of values that the managers are aware of. The value statements are however general company values that are not related to sustainability as such and have also not been created in the context of ESG. For the managers to understand ESG and know more about it they would have had to come across it in a previous position or through their own interests. ESG is also not something that is yet widely discussed outside the context of investing and corporations, and this is also something that came up in the interviews. As the comments from the managers show, the topic felt mostly foreign and irrelevant to their daily tasks.

The issue of knowledge deficit and too narrow an understanding could be tackled by providing managers with ESG training, the interviewees pointed out. The managers should also be given an incentive to find out more about ESG and its relevance to their jobs. This thought is supported by Stakeholder theory (chapter 3.2.1). According to this theory, the shift from a capitalist view towards a higher demand on sustainability has created a need for companies to consider the societal impact. The shareholders in this case are people who benefit from the consideration of the societal impact, e.g. staff and management. This means that if the managers are involved in the ESG discussion they would feel ownership, and as stakeholders in the process they would have a greater incentive to act according to ESG guidelines. The managers should equally involve their team members in order to also give them the agency in sustainability matters.

Lack of knowledge and narrow understanding also play a role in the following highlighted issue, which is fear of change. The interviews show that managers have not been aware of ESG becoming an essential part of the company's strategic operations. Policies impacting daily operations are matters that involve the staff, such as equality and salary openness. This means that managers have a crucial role in harmonising company practices in accordance with ESG policy. The tasks can e.g. include discussions with the teams and new ways of operating. As described in the interviews, some managers are nervous about change resistance and possible cultural clashes in their teams. The company's M&A-based growth strategy also contributes to this. As discussed in chapter 5.1.2, managers fear changing the 'status quo' in local company culture rather than a fear for their own position or future.

The issue of fear of change was not clearly expressed in all the interviews, but it was evident that introduction of new guidelines and possibly even values provoked concerns. There are several reasons for this. The primary reason is that they do not feel ownership in the ESG discussion. Furthermore, they state that the greater strategical decisions and aspects of the company's operations are not relevant to them. Managers in small local offices feel far removed from the decision making of the board of directors and many of the managers are used to very familiar interactions with their local team and customers. With these different sides being present in the company operations it is understandable that changes and requests from the higher management can feel intimidating. As some of the interviewees commented, they feel that new guidelines and values should be implemented slowly and with consideration for the local teams.

The final issue in a very homogenous company culture is that ESG may precipitate increased diversity thereby causing issues for the company. As described in connection to the issue of fear of change (chapter 4.1.2), the company still has a strong identity as a family-owned traditional company. This shows in the fact that the board of directors are mostly men and out of the employees 85% are female. Also, as pointed out in the interviews most employees are Finnish. These factors must be considered both during the initial drafting of the social sustainability measures and their reporting as well as during the introduction of them. The initial consideration must take into account the current status and the current company and team internal values and what the managers and staff can feel are improvements rather than sustainability greening. This means that the measures must be relevant and tangible for everyone in the company but at the same time they must create the foundations for a genuinely diverse and equal company culture. This becomes increasingly important as the company already has acquired companies in Sweden and is looking to expand further in the Nordics and Northern Europe.

The issue of homogeneity in the company also ties in with the issue of fear of change. The managers are aware of the fact that the company culture, especially in the Northern regions, is very homogenous. This was raised as a concern during the interviews in relation to introducing diversity. The managers expressed a concern that diversity could not be introduced without causing difficult debates. On the other hand, one of the interviewees did also question if discussions of diversity are something that the company should engage in or if it’s enough that the company operates correctly on a legal and moral level but leaves out more complex discussions about equality and diversity.

The theoretical framework and the analysis of the interviews provide some suggestions for how the outlined issues could be overcome. From a theoretical perspective, it seems that the company’s future operations could benefit from providing certain groups of managers education in transformational leadership and change management. Skills in these leadership strategies would provide managers tools for implementing change and understanding the reasons behind change resistance. Managers would be in a better position to help implement values if they would understand stakeholder theory and be able to apply it together with an understanding of how to maintain a feeling of safety among the staff.

In other words, by providing tools, the managers would be better equipped to communicate according to the company's ESG report and to tackle issues related to change. To overcome the issues related to homogeneity and questions of awareness the managers should also be provided with tools and information about how to avoid biased thinking in their decision making. In addition, they would benefit from further education and companywide discussions about equality and diversity. The education and support must be adapted to the specific needs of the offices and managers. To find out what support would lead to the best outcomes further discussions with the regional offices are necessary.

The company should also implement more uniform practices when it comes to M&A. Some interviewees emphasised their concerns that the acquisition and merger process was not being properly managed. The lack of harmonised practices can create different company cultures and provoke feelings of instability. It can also affect the sense of meaning and safety. This causes employees to seek more stable employers or prohibits employees from achieving the best performance.

To help build a stable foundation for the company and make it attractive to investors the company should focus on a high-quality ESG report; lacking strategy and unclear rules can reduce employees' work satisfaction, commitment, and contribution. Social sustainability plays an important role since the employees are at the heart of the company's operations and without solid performance and commitment from the staff the company is unable to reach and follow the goals and actions outlined in the ESG report. As the ESG report is obligatory the company can face severe sanctions and reputational damage if there are issues with the reporting. The social dimension is also critical because issues related to unfair treatment of employees may be discussed publicly in the media, for example. For the company to be able to successfully grow it would be beneficial to tackle issues related to possible reputational damage and prevent rapid turnover of staff.

As the discussion shows, the interviews were successful in finding out about the managers' knowledge and understanding of ESG. Their personal attitudes towards it were not discussed in depth but all the interviewees did find the ESG regulation useful and desirable. All the managers did see the value in the reporting obligations and they also agreed that a more uniform and transparent company culture would improve the atmosphere throughout the group.

When it came to the interviews, the questions elicited relevant answers and provoked interesting discussions, but the interviewees felt that they would have liked more background information to be able to give more informed answers. To gain better understanding of the company's situation a larger number of interviews would also have been beneficial.

The interview questions could also have been fewer and limited to a more specific area. As the managers were not that familiar with the topic and also considering the somewhat delicate nature of some aspects of the discussion, the obtained data provides a limited insight to the questions. Now the interviews highlighted some greater areas of issues when it comes to the company's ESG plan and the implementation of it. This study can be seen as a useful starting point for further planning of the ESG-related matters at the company.

The theoretical framework provided a foundation for the discussion by explaining the history, background and relevance of ESG. This is important for being able to execute ESG reporting and to understand the relevance of this type of regulation. Without this knowledge the implementation of ESG can feel like a bureaucratic task with no deeper relevance to the company's operations. The chosen management theories can be used as support for designing ESG trainings for managers and the communication plan for the company. Understanding the theoretical framework is essential for communicating in a reliable and impactful way.

This study did manage to bring clarity to what the starting point in the company is and what the main areas of issues are when it comes to future ESG work. It also highlights areas for further studies and areas where company internal discussions could be continued. Based on the background research the topic of the study is also highly relevant as there are no previous studies focusing on these aspects of ESG. Further studies are also relevant as more companies become obligated to report on their sustainability actions.

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7 Appendices

Appendix 1, Research questions for the qualitative interview with manager from the company

Graduhaastattelu, Sosiaalisen vastuullisuuden viestiminen arjessa
Media management, Yrkeshögskolan Arcada
Janika Öhman

Haastattelukysymykset

Kysely: Esihenkilöiden rooli vastuullisuusraportoinnin sosiaalisen ulottuvuuden viestimisessä sisäisesti. Kysymykset on käännetty alla olevista englanninkielisistä kysymyksistä.

Huom! Haastattelu nauhoitetaan, mutta vastauksia tai haastateltavien nimiä ei mainita gradussa. Vastauksista koostetaan yleiskuva yrityksen nykyisestä vastuullisuustilanteesta. Tallenteita säilytetään kunnes gradu on hyväksytty.

ESG = Environmental, social and governance,

Suomeksi: Vastuullisuusraportointi, johon sisältyy ympäristö- ja yhteiskuntavastuu ja hyvä hallintotapa
Taustakysymykset:

- Missä roolissa toimit?
- Montako henkilöä tiimissäsi on?
- Kauanko olet ollut esihenkilötehtävissä?

1. Onko ESG sinulle tuttu (esim. sen visiot ja säädökset)?
2. Mistä olet kuullut ESG:stä ja mitä mieltä olet siitä?
3. Mitkä ovat ajatuksesi ESG:n sosiaalisesta ulottuvuudesta (yhteiskuntavastuu)?
4. Onko ESG mielestäsi haitta vai etu Rantalaisen mission onnistumisen kannalta?

   a. Jos haitta; Onko haasteena yrityksen kiinnostuksen kohteet vai sosiaaliset näkökulmat? Miten esihenkilö voi ratkaista tämän ongelman?
   b. Jos etu; Miksi niin? Onko Rantalaisen missio linjassa ESG:n suosittamien visioiden kanssa?
5. Mikä mielestäsi on sosiaalisen vastuun rooli arjessa? Miten siitä voi viestiä?
6. Miten mielestäsi yritys voisi hyötyä paremmasta vastuullisuusviestinnästä, ja erityisesti sen sosiaalisesta ulottuvuudesta?
7. Miten mielestäsi yritys voisi paremmin tuoda ESG arvot näkyviksi sisäisesti?
8. Mikä on mielestäsi esihenkilön rooli vastuullisuussuunnitelmassa määriteltyjen arvojen jakamisessa ja viestinnässä sisäisesti?

Questionnaire: The role of management in the implementation of the social dimension of ESG

1. Are you familiar with ESG (e.g. vision and regulations)?
2. How did you learn about ESG and what do you think of ESG?
3. What are your thoughts of the social dimension of ESG?
4. Do you think ESG is an obstacle or asset to the achievement of your company mission?
   a. (If yes: Company vs social interest: how is the manager going to resolve it?)
   b. (If no: Why so? Do you think the company's mission is in line with the ESG vision recommendations?)
5. What do you think is the role of social sustainability in daily life? How can it be communicated?
6. How do you think the company would benefit from better communication of ESG, and especially the social dimension?
7. How do you think the company could make its ESG values more visible internally?
8. What do you think is the role of the managers in distributing and communicating the values outlined in the ESG plan?