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Abstract

Corporate social responsibility or CSR is today a widely recognized concept which is receiving increasing popularity extremely rapidly, especially in the business world. The pressure on companies to carry out their business practices in ethical manners, which promote the wellbeing of the environment and society, is coming from all directions and all stakeholders. Alstom, a French multinational conglomerate operating in the rail transport and energy industry, is no exception to this norm. This company, which will be used as the case example in this thesis, is being brought to bay in terms of engaging in CSR practices and practicing business with high ethics. It is surely not a negatively conceived phenomenon that CSR is being put on a pedestal – quite the opposite. Instead of corporations practicing CSR only to meet their stakeholder requirements through practicing window dressing, many corporations actually strive to benefit from the practice of corporate social business. In addition to bringing benefit to externals a corporation such as Alstom itself can benefit from being involved in CSR.

The purpose of this thesis is to evaluate the current strategic values and the future perspectives of CSR at Alstom and moreover the added value which the practice of CSR could bring Alstom as a business. A set of perspectives from a futures studies viewpoint is looked at, with critical examination of the company's current corporate practices as well as the CSR related studies and theories written for corporations. Through this, some solutions and practices will be suggested to Alstom in order for it to fully utilize the potential of corporate social business and the value it can bring in the most probable futures that the company is expected to face. By utilizing the Soft Systems Methodology (SSM), a method mainly used in organizations to solve problematic issues in management and policy contexts, a process is developed to see what improvements could be of help in improving Alstom and its way towards involving CSR in its business practices even more than it currently does.

Alstom is already deeply involved in the practicing of CSR and its vision has a strong emphasis on this popular concept of today. In order to stay in the game and to use CSR as a competitive advantage to the company, Alstom ought to embed corporate social practices even deeper in its organizational culture by using them as a tool to reduce risk and costs, increasing employee commitment and customer loyalty and to attract socially responsible investors, just to name a few. CSR as a concept is seen to have great potential in the future, an opportunity Alstom will not miss.

Key words	Corporate social responsibility, development, added value, future, strategy
Further information	

TIIVISTELMÄ

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	x	Progradu-tutkielma
		Lisensiaatintutkielma
		Väitöskirja

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Tiivistelmä

Yritysvastuu on tänä päivänä laajalti tunnettu käsite, johon kohdistetaan yhä enemmän huomiota etenkin yritysmaailmassa. Yrityksiin kohdistuva paine toimintojansa eettiseen harjoittamiseen ympäristön ja yhteiskunnan hyvinvointia edistäen kasvaa jatkuvasti kaikkien sidosryhmien suunnalta. Ranskalainen monikansallinen monialayritys Alstom, joka toimii rautatieliikenne- ja energia-alalla, ei poikkea tästä asetelmasta. Alstomia, jota käytetään esimerkkitapauksena tässä Pro gradu-tutkielmassa, ollaan myös yhä vahvemmin ajamassa eettiseen yritysvastuun harjoittamiseen ja liiketoiminnan harjoittamiseen. Yritysvastuun tärkeyden korostamista ei toki paheksuta tai nähdä negatiivisena ilmiönä – päinvastoin. Sen sijaan, että yritykset vain näennäisesti osallistuisivat yritysvastuun harjoittamiseen, sidosryhmiensä vaatimukset täyttääkseen, monet itse asiassa pyrkivät aidosti hyötymään yritysvastuun tuomista vahvuuksista. Sen lisäksi, että yritysvastuu voi olla hyödyksi ulkoisille osapuolille, voi se olla yrityksen suoritusta parantava väline myös yrityksille itselleen, Alstom mukaan lukien.

Tämän Pro gradu-tutkielman tarkoitus on tarkastella ja arvioida Alstomin yritysvastuun tämänhetkisiä strategisia arvoja ja tulevaisuudennäkymiä sekä mahdollisia lisäarvoja, joita yritysvastuun harjoittaminen voisi tuoda Alstomille yrityksenä. Tiettyjä tulevaisuuden tutkimuksen näkökulmia tuodaan esille yrityksen tämän hetkisen toiminnan kriittisen tarkastelun sekä yritysvastuuseen liittyvien, yrityksille tehtyjen tutkimusten ja teorioiden kautta. Tätä kautta Alstomille ehdotetaan erinäisiä ratkaisuja ja toimintoja, jotta se voisi saada täyden hyödyn vastuullisesta yritystoiminnasta sekä yritysvastuun luomista eduista niissä tulevaisuuden olosuhteissa, joissa se todennäköisimmin tulee toimimaan. Soft Systems-menetelmää, jota usein käytetään organisaatioiden vaikeiden johtamiseen ja menettelytapoihin liittyvien ongelmien ratkaisemiseen, hyödynnetään ja tämän avulla laaditaan prosessi, joka osoittaa mitkä parannukset yrityksen toimintaan voisivat olla avuksi Alstomille sen pyrkimyksessä yhdistää yritysvastuuta toimintaansa vielä nykyistäkin enemmän.

Alstom on jo nyt vahvasti sitoutunut harjoittamaan yritysvastuuta, ja tämä suosittu käsite on myös vahvasti korostettuna yrityksen visiossa. Pysyäkseen mukana pelissä ja hyödyntääkseen yritysvastuuta kilpailuetunaan Alstomin tulee yhdistää yritysvastuu yrityskulttuuriinsa entistä vahvemmin, käyttämällä sitä työkaluna riskien ja kulujen vähennykseen, työntekijöiden ja asiakkaiden sitoutumisen lisäämiseen sekä vastuullisten sijoittajien puoleensa vetämiseen. Yritysvastuun nähdään omaavan suuria mahdollisuuksia tulevaisuudessa, ja tämä on Alstomillekin mahdollisuus, jota se ei tule jättämään käyttämättä.

Avainsanat	Yritysvastuu, kehitys, lisäarvo, tulevaisuus, strategia
Lisätietoja	

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SUSTAINABLE DEVELOPMENT – THE KEY TO COMPETITIVENESS

CSR as an added value to Alstom's corporate performance

Master´s Thesis
in Futures Studies

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5.5.2015
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1   INTRODUCTION

Corporate social responsibility or CSR which could be understood as sustainable development in the corporate context is a concept which is gaining increasing popularity and demand within governments, the business world as well as the public. Despite there not being a widely accepted standard for the notion of CSR (Servaes & Tamayo, 2013) this phenomenon is booming as businesses no longer use it only to please their stakeholders but also to carry out strategic corporate decisions and practices – to gain profits, mitigate risks, and to pursue organizational growth. The dilemma of the modern days is not only the defining of CSR but also the measuring of it. Until today there is no standard measure to evaluate neither the level of CSR nor the advantages or disadvantages of it. This is what organizations, institutions and even government bodies are trying to find a solution to but this nut is harder to crack than many may have expected.

In the field of futures studies sustainable development and CSR are concepts which today are involved in virtually all areas of research. It seems like these two concepts have become an evident part of the future in a universal level. Organizations have started to be ever more pressured to start implementing sustainable business practices and carrying out work in a responsible manner (Glennie, 2012). The pressure is no longer just coming from the public but also from governments, authorities and from the tying of global agreements and regulations. Standards and requirements vary by industry, country and business type but the phenomenon remains global.

In this paper I will discuss the case of Alstom, a French multinational organization and a major player in the global rail transport and energy industry. Alstom, just like all other public limited multinational companies, has been implementing sustainability practices in its corporate functions for several years already and is required to publicly report these practices annually (Alstom, 2013). However, Alstom, just like all other companies, is aiming at determining and measuring its CSR practices in the most accurate way not only to meet the external requirements and expectations but also to boost its profits and sales by utilizing the most efficient sustainable business practices.

The aim of this thesis is to determine the areas of CSR which can bring added value to Alstom. The main areas of research will be constructed around various concepts of futures studies and corporate strategy as well as the defining of CSR at Alstom and in general. The primary argument of this thesis is that CSR is beneficial and most of all necessary for Alstom to survive in the ever more sustainability-focused business world.

1.1 Structure of the Thesis

This thesis comprises of two main parts: the first, theoretical and the second, empirical part. The theoretical part will cover some key concepts, development and corporate social responsibility in the first hand, as well as literature and theories that have been written on CSR and its value creation. The literature and theories chosen to be discussed are primarily those revolving around corporations, Alstom in particular, and their possibilities regarding value creation through CSR. This value creation will be viewed through ten key areas of CSR which are seen to have a positive impact on corporate performance.

These ten areas together with the discussed theories and literature in the first part will be then further implemented and analyzed in the empirical part of this thesis. The empirical part comprises mainly of studies and assumptions that are based on four expert interviews that were conducted specifically for this thesis. The Soft Systems Methodology (SSM), chosen as the most suitable method for this paper, will then be used to help model the ten key areas of CSR to the findings drawn from the interviews and the secondary material. Finally with the help of the SSM Alstom's possibilities as an organization adapting a stronger CSR approach will be analyzed.

1.2 Research Objective and Assumptions

The objective of this thesis is to study and more profoundly analyze how the CSR policy and vision of Alstom currently bring added value to the corporation and how sustainable business practices could be further developed to enable the company to benefit from its socially responsible practices. Various theories of different researchers and authors will be viewed, analyzed and compared to see and weigh the different approaches to the measuring and assessing of the added value of CSR.

The two main assumptions of this thesis are those that drive the approach of the paper and its content. The first assumption suggests that corporate social responsibility is in itself a value that brings additional benefits to both organizations as well as individuals. In the long-term strategic view of a company CSR is something that can and should not be left unconsidered since it will bring a firm added value when practiced and carried out in the correct manner. Especially when having all parties and all those affected by company projects or practices involved in CSR, the outcome is expected to bring automatic value to all those implicated.

The second assumption suggests that if Alstom takes a stronger stand on practicing CSR and in embedding it deeper in its corporate culture, it will bring the company more added value in the form of higher stakeholder satisfaction and increased financial

performance – areas which will be further discussed in the subsequent chapters of this paper. CSR in the corporate world is no longer an option but rather an entry ticket to many markets (Gartner, interview 12.6.2014), a trade mark to organizations and eventually can be a differentiator of companies in the ever more competitive economic world. The world today is all about the future: the future of people, the future of the environment, and the future of the world economy. CSR similarly is a future-oriented concept which pursues the common wellbeing of societies, the environment and also economics and this is where these two, CSR and futures, meet.

1.3   Research Questions

The following research questions in this thesis help break down the main topic of this paper by seeking an answer to the key issues discussed:

Research question 1: What are the strategic values of CSR created at Alstom?

The first research question of this thesis strives to clarify the way in which Alstom currently creates more strategic value to its corporate practices and performance through CSR, and also to identify what this strategic value, or values, in the corporation today is. The first question opens up the present situation and role of CSR at Alstom, and answering this question is vital in order to clarify the second research question which takes a more future-oriented approach.

Research question 2: What perspectives of futures CSR visions could be seen at Alstom in the future?

The second question, as said, looks more into the future potential of CSR and its role at Alstom as a value creator. CSR is believed to bring value to corporations and hence improve their corporate performance. Therefore in answering this question I will look into the various possibilities in which CSR can contribute to improving Alstom's business and the ways in which Alstom can best apply CSR in order to carry its benefits to the maximum.

1.4   Hypotheses

I would argue that it is no coincidence that CSR has recently been put on a pedestal by more and more corporations as well as individuals. The increasing attention this concept is receiving is not left unnoticed. CSR has reached a position where it no longer is and cannot be a means for window dressing or green washing but rather a strategic tool important to the competitiveness of corporations.

In the case of Alstom, for instance, CSR can function as a means, a way, a route and a method to better results and performance by contributing to the management of risks, costs saving, accessing capital, promoting customer relationships and improving employee satisfaction. Multiple upsides of CSR have been identified and several cases have proven that CSR is the right approach to be taken when striving for better corporate success. The fact that CSR encourages but also requires engagement with external and internal stakeholders helps a corporation like Alstom better anticipate and better react to the expectations of its stakeholders and its business environment. In other words CSR enables Alstom to be ahead of its game by driving towards new developments and creating new opportunities.

The abundance of information and the sharing of it in various media channels, the fact that people are more open and brave to talk and express their ideas, the will and the need to drive towards ethical behaviour and look good in the eyes of the stakeholders are all growing corporate trends which do not seem to mellow down anytime soon – quite the opposite. These drifts in the modern global society put even more pressure on and emphasize the importance of Alstom engaging in and embedding CSR not partially but fully in its corporate strategy and vision. CSR, as said, is no longer an entry ticket to the market or a differentiator if practiced in a conventional manner. However, when carried out as a long-term visionary tool to gain a competitive advantage over rivals, CSR can be a means to truly build added value to Alstom or any other corporation for that matter.

Despite CRS being a central concept in Alstom's long-term vision, sustainability and corporate social practices are not given enough emphasis in the corporation's short or long-term strategic plan. Without having CSR and the processes related to it clearly stated and determined in a company's corporate strategy, the objectives related to corporate social behaviour could be challenging to reach. Alstom's strategic plans as well as corporate practices which relate to CSR will be further discussed and analyzed in the subsequent sections, and finally a conclusion and possible solutions to reach better corporate success through CSR will be sought for in the final chapters of this paper.

1.5   Delimitations of the Study

CSR as a concept which has existed for centuries in one form or another, using either this name or some different terminology, has allowed the concept to expand and grow in both its importance and meaning. The term "corporate social responsibility" is today encountering competition as other concepts like corporate citizenship or business ethics are thriving to win popularity over the term CSR. Also the notion of corporate social performance or CSP has established itself into an umbrella which is attracting other concepts beneath it. (Carroll & Shabana 2010, 85-86.)

Not only is CSR a wide and popular concept together with its "peers" but it is also a concept which holds in it an extensive but vague amount of meaning and hence its scope or content has been largely debated. Different organizations or institutions have different ways of defining this concept and these definitions in often cases differ significantly. Therefore in this thesis as well it will be challenging to look and take into account all the aspects or subcategories that may possibly fall under CSR (Crowther & Aras 2008, 10) and hence the concept in this thesis will be limited and used as Archie B. Carroll presents in his three-dimensional conceptual model of corporate performance developed in the late 1970's (see Figure 1).

Carroll argues that in order for a corporation's CSR activities to fully cover the full range of obligations that the business has to fulfil for the society and environment it practices in, they need to embody economic, legal, ethical as well as discretionary categories of business practices (Carroll 1979, 499). That is to say, these categories are the responsibilities that society expects the corporations to comply with. As in the three-dimensional pyramid which Carroll uses to depict his model, the four categories or obligations have different proportions according to the relative magnitude of each expectation. However, all the four categories of responsibilities are expected to be followed simultaneously. (Carroll 1979, 499.)
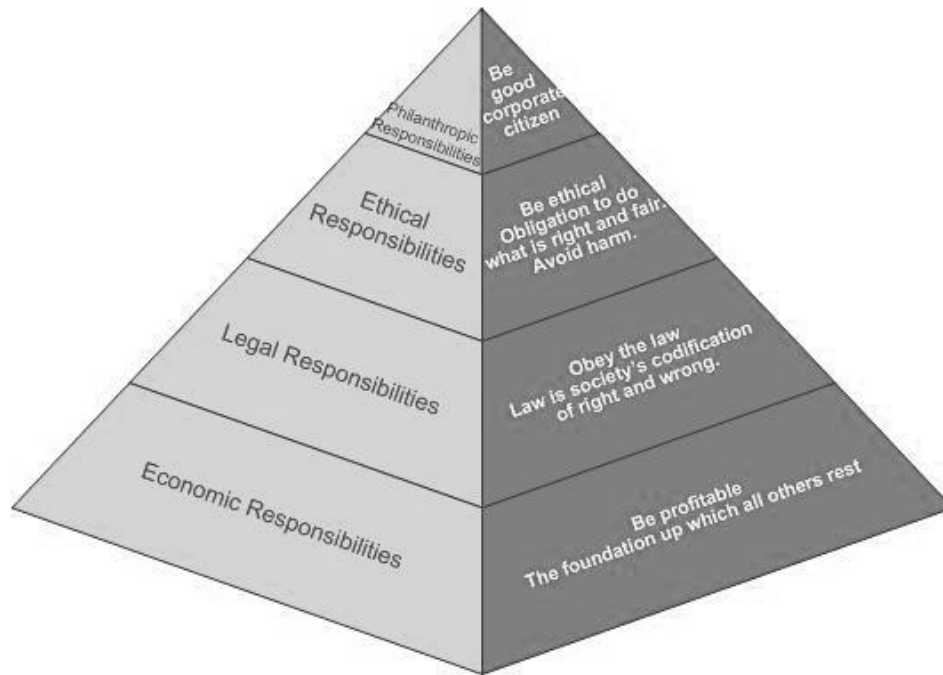
Figure 1   Caroll's CSR Pyramid

According to Carroll the fulfilling of economic responsibilities is the ultimate and most important social responsibility of a business since the businesses are the basic economic units in the society. Only second to the economic responsibilities come the legal ones – the ground rules and framework of legal requirements society expects the economic system to follow. The third most important responsibilities are the ethical ones – the activities and behaviours which are ill defined and are not necessarily codified into law but are still expected to be abided by all members of society. For businesses ethical responsibilities are among the hardest ones to deal with since they are often most not officially specified or defined. Discretional or volitional responsibilities, which lie right at the top of Carroll's pyramid and are the least emphasized, can be even harder to determine than ethical ones. These roles are fully voluntary and are left to individual choice and judgment, like philanthropic contributions or free social activities. (Carroll 1979, 500.)

1.6   Originality of the Thesis

CSR is a much studied and discussed area of study. Especially in the past couple of decades the amount of researches done and papers written on this subject have grown substantially and the trend appears to be continuing. Also the question of how, in what form and to what extent CSR can bring value to an organization has received increasing

attention in the corporate world. Sustainable development and CSR, despite having gained increased attention and been studied intensively as rather recent key concepts in the business world, have not yet been directly linked to the effect they might have on corporate performance. Although multiple theories and researches on the impact of these two concepts and their contribution to organizational success have been conducted, it has been so far a challenging task to find a universal rule or formula which would indicate how sustainable and corporate social behaviour affects companies and their performance. Therefore I would argue that every company, being unique in its culture, operations and practices, should have its own CSR assessment done to see how CSR could help the company perform better.

For Alstom a study on CSR's effect on the company's performance has not yet been carried out. Despite Alstom's CSR policies and practices having been part of the firm's operations for years, a study fully focusing on the potential of CSR bringing additional value to Alstom's corporate performance has not been conducted. Studies on the same topic, on CSR's added value, for other companies in the energy industry have also not come my way. Hence for the players in the energy industry and Alstom in specific, this study is the first.

Furthermore to the lack of research on the added value aspect of CSR, another feature where CSR has not gained the attention it may deserve is the futures studies perspective. Limited research on CSR has been carried out by using futures studies methods, and even these studies have not been conducted to systematically study CSR in the long-term and in the multiple possible futures. Due to mainly the time and resource limitations of this study too, it will not be possible to examine the long-term impact of the later on suggested solutions to the CSR issues at Alstom. However, the futures will be carried along as a central concept all the way throughout this paper when examining Alstom as a CSR player and the potential added value CSR could bring to the company.

2 KEY CONCEPTS AND THEORETICAL APPROACH

This chapter will allow the reader to grasp a more profound and clear understanding of the most central concepts that will be handled and discussed in this paper. The key concepts of added value, development and corporate social responsibility, will be defined first after which the history and purpose of CSR will be discussed briefly.

2.1 Added Value

The concept of added value appears a lot in business text and discussion, especially when talking strategy and building competitive advantage. Despite being a frequently used term, its meaning is rarely elucidated. In this thesis and in the path this research will eventually take added value is a central and a determining factor. Hence I trust it is a concept worth further clarifying.

Brandernburger and Stuart, in their article Value-Based Business Strategy (1996, 5) define added value in the same way Michael Porter once did: considering it as a vertical chain reaching from suppliers to firms and finally to buyers. Added value itself is the value created by one individual player among the three. The way to then calculate the added value of one particular player is to measure the value created by all players together in the chain, and subtracting the value created by the one player being observed. In their article already almost two decades ago Chernatony and Harris (1998, 43) emphasized the effect added value has on securing competitive advantage and long-term success. Also they highlighted the importance of involving suppliers and customers in the value chain and through that adding value to the firm and its brand.

Alstom follows Porter's idea of creating added value in the company's overall value chain by taking into account and involving its suppliers and its customers in decision making processes, especially those related to CSR. As an example, simply by requiring the meeting of certain CSR standards and the following of certain sourcing procedures, Alstom ensures its suppliers' ethical principles are of the same level with Alstom itself. This way the company then ensures that its end customer's reputation is not at risk. On the other hand by making customer and operation environment assessments together with its customers Alstom takes care that both the customer and Alstom itself share the same CSR objectives and collaborate in reaching them.

At this point of the thesis I will not go further into determining how added value ought to be defined or used in the field of studying CSR practices at Alstom. However, in latter parts of this paper this concept will be run into again and further discussed to see what processes and procedures Alstom carries out to enhance its cooperative success

through CSR. Particularly in the analysis section, looking into areas such as brand value, employee satisfaction, risk mitigation and cost reductions among several others, I will conclude how the company's different operations support the creation of added value for the whole organization.

2.2   The Concept of Development

Development in the past has mainly been understood as the wellbeing of humans – primarily based on growth and exploitation – and has been sought for in ways that have been harmful to the nature (Valtonen, 2013). This anthropocentric ideology which separates ecology and the world of humans, the ones who develop the world, has been seen to lead to increased environmental problems such as inequity, decline in biodiversity and global warming. The ecocentric or ecological approach in the field of development, which was only founded in the 20th century, has, however become a rather central factor in the perception of development in the modern days (Eriksson & Andersson, 2010). Thanks to mainly the Green revolution, which was a real lesson learnt, to Rachel Carson's Silent Spring and to The Club of Rome's The Limits to Growth, people finally came to consider the environmental and ecological threats caused by development. All this finally lead to the implementation of the term sustainable development, by the Brundtland Commission, and also to further considerations of widening the concept of development to the ecological aspect (Valtonen, 2013). In addition to the ecological and the economic aspects of development also social factors have come to be regarded as very influential in determining the level of development today.

As it is said: "Yesterday's luxuries have become today's necessities", (Valtonen, 2013). Old measures of development need to be replaced by new ones. For instance sustainability should be a much more stressed development measure. A measure like the Human Development Index (HDI) is already a rather outdated measure of development but could be modernized by expanding it to a wider and more accurate development measure, like the Human Sustainable Development Index (HSDI). This index in addition to measuring life expectancy, education and income levels also measures per capita carbon emissions (Togtokh and Gaffney, 2010). As stated by economist E.F. Schumacher, development should no longer be just about material and economic growth (Valtonen, 2013).

Schumacher also argued that "mainstream economics is wrong in measuring development with parameters like GDP (which only measures consumption) since the real target should be achieving maximum amount of well-being with minimum consumption" (Valtonen, 2013). Sustainable income is one example of a measure that is

more accurate than GDP in measuring the income of an economy. It "corrects the gross income of an economy with deterioration of capital, defensive expenditures and deterioration of natural capital" (Hoffren, 2013). This means that the true income of a country is actually the amount it can consume without weakening the consumption possibilities of the future. Despite there being divided views on the best way of defining the concept, the great thing about sustainable development today is that it tries to tackle not only the issues of poverty but also those of affluence and excess (Glennie, 2012).

2.3   The Concept of Corporate Social Responsibility

In the corporate world businesses sometimes call the form of sustainable development and the sustainable practices of theirs corporate social responsibility (CSR). The definition of CSR varies and is not congruent in a global level or even between all organizations. However, in October 2011 the European Commission published a new policy on CSR and defined it as "the responsibility of enterprises for their impacts on society". The Commission also added that in order to fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" (European Commission 2011).

The International Organization for Standardization (ISO) which is a global strategic advisory group for CSR activities defines CSR as: "a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society" (Leonard & McAdam 2003, 27). It was stated in the ISO press release early in the last decade that ISO became involved in assessing the standards for CSR because an increase in the level of concern regarding the social integrity of companies within consumers was detected (Leonard & McAdam 2003, 30). It could be alleged that CSR helps corporations meet the expectations of the public regarding the issues of sustainable development and responsible corporate actions.

CSR has in the past decade or so evolved from a nice-to-have operation to a foregone conclusion and even a strategic one for many companies and organizations. The demand for transparency as well as improvement in economic, social and environmental performance has been increasing especially in the past couple of decades. Pressure from all directions – shareholders, customers, employees and authorities – is building up on corporations and they are now, more than ever before, under pressure to proof the ethicalness of their business (Glennie, 2012). Business scandals and frauds, inadequacy in business ethics and governance, have had a negative effect on consumer confidence

which has led to the stressing of the importance of responsible corporate performance – hence CSR (Leonard & McAdam 2003, 27).

2.3.1   The Early Ages of CSR

Despite the idea of businesses having certain responsibilities to society beyond profit making for shareholders being around for centuries, it was not until after the World War II that the phenomenon of corporate responsibility actually leaped in gaining importance. After this works on CSR begun to be published and this notion rose more and reached the awareness of the public. The real boost of CSR's awareness is said to have triggered in 1962 when Milton Friedman, one of the greatest economists of his time, claimed that the principle of social responsibility is "fundamentally subversive" (Carroll 1979, 497) and some years later further pushed forward his view by stating that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception of fraud" (Crowther & Aras 2008, 12). However, Friedman did accept the involvement of some social demands in business as long as they were financially profitable in the long-term (Moura-Leite & Padgett 2011, 531).

In the 1960's and 70's there were also several other authors who placed focus on CSR, as long as it did not conflict with the fundamental purpose of business – profit making. It was in the 70's when public demands for businesses to focus more on social matters rose and in 1972 when a more public action was taken to promote awareness on CSR (Hill, Ainscough, Shank & Manullang 2007, 167). This year the UN conference in Stockholm took into earnest consideration the growing need to find a common ground between communities and businesses in a global level in order to preserve the environment. This then led to the establishing of United Nations Environment Program (UNEP). After this multiple CSR initiatives, programs, campaigns and agreements have been initiated by institutions, organizations and governments and the pace is clearly speeding up. As stated: CSR today is no longer a choice but rather a norm.

2.4   Questioning the Purpose of CSR

During the development of the concept, CSR has become not just about running business in an ethical manner but also a strategic means for businesses to use it as an operation to reach higher profits, cost cuts, bigger savings and employee commitment amongst many other benefits. Despite many of its benefits, there is still a great deal of

people and corporations which still have doubts about the benefits of CSR. Some continue to see CSR as solely a debit on their accounting. However, change is evident as some socially responsible practices are changing from being voluntary to compulsory and utterly utilized by turning them into long-term strategic utilities. As said, CSR has recently become a central part of many corporations. However, what many have become to question is whether CSR has become a public relations or marketing tool for corporations and therefore lost its essential focus - to be the value importer to the corporation that participates in it (Servaes & Tamayo 2013, 1045).

Marketing people would probably say that the best way to catch the attention of people is by touching them – emotionally. As biological beings humans and their decisions can easily be affected by the emotional state they are in (Payne & Cooper, 2001). Seemingly this is the part where many corporations have gotten confused when dealing with CSR, as for many this concept has become merely a means to catch emotional attention and to build an ethical image of the company while the actual business benefits and actions have been forgotten. In the long run CSR based on this kind of a mindset would start to be seen as solely an expense on the company and would most likely be the first area to be cut from the budget the moment profits dip.

Also another area of CSR, CSR reporting, is by some seen as complex and useless waste of time and money. Some even see reporting corporate social actions as "greenwash" - an opportunity for companies to exaggerate their social and environmental credentials without any genuine intention to change. Nonetheless, many are now becoming aware of the difference between the tricky publicity stunt and genuine corporate responsibility performance (Robecosam 2014). Corporations are ever more focusing on finding mutual interest – for themselves as well as their stakeholders – in the corporate social practices. For this, however, transparency is the key. By reporting true facts and figures, organizations can help build trust and confidence among their customers, employees, investors and other stakeholders (Robecosam 2014).

CSR in any form is not practiced to be of harm to anyone since it is basically always related to good, ethical objectives and business practices. However, CSR just like any other business practice which is meant to improve a company's performance should be directly linked or embedded in the company's strategy. If the CSR policy lacks the commitment of both the management as well as the employees, and if it is not aligned with the core competencies and corporate objectives of the company (Tsoutsoura 2004, 4), it is not likely to be a benefit for the company, not in the short or long term basis.

3 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK: CSR – AN ADDED VALUE TO ALSTOM'S CORPORATE PERFORMANCE

As the world population is expected to reach nine billion by 2050 and as demand and need for energy, natural resources, food and security are growing exponentially, the whole world needs to react now itself and help meet these future needs. Development simply cannot continue in its business as usual manner but needs to be driven towards a more sustainable direction – a direction which ensures "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", as stated in the Brundtland report (Eriksson & Andersson, 2010). This change can in fact already be seen universally as governments, authorities and corporations have started to determine and implement rules and regulations which they commit themselves to in order to attain a better, more sustainable future.

In this chapter of this thesis the first discussions will be based around Alstom and its corporate policies and practices, followed by Alstom's CSR approach and strategy. Finally a more thorough overview of the value creation through CSR will be drawn, discussing several key aspects of CSR which are expected to have a significant impact on Alstom's corporate performance. These aspects will also be used later in this paper to further analyze and examine the possibilities and moreover the added value CSR can bring Alstom when practiced in the most effective manner.

3.1 Alstom – "Dedicated to Excellence"

Alstom provides environmentally friendly and innovative technologies and solutions to meet the global needs of energy and mobility. By acknowledging and reacting to global changes both in the economic, social and environmental level, Alstom envisions the seizing of global challenges as a strategic opportunity to position the corporation as a proactive and key player in its markets (Alstom 2013, 247). Like any public limited company, Alstom's aim and responsibility in its essence is to create profit for its shareholders. Nonetheless, Alstom has for many years been committed to not only thriving to reach this goal but also to serve its other stakeholders and the environment it operates in by involving itself in CSR practices. In this chapter I will discuss Alstom's CSR policy more profoundly and also look at the key areas which in the field of CSR can further promote Alstom's, or any other corporations performance for that matter, by engaging in CSR activities.

3.1.1   Alstom's CSR Policy

Alstom's CSR approach is to "shape the future responsibly" and the company in fact bases its CSR policy around three main axes, which are to:

- help customers effectively limit their environmental impact, and make sure Alstom's solutions combine sustainable growth and social progress
- work together and develop effective partnership with external bodies, customers and suppliers
- respect the highest environmental, safety and ethical standards for the Group's own operations (Alstom 2013, 247)

Alstom's CSR actions were initially started in 2006 and a year later the Alstom Foundation, a philanthropic charity fund was established. Today's CSR policy of Alstom, which has further helped put actions into perspective, was defined in 2012 and endorsed by the top management the following year. The vision for the company CSR practices is stated as: "Believing that technology and new business models contribute to solving social and environmental issues, Alstom leads in designing innovative, environmentally-conscious technology solutions for power generation, power transmission and transport" (Alstom Standard CSR presentation 2014, 9).

According to some people from the management level at Alstom, mainly those interviewed for this thesis, Alstom is more of a follower than a leader when it comes to practicing CSR. Many of its rivals have started implementing CSR in the corporate operations much earlier and have been able to build a stronger CSR image than that of Alstom today. However, Alstom is taking measures to embed CSR in its core strategy and ensure it is observed in everyday decision making. In its long-term vision the corporation is aiming at constructing a central foundation on which it will base CSR.

In addition to the core CSR vision Alstom further divides its corporate social idea into three main areas within which it aims at shaping the future:

Its technology and solutions
- Support the expansion of renewable energy production
- Improve resource and energy efficiency in all of our new and existing products
- Apply sustainable development and eco-design principles

Its partners and stakeholders
- Assess existing and future customers' needs and adapt our offering accordingly
- Develop a sustainable supply chain

- Do more to identify the environmental and social impacts of projects
- Involve ourselves in the life of local communities

Its operations
- Enforce the highest ethical standards
- Offer our employees the best safety and working conditions
- Reduce the environmental footprint of our operations

In this thesis the focus will be placed on the two latter areas – partners and stakeholders and operations – as these areas, from the company point of view need to be looked into in more detail in order to find the best practices which Alstom could implement in order to improve its CSR performance and ultimately to utilize it as a means to bring added value to the company. Like in many other organizations, Alstom's CSR practices are more and more followed and expected by its employees, customers, shareholders as well as the public authorities. Therefore the group is ever more focused on sharing and spreading its CSR vision through the whole organization so that every employee at every level would know it, understand it, commit to it, and also take part in it (Alstom 2013, 247).

3.1.2   Alstom's CSR Performance

Alstom's CSR performance and progress is monitored both internally and externally in several ways. As stated above, expectations of responsible corporate practices are increasing from various directions and from multiple stakeholders. Today Alstom's internal policies such as the Environment, Health and Safety (EHS) policy, the "It's all about people" human resources policy and the Community investment policy, as well as indicators for social, health and safety, and environmental aspects are implemented to control and measure CSR practices and performance. These indicators refer to the Global Reporting Initiative (GRI), which produces one of the most prevalent global standards for sustainability reporting (Alstom 2013, 294). Not only does Alstom hold on to its CSR principles internally but expects the same from also external business partners. As an example 80% of Alstom's more than 40 000 main suppliers have signed the Alstom charted for sustainable development (Jaoul, interview 12.6.2014). In addition to internal measurements Alstom's CSR performance is also measured by several external rating agencies and the group has been listed in two global indexes related to sustainable development: the Carbon Disclosure Leadership Index (CDLI) for French companies for the third time this year and the Dow Jones Sustainability Indices (DJSI) World & Europe for the fourth time last year.

Despite its engagement in the current CSR practices, it is absolutely vital for Alstom to further embed corporate responsibility in its vision and strategy. Strong orientation towards the future is key in CSR since it is primarily a practice whose results are only visible in the long run. Also the fact that CSR is gaining increasing awareness and attention needs to be taken into account. As discussed earlier in this paper CSR is no longer a choice or an option corporations can utilize or include in their operations but rather a mandatory mode which allows companies to stay in the game and if done well, even ahead of the game. Currently Alstom's CSR policy is not as future oriented as hoped for. Clear set long-term targets for CSR are not in place and the vision is fairly vague. In order to examine the success of CSR practices and to measure the benefits the practicing of CSR has brought or will bring to Alstom, the company ought to have clear targets and milestones which it strives to meet in the short run but even more so the long-term basis. Measures like employee turnover, brand value and risk profiles, which will be further discussed in the latter chapters of this thesis, are examples of concrete indicators of CSR's effect on an organization. Also theories and models such as those utilized in the field of futures studies can help Alstom assess its performance. For instance Matten and Moon (2008, 1) presented a conceptual futures framework on the changing status and rise of CSR in Europe while Babiak and Trendafilova (2010, 22) examined the adapting of green management in organizations and stated that futures studies methods should be used for examining sustainable CSR practices in organizations. Several other studies have also been conducted with the use of futures studies methods and found that these methods are effective when it comes to assessing CSR in organizations. Also in this thesis a futures studies methodology will be used to analyze the results of the empirical study carried out for this paper as well as the theories and other secondary material previously written on CSR and organizational performance.

3.2   Aligning CSR to Corporate Strategy

CSR, just like any other soft-value function in an organization, can only work if it is fully embedded in the company strategy. If a strategy is not fully focused on the business goals of a corporation it will surely go to waste, leaving behind opportunities and wasting resources (McElhaney 2009, 30). A clear CSR vision needs to reflect the core values, vision and mission of the company and have its management's and board's genuine commitment and engagement in it (McElhaney 2009, 31). CSR can bring the most benefit to an organization when it is being aligned with the company's core competencies. Eventually these benefits will be such for which the company itself owns

part of the solution and from which it can seek for social, environmental or economic returns (McElhany 2009, 33).

In addition to being embedded to a corporation's strategy, it is also vital that CSR is branded clearly and visibly enough both inside and outside the company. Two prime examples from the IT industry are a good proof of this: Hewlett Packard had been spending large amounts of money in a long time period to indicate their commitment to recycling. However, they had not made their effort concrete or obvious enough to the public. Dell on the other hand had a more simple strategy for promoting their CSR initiatives by publicly promising to plant one tree for every purchased new printer model which they had launched. Dell quickly became known as an environmentally friendly company among the public while HP suffered losses. This is a clear indication of the fact that people need to understand what they hear or see in order for it to influence their decision making.

Looking at other past occurrences, like the case of Shell wanting to sink the Brent Spar oil platform in the mid 90's or when Nike's sales plummeted due to the accusations they faced in 2002 on using child labor, it is evident that cases involving non-market issues – like social and environmental matters – do have a significant impact on the performance and competitive advantage of a company (Schaltegger & Wagner 2006, 4). The non-market issues can indeed also have a positive effect on the existence and performance of a company since in certain industries, such as the energy industry where Alstom is playing, the brand value of the company relies to a great extent on the non-material values sold and communicated to the clients – values such as environmental and social contributions. What is surprising, however, is how few managers are actually able to analyze and embed non-material benefits into a company's activities and thereby boost its economic success. Business-relevant issues, such as the above mentioned, should be dealt with by the management level people and not remote departments or shared services units and they should work on non-market issues in line with the economic ones. (Schaltegger & Wagner 2006, 2.) Nonetheless, in any attempt to measure and manage issues related to sustainability or CSR it is important to look at the relationship between the sustainability performance, competitiveness and economic performance of the company (Schaltegger & Wagner 2006, 2).
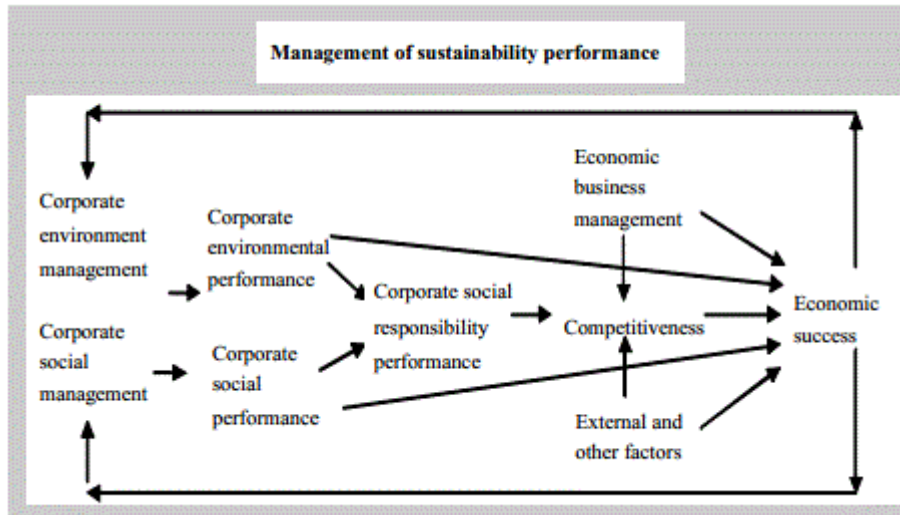
Figure 2   Management of sustainability performance (Schaltegger & Wagner 2006, 4)

Schaltegger and Wagner (2006, 4) illustrate in their model that the good management of the links and causal relations between environmental and social matters, and competitiveness and economic success are critical for the success of sustainability performance. If these links are not well monitored and maintained the level of sustainability performance cannot be reached to its maximum. At Alstom the challenge lies mainly in the commitment and cooperation of the management level personnel in different business sectors and departments. The lack of these two then affects the end result and performance of the organization in its sustainable operations. Different business sectors work rather independently in their CSR matters and tasks, planning and implementing their ideas only to their business areas. Interaction between businesses and sectors is limited which of course then has an impact on the overall company strategy and performance in CSR. The more emphasis CSR is receiving in all parts of the value chain – suppliers, the company itself and its customers – the more different sectors at Alstom need to cooperate and align their CSR strategies.

3.3   Measuring CSR

CSR is not like other corporate activities and hence in the eyes of some companies it is seen as an activity outside the boundaries of traditional business practices. CSR is generally understood to cover three main areas: economic, social and environmental impacts. Issues that CSR deals with, such as human rights, environmental protection, labor conditions, social impacts and so forth, are mostly not easily measurable as they do not use traditional performance indicators such as return on investment (WBS,

2013). This is where the challenge of calculating CSR lies – until today there is no one, effective and globally used measure of capturing CSR data, just like there is no one way to measure sustainability.

As stated, until today no common, standard model or theory which defines the value added by CSR to a corporation has been implemented on a global level (Servaes & Tamayo, 2013). Consulting companies as well as companies themselves have been trying to tackle this issue by creating models which could best represent the impact of CSR performance on company success. The CSR field is also extremely wide, its standards are high and economics cryptic, which is also part of the reason why no widely used standard has been accepted or applied. Corporations need a tool to realize and see their results and communicate them to the outside world (Martin 2006, 1). But before a tool is designed and implemented, the evaluation of the effects of CSR practices can only be evaluated as accurately as possible by looking at all the aspects of CSR, both monetary and non-monetary, as well as direct and indirect ones. This is the approach I will take in this thesis as well: covering ten key aspects and areas of CSR-oriented values and thereby evaluating the advantage of companies, in this case Alstom, engaging in these values in order to improve their business performance.

The advantages of CSR can be divided into monetary and non-monetary benefits. Monetary benefits, direct financial effects and benefits that can be measured in monetary terms include areas such as increase in revenue and brand value (the value of the company when sold) or reduction in risk and costs. Non-monetary aspects, or the aspects which are not necessarily measurable in monetary terms but which in any case influence the company's competitiveness and financial performance, on the other hand include areas such as improved reputation, customer attraction, or employee recruitment, retention and motivation (Weber 2008, 250). The direct impacts of CSR are normally rarer than the indirect ones. As discussed earlier CSR is typically regarded as a long-term benefit bringer and hence is often seen by many as an expense – the return on investment can be seen much later than when the action related to CSR has been implemented. Company image and reputation, brand value, the creation of a CSR culture within and outside the company are all examples of indirect, long-term CSR benefits. The increasing of employee commitment and maybe the saving of costs by reducing packaging material or improving logistics could be seen as direct savings, but mainly benefits brought by CSR can only be seen after some time and are often times not easily seen to be linked to the source of the good.

3.4 Critical View on CSR

In addition to there still not being a universal definition for CSR, let alone a method for calculating it, what is also very much under debate is whether or not CSR actually brings value to a company. What could be seen as one reason for this dispute is the lack of understanding of all the various channels and means through and conditions under which CSR can have an effect on firm value (Servaes & Tamayo 2013, 1045). Servaes' and Tamayo's approach (2013, 1045) to this speculation suggests that it is necessary for consumers to be aware of and familiar with a company's CSR activities and moreover the fact that if a firm's CSR activities are not in line with the company's reputation – being a responsible citizen – the consumers are actually less likely to respond to the CSR practices carried out by the firm.

As claimed by many, it is true that companies should view CSR critically and not just blindly engage in doing good without taking into consideration the possible drawbacks of being all so righteous. CSR in corporations can easily lead to the practicing of corporate philanthropy which is basically doing charity with the shareholders money. This of course is not tolerable in a profit organization unless guaranteeing or striving for improvement in economic performance. CSR works best when the end result is a win-win situation to the corporation as well as its stakeholder and therefore it is absolutely vital for companies to work on CSR in the areas that also benefit them. It is like energy conservation which did not become important to companies before energy became expensive or the trends of healthier food or fuel-efficient vehicles which gained attractiveness only after they became profitable to their manufacturers. In cases like these the companies actually benefitted society through their own interest but nonetheless the end result was bilateral benefit. (Karnani 2010.)

Here as we see, we come to the question of short versus long-term benefits. To gain this type of mutual benefit for clients and companies may require change in the corporation, its operation and activities and this is of course all about long-term orientation. Some corporations may be too risk averse and they might therefore avoid change that may jeopardize their short-term but benefit their long-term prospects. Examples of this could be for instance employee satisfaction improvement programs or product development. (Karnani 2010.) In today's short-term, high efficiency, immediate profit-oriented business world many companies may feel that they do not have the time or the patience for results that realize only in the long-run. Results want to be seen and profits gained immediately.

The dispute may continue but in the case of Alstom and particularly this thesis, the aim is to indicate the benefits and added-value which the practicing of CSR is expected to bring to the company whether short or long-term. Alstom currently faces challenges in convincing its deciding bodies, mainly the management level, of implementing CSR

practices in the corporation's business as usual-operations and hence needs concrete and practical examples of situations in which CSR could lead to long-term advantages and success. More about this issue I will discuss throughout the following parts of this paper.

3.5 Value Creation through CSR

Despite the speculations and doubts about CSR and its authenticity, gone are the days when corporations could turn a blind eye to sustainability and corporate social activities. There is no longer room for skepticism towards or denial of the fact that CSR activities are essential. The four-decade old idea of Milton Friedman (1970, 1) which claims that CSR is "hypocritical window-dressing" is surely outdated and it is now evident that the era of CSR has taken a new course. Today most of the Fortune 500 companies issue CSR reports and over 8000 companies worldwide have signed the UN Global Compact, committing to practice good global citizenship in social and environmental areas (From Fringe to Mainstream: Companies Integrate CSR Initiatives into Everyday Business). In fact, nowadays it is almost given that unethical practices backfire on corporations as consumers and other companies condemn and later reject these unprincipled companies. Also a lack of moral principles in a corporation can easily lead to legal problems – corruption, financial fraud or tax avoidance. The way information today is spreading and is accessible further contributes to the awareness and knowledge of customers. The level of transparency, whether wanted or not, is skyrocketing. (From Fringe to Mainstream: Companies Integrate CSR Initiatives into Everyday Business.)

Socially responsible actions and practices naturally involve costs. However, as discussed, it would not be very logical or probable for any company to carry out practices which only incurs expenses on the company – at least eventually this kind of a result would certainly end up being seen as a burden. Hence, carrying out CSR in any corporation is sustainable and likely to last longer when it actually generates benefits – either directly or indirectly – to the company (Tsoutsoura 2004, 6). As stated above, companies are responsible for creating shareholder wealth to their best ability and hence the best way to do this also through CSR is to have it bring proven economic benefits to the organization.

In this chapter I will discuss and analyze how and why CSR could be used as a beneficial asset and attracter at Alstom. I have chosen ten key areas, or rather benefits, of CSR which I will look into and analyze to help answer my research questions. These areas are the following:

1.   CSR regulations and reporting
2.   Risk management through CSR
3.   Company image and reputation
4.   CSR as insurance
5.   Cost savings through CSR
6.   Socially responsible investing
7.   Employee commitment and quality
8.   Corporate philanthropy
9.   Shared value and clustering
10. CSR as a differentiator

Towards the end of the chapter I will evaluate and compare all the benefits and possible downsides of all these areas by examining what would be the outcome if Alstom did or did not involve itself in or practice these areas of CSR.

3.5.1   CSR Regulations and Reporting

Governments on a global level are mainly the ones responsible for the wellbeing of their citizens and the environment. They have for long been the ones to call the rules of the game. However, nowadays there is a growing believe that the power is shifting. The influence and contribution of private corporations to global matters is gaining ever more emphasis and power and this means that the private sector should therefore be more aware and careful of the decisions they make and the policies and practices they carry out in their business. (Tsoutsoura 2004, 5.)

Despite this apparent power transfer, in the recent years after several grand corporate scandals, like the British Petroleum oil spill in 2010, the major factory collapse in Savar, Bangladesh in 2013 and the grand child labor scandal in whose vortex Nike agonized, just to name a few, and to top it all the most recent global financial crisis which has lasted for over half a decade now, surely have shaken the public's trust also in corporations' ability to self-regulate. Corporations are hence getting under more and more pressure to proof themselves and their reliability. The space for grand mistakes and scandals is constricted as competition is getting tighter and the number of eyes watching over businesses is increasing rapidly. Global and regional regulations are

increasing the pressure as well since they do not let anyone escape the set requirements. Policies and regulations will only increase in number in the future – let us face this fact. Hence it is more beneficial for corporations to be head of this game and abide the set rules before they are forced upon them with possible fines and sanctions. Of these regulations CSR reporting is just one example.

In the 1960's and 70's the awareness of responsibilities that were not sufficiently carried out by the governments in Europe and the US was the driver of sustainability reporting and about a decade later the ethical investment funds of the US and the UK implemented the so called "negative screening" investment approach which started stigmatizing companies based on their social and ethical performance. At the second half of the 1990's the United Nations Environment Program (UNEP) launched the Global Reporting Initiative (GRI) the purpose of which was to help develop the guidelines for sustainability reporting for the "triple bottom line" – economic, environmental and social performance – and in fact the objective was to have sustainability reporting at par with financial reporting in terms of rigor. This had a desired effect on the volume of, still that time voluntarily produced, sustainability reports. (Ioannou & Serafeim 2014, 5.)

While a couple of decades ago the number of companies that carried out CSR reporting was still only about one hundred, already this year this number has reached 6000 (Ioannou & Serafeim 2014, 5). This is of course partially also due to the agreement reached by the European Council and the European Commission on February 26th this year, which declares that all publicly traded European companies with more than 500 employees are required to annually produce a CSR report with metrics of several non-financial performance indicators in all three areas of sustainable development (European Commission 2014). This of course applies to Alstom as well, it being a large French multinational company.

Negative occurrences such as those mentioned above as well as organizational or national initiatives have led to demands from the investors and the civil society for reports discussing the corporate social responsibility initiatives of corporations which proof transparency and accountability of the corporation's business practices. Some business leaders have already awakened to the reality which is that these types of reforms in the general perception of the society can in fact be used as an advantageous tool which helps identify possible future risks and therefore also mitigate them beforehand. This will thus both benefit their reputation of the company as well as help secure its long-term survival in the business world if it is the forerunner of moving the markets towards greater transparency (Chaplier 2014). In summary, CSR reporting should be seen and carried out by corporations as a tool towards new opportunities rather than as a costly burden which hinders the business. CSR reporting is gaining popularity and the demand for it is increasing. Therefore corporations cannot afford to

lag behind in this area since it is the inevitable reality that needs to be faced. The same applies to CSR regulations – staying ahead of the game is virtually always better than lagging behind.

3.5.2   *Risk Management through CSR*

The rapidly growing globalization and interdependency in today's corporate world poses not only opportunities but also risks to companies. This connectivity has created new stakeholders and at the same time a shift in power more towards the stakeholders that affect and are affected by the business which again has caused the increased concern of social risk – the risk that arises when a company's operations or the operations of those functioning in the company's environment creates vulnerabilities, and the one that normally occurs when a stakeholder raises requirements regarding a social issue, pressuring the company in question to change its policies or approaches in its market towards more desirable ones (Kytle & Ruggie 2005, 6). This risk type is one of the generally known broad risk types: social, technological, economic and political, which together form the largely known abbreviation STEP (Kytle & Ruggie 2005, 6). However, while social risk in the past has been given less importance than the three others, its weight today is rising rapidly and it should be treated with equal importance together with its three peers.

CSR programs are expected to contribute to risk management in global companies because they set a framework as well as a set of principles for stakeholder engagement, supply information about current and emerging social issues and also help identify social risks (Kytle & Ruggie 2005, 1). Kytle & Ruggie (2005, 3) suggest that today's global shareholders – companies, governments and the civil society – interact and are involved in a dynamic relationship in which they all have a primary role (see Figure 4). Governments are known to be the enforcers and preservers of laws, rules and regulations but at the same time the providers for and representatives of their citizens. Corporations on the other hand are the action makers – innovators and value creators for their stakeholders and at the end the society as a whole. Finally the civil society is the guard of basically itself, protecting its people, taking a critical stance towards the government and corporations and hence driving for the general good of the society as a whole. Each of the three groups is able to pressure the others through their own areas of influence and thus generate change towards their desired direction within the system. Smaller stakeholder groups that maintain their awareness of corporate activities at all times are non-governmental organizations (NGOs), administrative bodies and the media to name a few, and they are also ready to bring up unpleasant issues and hold governments and especially corporations accountable for social or environmental

consequences caused by their actions (Idowu, Louche & Filho 2012, 2). Most companies cannot afford this and hence need to involve themselves in risk mitigation in all possible levels.
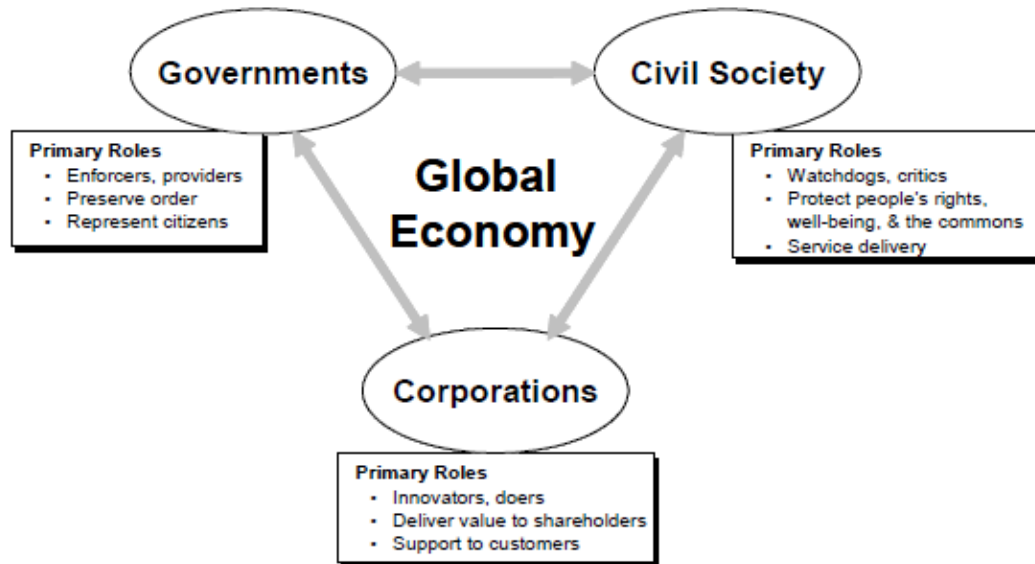

Figure 3   The Global Operating Environment (Kytle & Ruggie 2005, 4)

Markets do penalize companies when things go wrong. Share prices fall, boycotts begin, corrective actions are needed and penalties may have to be paid. Negative occurrences in which a firm encounters, let alone causes, and which are not managed in a proactive manner can severely damage the company's reputation which eventually will end up being very costly when there is a sudden need to re-polish the company image through information and advertising campaigns (Tsoutsoura 2004, 6). Also due to the increase in policies and regulations regarding social and environmental behavior, direct financial penalties are easily imposed on those breaking the ethical norms. Generally all corporations strive to mitigate risks and rather turn them into opportunities and this something that surely ought to be practiced in the field of CSR as well.

Generally speaking companies that adopt CSR principles are less risky to encounter negative rare or social events and hence become the eyesore of the global economy. These companies are more transparent and hence have a lower risk of engaging in for instance bribery or corruption. They are also more likely to implement stricter, despite maybe being more costly, quality and environmental controls and hence carry a smaller risk of e.g. having to make up for defective operations and corporate practices. (Tsoutsoura 2004, 6). All in all CSR oriented corporations can be more confident of their company image and reputation – areas that will be discussed in the following chapter.

3.5.3   *Company Image and Reputation*

A good company image is certainly the objective of every functioning organization or corporation and companies are well aware that unethical practices, scandals or conflicts will not contribute to the desired image. CSR practices and commitment to sustainable operations are likely to boost this type of a positive company reputation. An image can be deteriorated quite rapidly due to for example a negative event or action carried out by a corporation. A good reputation on the other hand takes time, often years, to build and evolve and is strongly influenced by and dependent on good, consistent performance (Weber 2008, 249).

Some studies, like the one conducted by Reputation Institute a few years back, show the relevance a company's image or reputation can have. This study with about 47 000 respondents ranked the world's top 100 most reputable companies. The results of the study indicated that people's willingness to buy, recommend, work for or even invest in a company is to a larger extent, 60%, driven by their perceptions of the company and 40% by their perceptions of the products the company sells. The survey also discovered that 42% of how people feel about a company is directly linked to the perception they have about the company's CSR practices. (Smith 2012.) Another study, the Nielsen Global Survey on CSR surveyed almost 30 000 respondents in 59 countries around the globe last year. The survey outcome was that 50% of global consumers (two-thirds of Southeast Asians and a third of Europeans) would pay more for socially responsible goods and services. This is a 50 % rise since 2011. The increase in all the surveyed countries was 74% which of course is a significant figure and indicates that people are becoming more informed and aware of the ethics and practices of corporations and that they actually do care about how ethically corporations, whose products or services they buy operate. (Nielsen 2013.)

Despite the rise in awareness and caring about social and environmental impact, the key question today is not whether the consumers care but rather with what impact and how much do they care, and most of all how to appeal to them, says Nic Covey, the Vice President of CSR at Nielsen. CSR is something that needs branding in order for it to "hit the nerve" of the consumer. (Nielsen, 2013.) It is no coincidence that the market for fair trade products has shot up in the past decade or so. Their success is rather a clear indication of change in customer preferences and thus their demand for socially responsibly produced goods. (European Commission 2008, 110.) It is sure branding has played a key role in getting these socially responsible goods in the absolute favor of consumers but why not use the same strategy for the branding of CSR then.

As Paul Toyne in his article in Management-Issues states: "an organization's reputation is built on its relationship with its staff, customers, suppliers, investors and the community they operate within" (Toyne 2004). These are the very same

stakeholders CSR strives to appeal to and in that way build and maintain reputations. These reputations need to be nurtured well because a deflection in a company's reputation can indeed be costly. A drop in share value or profitability, decrease in customer and staff loyalty or reductions in business opportunities or even new investments due to a company being seen as a greater risk, are all prime examples of how distrust can do harm to a company. (Toyne 2004.) Dominique Jaoul (interview 12.6.2014) from Alstom also pointed out that in business-to-business (B2B) behavior, it is important to remember not just the supplier but most importantly the client who is in the frontline, in the customer interface and more vulnerable to criticism, and whose reputation is hence more at risk should the supplier engage in unethical or inappropriate business practices. All in all errors in business behavior can truly risk many areas of the stakeholder base. On the other hand, as discussed above, a good corporate reputation can attract capital, trading partners as well as the top of the notch employees. If a company can build a strong brand which really represents its corporate values and qualities it is likely to improve its position as a stakeholder magnet.

The counter argument that some company managers, however, bring up is the idea that publically engaging in and announcing CSR commitments may actually put the company in a more vulnerable position for criticism from stakeholders and especially non-governmental organizations. Expectations for keeping made promises rise and public appearance will have people better remember both the company as well as its promises (European Commission 2008, 113). In some cases CSR practices can backfire at a company if they are not credible and congruent with the company's objectives. An example of this is the case of Philip Morris which started to campaign for the prevention of youth smoking which of course is completely contrary to what the company had hoped to achieve and hence was harshly criticized by both consumer and critics (Yoon, Gühran-Canli & Schwartz 2006, 378). This once again emphasizes the fact that CSR practices should be in line with a company's corporate objectives and values and should not strive for greenwashing or the polishing of a company's image.

3.5.4   *CSR as Insurance*

The study by Godfrey, Merrill and Hansen (2009, 426) looks at how and when CSR activities create goodwill or moral capital for a company. They see CSR activities to act as an insurance-like protection in the event of negative occurrences and this way to reserve shareholder value and safeguard the company's corporate financial performance (CFP). Basically the practicing of CSR works as a buffer for corporations in case of a negative event which might threaten the company's reputation and where CSR has then built a base for the company's good reputation. In other words the harm is smaller if a

good company does bad compared to a bad company doing bad. This could be compared to the mens rea determination which is used in legal terminology and which basically suggests that an act is not culpable unless the mind is guilty (Godefroy et al. 2009, 428). Based on Godfrey's idea here CSR is seen to preserve, rather than to generate, economic value for a corporation. (Godfrey et al 2009, 426-248.)

Godfrey, in his other argument on behalf of the link between risk management and shareholder value, talks about investing in risk management and compares CSR to a norm of virtually every individual: fire insurance. People are expected to have and are willing to pay for certain insurances such as fire, house, travel, although the price for these exceed the expected loss. However, the risk reduction in this type of case adds value to stakeholders – they feel secure. Risk reduction not only brings companies and its stakeholders security but also protects shareholders against deadweight costs, the costs occurring when other real costs are placed on the company as a result of a lost case or opportunity. (Godfrey et al. 2009, 237.)

Godfrey also argues that firms with a larger market presence should be more willing to engage themselves in CSR practices since they are more prone to incur more risks due to their higher amount of transactions and wider presence. Bigger companies and especially those that are listed in the stock markets also have to bear larger amounts of scrutiny from the media, authorities as well as other stakeholders. Hence in the case of a negative event a large company is more likely to be targeted by the media and gain negative attention from individuals as well. However, companies that are involved in CSR are expected to face less negative reactions than the ones that do not practice CSR since companies with high CSR involvement are most probably regarded as more ethical and non-self-serving and whose basic objectives are morally correct.

3.5.5   *Cost Savings through CSR*

The aim of every corporation is to reduce costs and maximize profits. CSR activities are not the first ones to be seen as a good target for cost reductions as they are actually most often related to expenses borne by the company itself, costs which are incurred through for instance corporate philanthropy, employee wellbeing or environmental controls. Certain CSR initiatives can, however, drastically reduce operating costs and even increase revenues. For instance the reducing of pollution or energy consumption, waste management, employee training programs, substitution or reduction of packaging materials, or the planning of more optimal routes and means of handling logistics can lead to significant cost savings (Tsoutsoura 2004, 7). Wal-Mart is a good example of this. The company reduced its transportation costs by $3.5 million simply by an initiative to reduce the packaging on toys. Through this the company also saved almost

3.5 tons of corrugated materials, nearly 1.34 barrels of oil and over 5000 trees. Hence the company both benefitted itself as well as contributed to socially responsible causes. (Geoffrey & Maines 2010, 447.) Another example of translating environmental commitments to product innovation is Siemens, which has had revenues of over 20€ million coming from its environmental portfolio just between years 2010 and 2011.

In a study conducted by Eccles, Ioannou and Serafeim (2011) it was found that companies that engage in CSR activities are generally more likely to outperform companies that do not when it comes to stock market and accounting as well as organizational performance. The authors believe that it is the corporate culture of sustainability that these companies possess as well as the tying of environmental and social concerns right to their core strategies of the company that help them maintain a competitive advantage over their competitors (Eccles et al. 2011, 17-18). In their study Eccles et al. divided a total of 180 companies into two groups, "high sustainability" companies and "low sustainability" companies, tracking their financial performance between the years 1992 and 2010. The authors believed and wanted to demonstrate that high sustainability could pay off and give more sustainable companies a competitive advantage in the market.

What the researchers did question in the early stage of their study, and what many companies and individuals constantly question, is whether the high sustainability companies would actually be able to outperform the low sustainability companies. After all the firms in the high sustainability group could easily underperform due to the fact that they experience high labor costs as they provide excessive benefits to their employees, give up on business opportunities that are against corporate values, and deny to get involved in bribery to gain business in for instance corrupt countries where bribes are the norm. Regarding all this it seems as though companies that practice business that is high in sustainability face tighter constraints which can easily become a hindrance in business performance and eventually lead to lower profitability (Eccles et al. 2011, 17). On the other hand Eccles et al. thought the high sustainability companies of being able to outperform the low ones since they are able to attract better employees, establish supply chains that are more reliable, avoid conflicts and controversies in the environments they operate in and hence maintain their license to operate, and also better engage themselves with process and product innovations giving them a better competitive edge and a head start from their competitors (Eccles et al. 2011, 22).

At the end of their study Eccles et al. indeed found that high sustainability companies are indeed able to significantly outperform their counterparts in the low sustainability group. Financial metrics such as Return on Assets (ROA) and Return on Equity (ROE), as well as lower stock price volatility, supported this finding. The final conclusion of the study indicated that high sustainability firms actually generate remarkably higher stock returns, and do not sacrifice their shareholder wealth creation. Therefore

integrating environmental and social issues into a company's core strategy can indeed lead to the company gaining competitive advantage over its rivals. (Eccles et al. 2011, 17-18.)

3.5.6   Socially Responsible Investing

Today companies no longer have much room for following Milton Friedman's ideology which suggests that companies possess only minimal ethical obligations beyond the obeying of law and maximizing of profits (Hill et al. 2007, 165). Pressure from all directions has driven firms to more principled behavior, however continuously having to keep in mind the number one mission and primary reason for their existence – to create value for their shareholders. This has led to the increase of attention being directed towards the link between CSR and financial performance of companies, which has in fact resulted in the creation of the concept of socially responsible investing or SRI. (Hill et al. 2007, 169.)

SRI, defined by the UK Investment Forum, is the "investments enabling investors to combine financial objectives with their social values". Since the early days of SRI in the 1940's, when governments and unions started withdrawing from investing in companies seeming to engage in unfair labor practices, this moral form of investing has grown to the level today where it is more wide-spread than ever. (Hill et al. 2007, 169.) The idea of receiving return which at the same time accomplishes CSR objectives simply sounds utopist but seems like this is the direction we are heading at. Investors are now able to make financial investments which simultaneously meet their moral values (Hill et al. 2007, 169) and many today feel that social concerns ought to be part of their investment objectives. Not only meeting their own values, through SRI investors are able and often strive to proactively influence corporate decisions that could have a negative impact on the environment or society. Through investment decisions corporations are put under pressure to act morally and improve their business practices while simultaneously promoting the value of the corporation and hence its financial performance. (Forbes 2013.)

Between years 2011 and 2013 SRI investing grew by as much as 22% and according to an estimate by Forbes (Chamberlain 2013) about $1 of every $9 under professional management in the USA itself is classified as an SRI investment. Today people have an extremely wide range of investment targets so they can and do choose carefully – based on both ration and emotion – and why should they not? SRI investors are said to seek for companies with strong CSR profiles and are in often cases also active in striving to strengthen them by for instance having large holdings and hence more influence on decision making (Norup & Gottlieb 2011, 16).

Just in December 2014 an article about the possible impact of the willingness to invest responsibly was published in a Finnish economic newspaper Kauppalehti. The article was about a Finnish pulp and paper company Stora Enso which in spring 2014 got into disrepute for dealing with sub-suppliers who were involved in using child labor. After that spring investors considered that not enough had been done in the time line of eight months to improve the situation and hence by the last month of the year Swedish banks like Nordea and Swedbank Robur had sold their SRI fund Stora Enso shares and a Swedish employee pension fund Sjunde AP-fonden was not far from making the same decision. (Mauno 2014.) This is just one recent example among many others of how awareness in SRI has grown and gained popularity.

Now it is only up to the corporations, those such as Stora Enso, to meet the wants and needs of their investors, and ensure they can answer these desires not only financially but also in the moral respect. Surely in order to be part of a SRI portfolio in a fund, a company needs to meet certain criteria set by the fund itself, and the ethical matters it focuses on, as well as those set as the common ethical framework of SRI (Norup & Gottlieb 2011, 20). As said, SRI-type of investing is gaining popularity and this means that especially large corporations need to be able to respond to this raise in demand. In order to become or remain a strong player in the stock market there is now one more important aspect that listed companies need to keep in mind: the opportunity for their investors to ethically invest.

3.5.7   *Employee Commitment and Quality*

"What does it mean to say that "business" has responsibilities? Only people have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities, even in this vague sense", is what Milton Friedman challenged in the 1970's. A company is not a person to whom responsibilities are given to. The responsibilities lie within the people. (Friedman 1970, 1.) Alstom's slogan and human resources campaign "It's all about people" can be linked to Friedman's ideology. Commitment from all the company's people is needed in order to have business run smoothly and profitably. Employee commitment for Alstom is key and hence it is also vital for Alstom's employees to have and take responsibility of their own actions and also the actions of the company.

Tsoutsoura (2014, 7) states in his paper that companies that are perceived to have a strong commitment to CSR practices and policies are expected to have a better ability to attract and retain employees. This naturally leads to reduced recruitments, employee turnover and training costs to name a few. It is natural for people to compare their

personal values to those of their employer and if there is a conflict between the two, it could lead to dissatisfaction at work and eventually resignation. According to a global workforce study conducted by a professional services firm, Towers Perrin, the third most important driver of employee engagement is CSR (From Fringe to Mainstream: Companies Integrate CSR Initiatives into Everyday Business). CSR helps attract and retain talent but it can also contribute to increased productivity and reduced error rates. For example ensuring the high quality of production facilities and work sites helps ensure that workers have good working conditions and hence are more efficient. This again leads to a higher quality of products or service generated by the employees, which again generates positive cash flows and potentially higher profits. (Tsoutsoura 2004, 7.)

The European Competitiveness Report states that there is a correlation between CSR practices and human resources in an organization. This statement is supported by researches which discuss the fact that for example most MBA graduates in the US and Europe take into consideration CSR related matters when considering where to work and most are willing to forgo financial benefits to work for a corporation that is more reputable for CSR practices. An increasing number of people also weigh their possibility to contribute to society when conducting job search. (European Commission 2008, 108.) Many people, at least the ones who have a choice, no longer want to simply work for a living but rather seek meaning in the work they do. This means that they pay attention to how they and their company contribute to the environment they operate in.

There are various ways in which companies can support and carry out CSR practices and thus improve their employee commitment and quality. For example companies that carry out diversity, i.e. who recruit people representing both sexes or different races and age groups, will have a wider pool of talent with various skills and capabilities, perspectives and experiences. Alstom's diversity initiative which was launched in 2013 is one step towards the right direction in this perspective. However, work in this field too ought to be continuous and constantly improved. The linking of employee remuneration to social and environmental issues is another way of working on CSR simultaneously with employee satisfaction. Having CSR being practiced hand in hand with rewarding employees helps assure stakeholders that the company is serious about its CSR practices and performance. Until today this form of employee remuneration has not gained as much popularity as anticipated since just 10% of the biggest companies in the world, most of which are in Europe, practice it (Robecosam 2014). Nonetheless, similar to the investment market, stakeholders are increasingly aware of their choices also in the labor market, which means that companies need to pay attention to all areas of interest which may help recruit and retain the top of the notch employees.

Corporate social responsibility is at the core.

Figure 4   The Quality Management Environment (Leonard & McAdam)

Leonard and McAdam illustrate in their Quality Management Environment diagram (2003, 29) the way CSR ought to be placed in an organization's quality management environment. Their idea suggests that CSR is part of the values philosophy and culture of an organization and is hence situated at the core of the management environment and corporate culture. When a corporation's culture and values are righteous and when the rest of the corporation's operations are built around these foundations and the employees know it, their, just as well as the rest of the organization's, commitment will also be built on a more solid foundation which again contributes to employee commitment and company performance.

3.5.8   *Corporate Philanthropy*

Godfrey (2005, 778) defines philanthropy as a nonreciprocal transfer of wealth from one entity to another which hence is not an exchange of value between two parties. However, philanthropy can also be practiced in a way that benefits both the giving as well as the receiving party. The truth of the matter is that companies do not function separately from their surrounding society and environment. The circumstances of their surroundings have a great impact on the companies' ability to compete and hence corporations ought to use this setting as an opportunity rather than a threat or a

hindrance to their business. As discussed earlier in this paper, CSR and therefore also corporate philanthropy should be practiced by firms in a manner which creates explicit value to the stakeholders, the shareholders in particular. The means to reach this value are often multiple and hence corporations need to carefully assess which are the philanthropic activities that can best create value to both them and their objects of assistance. The activities a company engages itself in should also represent the company's core values which are most central to its image. Linking philanthropy to the most central organizational values helps ensuring consistency between the company's policies and processes, and its philanthropic portfolio. It also takes less effort when the "do good" initiatives stem from the firm's most fundamental values, not having to create new ones and use additional effort and resources on that. (Godfrey 2005, 795.)

As an example, in order for corporations to carry out sustainable practices they can for instance invest in the quality of their business environment in the locations where they operate and this way can bring together environmental, social and economic goals. Hence they can get involved in charitable practices to improve their competitive context, as Porter and Kramer would put it (2002, 66). Practices like this are likely to improve the company's long-term business but of course requires companies to carefully plan where and how they want to focus their corporate philanthropy (Tsoutsoura, 2004). In social terms education would also be a good example of philanthropy that is actually mutually beneficial. The level of education of the local workforce has a substantial effect on the company's potential to operate and possibly hire local work force in the area it operates in (Porter & Kramer, 2002). Also a company's ability to innovate, attract and retain talent, anticipate regulatory changes, and being pro-active in global issues matters to investors and impacts a company's competitive position and long-term financial performance (Tsoutsoura, 2004).

3.5.9   Shared Value & Clustering

The approach of today's corporations to create value is outdated and cannot be well implemented in the current ever demanding business world where businesses are being blamed for prospering at the expense of the society and are regarded as the major cause for social, environmental and economic problems. The more businesses promote and talk about corporate social practices, the more they are being pinpointed whenever these types of problems occur. All this tension has led to the next part of the vicious cycle where policy makers are pressured to set policies which then suppress competitiveness and hinder economic growth. (Porter & Kramer, 2011.)

The truth, however is that companies are indeed holding on to an outdated approach to value creation, optimizing short-term financial performance and are hence missing

the most important, creativity driven, and long-term customer needs. The main issue here is that societies and corporations are driven apart and this should not be the case. Business and society ought to be brought together and economic value should be created in a way that also creates value for the society. This type of value is what Porter has called shared value – a way to drive economic success by also creating value for the society. (Porter & Kramer, 2011.)

As discussed earlier, a company's core purpose is to create wealth for its shareholders and to be profitable. Any actions or practices a company involves itself in, ought not to accumulate costs at least if no return on investment (ROI) is eventually seen linked to that activity. The purpose of shared value is to promote this fundamental objective but at the same time it helps meet also social and environmental needs which play a key role in defining markets. Shared value takes into consideration that for instance social weaknesses, such as wasted energy or costly accidents, can cause internal costs and hence create harm to the business. After all companies and the communities they operate in are closely intertwined. A business needs its community to create demand, provide public assets and also a well-functioning environment. The community on the other hand needs businesses to create jobs and opportunities, and overall welfare around it. (Porter & Kramer, 2011.)

According to Porter (2011, 65) there are three distinct ways a company can create shared value: by reconceiving products and markets, by redefining productivity in the value chain, and by building supportive industry clusters in the company's operating environment:

Reconceiving products and markets: Societies needs are ever growing and also ever changing. In more developed economies for instance the need for meeting societal needs is growing fast. Environmentally sustainable products, foods with high levels of nutrition, organic produces, and goods manufactured ethically are all examples of areas where demand is growing. By companies taking into account these changing trends, they create opportunities for themselves as new paths for innovations open up and customers' needs are met in a whole new way. By meeting their customers' demands through new product innovations and product areas both companies benefit though possible increased business and similarly customers benefit by having their needs being met and their desired goods offered to them.

Redefining productivity in the value chain: As stated earlier, there are many externalities that can inflict internal economic costs in a company's value chain. A firm's value chain is long and has multiple contributing factors. It affects and is also affected by societal and environmental circumstances and features such as water or energy usage, health and safety issues or equality and working conditions. By increasing performance and bettering in these areas, a company can cut costs simultaneously to improving its operating environment. For instance pollution reduction

is no longer seen as a cost accumulator or an imposed operation from governments and NGOs, but rather a trigger to technological innovations and thereby benefits such as resource savings, process efficiency and quality improvement. (Porter & Kramer, 2011.)

Building supportive industry clusters: Every company and its success is affected by its environment: the infrastructure, community and supporting organizations around it. No firm is self-contained. Hence so called "clusters" – geographic concentrations of businesses, good and service providers and logistical infrastructure – are strong influencers of a company's productivity, innovation and competitiveness. Clusters also draw on public assets which are shared by the surrounding community, assets such as: schools and medical centers, clean water and energy access, laws and regulations and certain common business standards (Porter & Kramer 2011, 72). A poorly functioning cluster naturally imposes costs on a company. Poor education leads to accumulating training and productivity costs, poor transportation on the other hand accrue costs due logistical inefficiencies, and gender and race discrimination reduces the potential diverse pool of good, capable employees. By contributing to the improvement and building of their surrounding clusters, companies can help increase their business as well. Educating local communities and promoting diversity can generate good employees to the company while contributing to infrastructure or water and facilities can help cut logistics costs. Generally clustering can lead to successes like new jobs in supporting industries, establishing or development of new firms or ancillary goods and services. (Porter & Kramer 2011, 73.)

As Dominique Jaoul (interview 12.6.2014) from Alstom points out, in the past companies were expected to do business and only business. Nowadays companies create wealth but also face an expectation from their surrounding communities and environments of working together and creating mutual benefits through their business practices. Many of Alstom's customers for instance are today asking their suppliers to indicate how Alstom contributes to CSR. In their requests for quotations clients may ask the potential supplier to define how it deals with employee training or for example waste management. Some will automatically disqualify suppliers that are not seen to be CSR-oriented enough. Alstom has the same practice for its suppliers. All this supports the assumption that business is of course important but transparency and openness today is expected more than ever before. (Jaoul, interview 12.6.2014.)

Porter (2011, 75) too, in his article, claims that the opportunity to create economic value through societal value has begun to be one of the strongest forces driving growth in today's global economy. This new mindset represents a renewed way of looking at and dealing with all the influences affecting corporate success. This will be, and already has been seen in firms actually making real strides on environmental and social welfare, not only to cater external demands but also to use it as a competitive advantage.

Especially a multinational, largely spread corporation like Alstom has a vast range of opportunities to creating shared value, and it has already been doing so.

Jaoul gives as an example of Alstom's current way of acting locally when it comes to CSR. Alstom's objective is to make an assessment of the country and community it operates in, to adopt to the local people in each social environment and to plan its CSR practices in a way that best serves that environment. Looking at it from a wider perspective, according to Jaoul developed countries like Germany would prioritize the environmental aspect of CSR – the nature, while developing countries like India would prefer focus on the economical, and Brazil on the social aspect of CSR. (Jaoul, interview 12.6.2014.) The next phase at Alstom, which will be further discussed in the analysis part of this thesis, is to take shared value and the practicing of it to the next level and have this common value implemented in all possible business operations.

3.5.10   CSR as a Differentiator

CSR as a differentiator virtually boils down to combining of all the previous nine aspects of CSR discussed above, ultimately, however, the company image. Mostly due to the acquired good reputation corporations have built through socially responsible business behaviour these companies can rely on the fact that at least standing out in this positive sense can only be a benefit. As already mentioned, CSR policies and practices need to be genuine and carried out systematically following the company's values and principles. When the CSR aspect is truly linked to the corporation's core culture it really can help the company differentiate from other rivals in the market but this differentiation and effort has to be taken always one step further than that of the competitors. CSR is no longer a "nice-to-have" addition to other business practices but rather ordinary - an expectation and a requirement from all stakeholders.

As Eran Gartner, the former Head of Strategy and Business Development at Alstom stated, CSR has become mainstream and increasingly important in also the emerging markets (Gartner, interview 12.6.2014). Alstom is still not thriving at being the cutting edge in CSR and hence is not really utilizing CSR to differentiate itself. Companies can legally or competitively no longer avoid or deny CSR or the participating in it. CSR reporting and transparency, and the measuring and sharing of it, exposes a company to certain disciplines and responsibilities to meet CSR requirements. However, some companies go beyond the mandatory by using CSR as a differentiator and a means to have a competitive edge with the use of ethical business behaviour.

As discussed earlier in this paper, Alstom has started its involvement in CSR later than some of its core competitors, Siemens and General Electric to name a couple. However, the company is today very much involving CSR in its activities, its vision and

policies and it envisions CSR as a core determinant in its long-term future activities. In order for Alstom to differentiate itself from its competitors though, it will have to take one step further than the others in the game. Already now Alstom has won a rail transport project, in fact one of the financially most remarkable ones in history, in South Africa due to the fact that it differentiated itself from its rivals with CSR policies and measures. As long as the same approach is used in the future too, Alstom has a good chance in becoming the leading light in its industry when it comes to being socially responsible.

3.6 CSR and the Futures

The world around us is changing faster than ever before: global human populations are growing faster and the impact of human activities in both the environmental, social and economic habitats is felt in more ways and more strongly than in the past. CSR with its continuously increasing importance is surely shifting the way business today and especially in the future will be conducted.

3.6.1 Future Trends of CSR

An article in Forbes (2012) by Tim Mohin lists ten trends of CSR that were expected to realize in the year 2012 or had already begun to do so in 2011. He starts with going global: the increasing global awareness and responsibility of companies not only in their own operations but the operations and behavior throughout their supply chains. Globalism is also spoken about in regards to the growing world population and the increasing emphasis of producing and consuming virtually everything more efficiently. Mohin also talks about increasing transparency. Increasing numbers of corporations are issuing sustainability reports and auditing firms are in fact also becoming more and more interested in monitoring the CSR performance of big firms. Third is his list, Mohin discusses employee engagement and how its connection to CSR continues to grow. He quotes studies that have found that environmental and social contributions increases employee commitment and that stronger sustainability programs in companies contribute to higher efficiency and loyalty of employees. He also discusses the growing phenomenon of today's employees choosing their employers based on their values and not only their performance. Political pitfalls, or politicians referring to company success stories in their election campaigns and praising the right companies for the right reasons, and collaboration, in the form of associations and net-works promoting cooperation on CSR matters especially in challenging industries like mining or

chemicals, between corporations were also brought up on Mohin's list. In addition he emphasized the increase in sustainability shoppers meaning consumers tuning into sustainability factors when making their purchasing decisions, and the increased awareness of CSR matters through social media. Politics is never completely separated from business and Mohin knows this. As his final trend he lists human rights. Due to fast globalization, increasing transparency and expectations from knowledgeable stakeholders, the risk of being involved and then "grilled" for human rights violations lies in a more fragile foundation than probably ever before. Increased awareness in all areas of sustainable behavior has indeed come to the point where toleration is at its lowest level. (Mohin, 2012.) Despite the fact that Mohin's expectations were written for the already gone year of 2012, these ten trends have not come to an end and are expected to continue modifying the future of CSR in one way or another.

Stephen Jordan, the senior vice president of the US Chamber of Commerce and the executive director of the Business Civic Leadership Center identifies three main trends in CSR, some of which support Mohin's points as well. The first one is the major shift towards higher transparency and communication, actually meaning the increase in CSR or sustainability reporting in companies. The second is the increasing ability to differentiate CSR from corporate philanthropy: companies regarding CSR with a more strategic approach and actually embedding it in their operations and business practices. The third major trend is the growth in proactivity towards CSR operations. Instead of being defensive and reactively responding to stakeholders demands on social, environmental and economic issues, companies strive towards addressing their external operating environment in a more anticipatory manner. (Kanani 2012.)

Today consumers, at least those who have the opportunity to choose their products and services, have become to obtain high levels of awareness of the corporate environments they consume in. More and more questions arise due to transparency and the availability of information – a big thank you to the internet and social media. NGOs, organizations or even individuals are not afraid to challenge companies and bring their wrong-doings into the open and to the awareness of the public. Therefore the ethical grounds that businesses base their practices on ought to be solid and genuine. As Jordan said in his interview in Forbes: "anyone can make a fast buck, but consumers, employees, investors, and communities aren't stupid, and bad apples don't tend to last long" (Kanani 2012). CSR is not going to disappear or diminish – quite the opposite. The future for opportunities in the field of CSR looks bright due to the increasing demand and awareness on socially responsible business. In order for companies to have a competitive advantage in their market, they ought not to forget the importance of CSR both now and in the future.

Futures studies has had CSR on its topic list for a long time already and the popularity of doing research on CSR is probably going to increase, mainly due to the

above mentioned reasons and causes – moral and ethics becoming more of a mainstream requirement from the public. The future, as well as the current vision of CSR is to balance economic responsibilities with environmental and social ones (Montiel 2008, 5). Futures studies in terms of CSR aims at envisioning the possible future prospects of CSR and its potential as an influential concept in which ever context it may appear. In this paper, of course, CSR is linked to the futures of one particular corporation, Alstom, and the added value CSR could potentially bring to this company. The most suitable futures studies method to study this matter was chosen after critically examining and taking into account the aspects that could have an impact on the CSR perspective in Alstom's value creation. This subject will be further discussed in the fifth, methodology chapter of this thesis.

4 RESEARCH MATERIAL

In this thesis both primary and secondary sources have been used. To gather a set of primary sources four interviews with Alstom management level people were conducted. For the compiling of a set of secondary material a wide range of literature in the fields of CSR, futures studies and the Alstom Group was reviewed, employee surveys made at Alstom were analyzed and discussions with several people with knowledge in this field of study were carried out in order to get the best and most wide understanding of CSR, Alstom and the future of CSR in the company. The choice of conducting a qualitative study was made based on the fact that firstly CSR is an extremely branched field of study and secondly in Alstom's case the clear issue of CSR and the need for its emphasis is not easily determined. As for the methodology which was used for this paper, a qualitative study similarly gives a more wide perspective to all the various matters, issues and solutions related to the field of CSR. A qualitative approach supports out-of-the-box thinking and gives less limitations to the respondents when answering questions. Despite mainly focusing and drafting conclusions based on the qualitative side of the study, also the quantitative studies that have been carried out earlier at Alstom were utilized, studies such as employee and management level surveys. In addition surveys and statistics discovered in secondary sources were used to get a wider range of statistical and quantitative data in the field of CSR.

4.1 Empirical Study – Interviews of Alstom Management

For the empirical research part I conducted an interview with four management level people from Alstom. The interviewees represented different departments and functions of the organization: strategy, risk management, innovation and CSR. The interviews were recorded and later analyzed to be used as a primary source of information for this thesis.

4.1.1 Conducting the Interviews

All interviews were conducted at the Alstom corporate headquarters at Levallois Perret in Paris, France in June 2014 and were recorded for reference. The list of seven questions was sent to the interviewees beforehand so that they could review them and prepare their responses before the actual interviews (see Appendix 1). The people interviewed were:

- Eran Gartner – Head of Strategy and Business Development
- Remi Serrano – Director, International Control
- Robert Plana – Chief Innovation Officer
- Dominique Jaoul – CSR Program Director

4.2 Alstom CSR Questionnaires and Surveys

As other sources of primary data used for this thesis were the Alstom employee survey on CSR which was conducted in 2011, the results of management and executive committee interviews and seminars held within the past couple of years at the Alstom headquarters, as well as the customer surveys which Alstom has also conducted in the early decade.

4.3 Implementing Primary Data to the Methodology

The using and implementing of primary data in the methodology part of the thesis was somewhat challenging since in the methodology used for this paper, which will be explained later, normally several sources of data are used from a longer time period and from various sources. Due to time limitations, however, in this thesis the methodology will be based on the primary as well as secondary data that was available during the time period used for writing this paper.

5 A SOFT SYSTEMS METHODOLOGY ANALYSIS OF CSR IN ALSTOM

This chapter aims at identifying and defining, by using the suitable methodology, the desired and feasible changes to the CSR practices currently present at Alstom. As it has been noted and declared, change is needed and also desired in the corporate behavior in regards of the company's CSR. More emphasis on this aspect of the corporate culture and its potential added value to the company's performance is indeed sought for.

In modelling, which is seen as a suitable approach for this thesis, the aim is to present the current situation and also new future situations which could potentially be implemented in order to reach the desired outcome (Pietilä 2006, 35). Observing and studying the possible futures of Alstom's CSR practices is important in order to see what patterns of the corporate behavior are likely or possible to change and what tend to be strongly embedded in the corporate culture and are not so easily altered. Possible, probable and preferable changes are evaluated and the likelihood of them eventually being implemented is weighted. Within the different approaches to modelling, I chose systems thinking and the Soft Systems Methodology (SSM) in particular as the most suitable method to approach and answer the research questions of this thesis. In the next subchapters the chosen methodology will be presented and implemented to Alstom's case after which the results and findings will be presented and research questions answered.

5.1 Systems Thinking

Organizations, such as Alstom, which today operate in highly unpredictable, extremely competitive and dynamic environments need to be on the top of their game in order to be competitive and strive – they need to have their systems continuously developed and up-to-date in order to reach a strong level of preparedness (Ståhle 2014). Systems thinking, which is basically the study of systems in all their forms and areas, reaches its roots back to the 20th century. The General systems theory which was founded by the Austrian biologist Ludwig von Bertalanffy who looked at systems as open, living organisms that communicate with their environment and serve as cycles which give feedback, inputs, outputs and throughputs in a continuous manner. These interactions maintain the system as a perpetual motion and allow the system to choose various paths of development, equilibrium of course being the desired state. (Ståhle 2014.)

In the 1960's the thinking about systems started changing from them being open by nature, towards their complexity and innate ability to change. Peter Checkland's methodology of soft systems is an example of the outcome of this chance in the way of

seeing systems. Checkland's main idea was to identify systemic changes, not regulating or manipulating them, which come from within the system and cannot be studied or manipulated from the outside of it. (Ståhle, 2014.) Due to this nature of Checkland's methodology, where the system is basically observed from within, the Soft Systems Methodology was chosen as the most suitable method to analyze Alstom's corporate CSR culture in this thesis.

5.2 Soft Systems Methodology

The SSM is a system developed in the 1970's by Peter Checkland and his colleagues to help solve problematic issues in organizational management and policy contexts which cannot be mathematically solved and which often have no easily identifiable problems as such, let alone solutions (Lester 2008, 1). In fact the model was initially built to help solve problems related to efficiency and effectiveness in human organizations but the model is nonetheless able to address all areas of human activity (Patel 1995, 13). Maqsood, Finegan and Walker (2001, 3) argue that the SSM is most appropriate in situations where a problem "cannot be formulated as a search for an efficient means of achieving a defined end; a problem in which ends, goals, purposes are themselves" - a soft problem so to say. The purpose of SSM is thus to address soft value related problems in organizations and to recognize the world-view or the expected general view in social situations where different people are involved (Lester 2008, 1). Often the use of SSM is initiated when an undefined problem in a system or for instance an organization is identified. Lack of efficiency, inability to meet a purpose, or disagreements between the representatives of the system are just a few examples of possible problems. In addition to looking into the core issue itself, the SSM also strives to understand and utilize the different perceptions of the people involved in the situation in question, practically trying to understand the world of complex organizations particularly form their cultural perspective (Maqsood et al. 2001, 2). Hence the methodology strives to take into account all the possible factors contributing to the situation at hand as well as those contributing to the possible forthcoming situation. Although SSM develops models, these models are not supposed to represent the real world but rather to help structure one's thinking about the real world and to eventually solve vague problem situations whose ultimate problems even are hard to define. The SSM particularly works as a good tool for self-analysis for the organization or individual who is reflecting its own performance and assessing its areas that are in need of improvement. It also observes the human activity, or any other, not as just the sum of its parts but as a whole, interactive system (Patel 1995, 13). This whole, interactive

system can and is worth breaking down into activity entities whose goals ought to be coherent.

The purpose of futures studies is to give purpose to new information and to link the information to future perspectives. The SSM works as an effective futures tool whose purpose is to help approach organizations and their development from a systemic perspective (Rubin, 2004). It utilizes systems thinking and seeks to evaluate all possible options to solving a particular problem from an organizations cultural perspective (Maqsood et al. 2001, 2). The SSM hence helps assess, which are possible, preferred and probable development trends in the observed organization, by identifying the current state of the organization as well as its desired future state, and then comparing these two (Rubin, 2004).

In the case of Alstom and its CSR policy, the SSM is a good tool to be used since the CSR issue in the organization is indeed hard to define and the problem of evaluating the impact of CSR as such is difficult to assess or determine. Despite CSR being practiced at Alstom and being involved in its business practices, it is still a fact that the value actually created by the practicing of CSR continues to be difficult to define and especially to calculate. In this thesis the SSM may be able to help define the areas of improvement in practicing CSR as well as the potential value created for Alstom by the use of CSR by looking into the corporate culture of the corporation and by trying to take into account all aspects and perspectives of the issue at hand and also by considering these perspectives from the so called "expected general view" (Lester 2008, 1). As stated above, the SSM is like a comparison of the world or a particular situation as it is and of how it could or should be (Williams 2005, 1). Thus by applying the SSM theory to this thesis, I aim to clearly answer the research question of this paper.

5.3   The Soft Systems Methodology process

The conventional use of the SSM goes through seven process stages (see Figure 5) some of which represent the real world and some the conceptual world (Lester 2008, 1). However, it is highly emphasized that although these steps have been numbered and put into this particular order, the SSM as a process is not exactly chronological but rather a wholeness whose steps are continuously in interaction with each other (Rubin, 2004). The seven stages as they are normally presented are listed below, then discussed in more detail and finally applied into the Alstom CSR issue.

1.   Entering the problem situation
2.   Expressing the problem situation
3.   Formulating root definitions (or key processes) of relevant systems
4.   Building Conceptual Models of Human Activity Systems
5.   Comparing the models with the real world
6.   Defining changes that are desirable and feasible
7.   Taking action to improve the real world situation

In the figure below, which is the illustration of Checkland's seven-stage Soft Systems Methodology these process stages and their linkage to each other is depicted in a more clarifying manner.
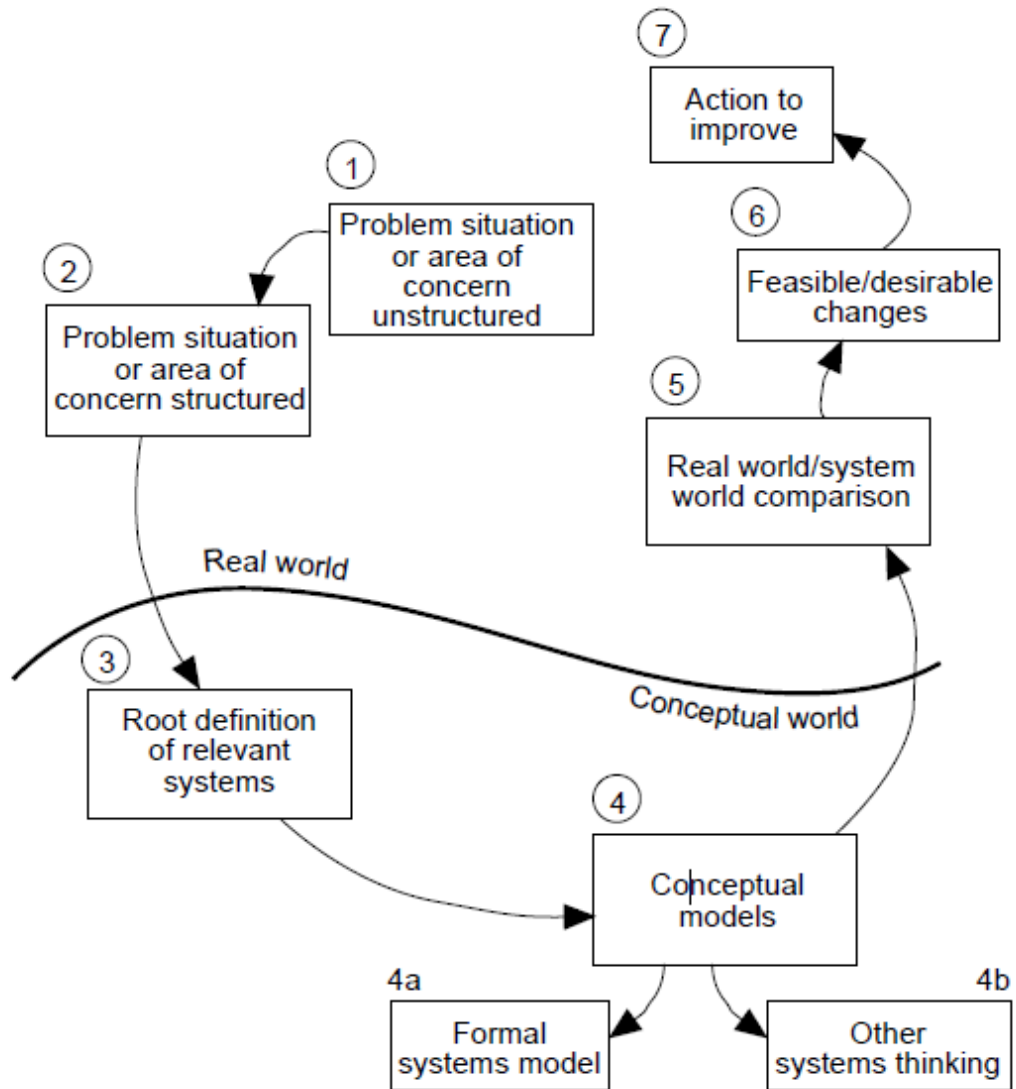
Figure 5   Checkland's seven-stage soft systems methodology (Patel 1995, 14)

5.3.1   *Stages 1-2: Defining the Problem*

The first stages of Checkland's methodology are the entrance into the problem situation and expressing it.

5.3.1.1   *Entering the problem situation - Assessing the general area of interest*

The first stage of the SSM defines the area where the problem of the issue at hand actually lies. Generally the SSM process gets triggered when a problem, sometimes vague, is recognized in a system and it is seen to require some change. The general area of the problem is then identified and some key contributors may be identified.

Sometimes a vision of the ideal state is known but often there is no clear goal towards which the issue at hand is hoped to be guided. Hence in the first part of the SSM process the problem is often defined very vaguely but then later on due to the interactivity of the whole process may open up and elucidate. (Rubin, 2004.)

CSR, despite being practiced and valued at Alstom, continues to be a vague concept to many Alstom stakeholders and also the value it creates to the organization remains unclear to many. As discussed above, calculating CSR is something several organizations and also individuals are trying to tackle. There is still no universal formula to calculate or assess the financial or even all non-financial benefits that CSR can bring to organizations and their stakeholders. The objective of CSR should not be and is not to simply meet the regulations and standards set by governments and authorities but also to actually obtain added value to the organization by engaging in socially responsible business and practices. This is the exact aim at Alstom as well – to utilize CSR in such a way that it can bring true added value to the organization and its stakeholders. But at Alstom as well, there are challenges in firstly defining the various ways in which CSR can in a positive way contribute to the company and secondly measuring or assessing the level of gain CSR could trigger. Due to the unclear means of setting measures to CSR, the management of Alstom as well as a good deal of the company's employees are not easily convincible about practicing CSR. Despite some projects having been proven to be won due to CSR, some want figures or clear indications of how and why CSR has been beneficial for the organization.

Thus the target of using the SSM is to help answer – by using the information from different stakeholders and by assessing the knowledge there is about Alstom's corporate culture – the research questions of this thesis: what added value does the practicing of CSR bring to Alstom and how Alstom can further pursue the added value brought by CSR. In the following chapters and subchapters, with the use of the chosen methodology, I will model, discuss and eventually draw conclusions and answer my research questions based on the phased methodology.

5.3.1.2 *Expressing the problem situation – Rich picture expressed*

In the second stage of the SSM the problem in question is actually expressed in some manner. This part Checkland would call the "rich picture" where the situation is to be depicted, preferably in picture format, in all its richness. As a guideline Checkland encourages to cover the following aspects in this part of the SSM process: structures, processes, climate, conflicts, people and issues expressed by the people. (Williams 2005, 3.) The purpose of the second part and of actually illustrating the problem is to deepen the representation of the issue in which development and improvement is sought

by drawing together perspectives and information from as wide a range of sources as possible (Lester 2008, 3). This part, in which both logic and culture of the situation are looked at, also shows the situation within which the problem occurs.

In order to understand and learn about perceptions, processes and beliefs related to CSR and its purpose and added value at Alstom, and to see how these beliefs and perceptions were linked to each other, background research was done by conducting interviews, going through employee surveys and company policies at Alstom. The rich picture for this case (see Figure 6) was then created to portray all the key contributors and players involved in CSR at Alstom and to indicate how these players and other factors affecting the process were structured around and interacting in the whole CSR-pattern. The different aspects listed by Checkland, those like the climate, processes, structures and people, were assessed and explored in order to have them fit in the right places and to have the right links in the rich picture.

To collect the information and data for the rich picture, and to ensure the most essential aspects and factors were taken into account and connected in the right manner, the information used was cross-checked with Alstom employees and other available documentation and materials. In the interviews conducted for this thesis the interviewees were asked how they see Alstom and its CSR policy and practices today in terms of its functions, strategy, competitors and the future. Most questions were based on how the managers saw Alstom's CSR today and how they would like to see it develop in the future. The employee survey mainly handled the employees' knowledge about and willingness to contribute to CSR in the company. Other employees with whom discussions were held gave broad and comprehensive fact-based information as well as opinions of their own related to the CSR functions of Alstom. The company's annual report, CSR policy and sustainability report and other material provided further knowledge, largely supported the other collected information and finally helped draft the rich picture which is now illustrated here below.
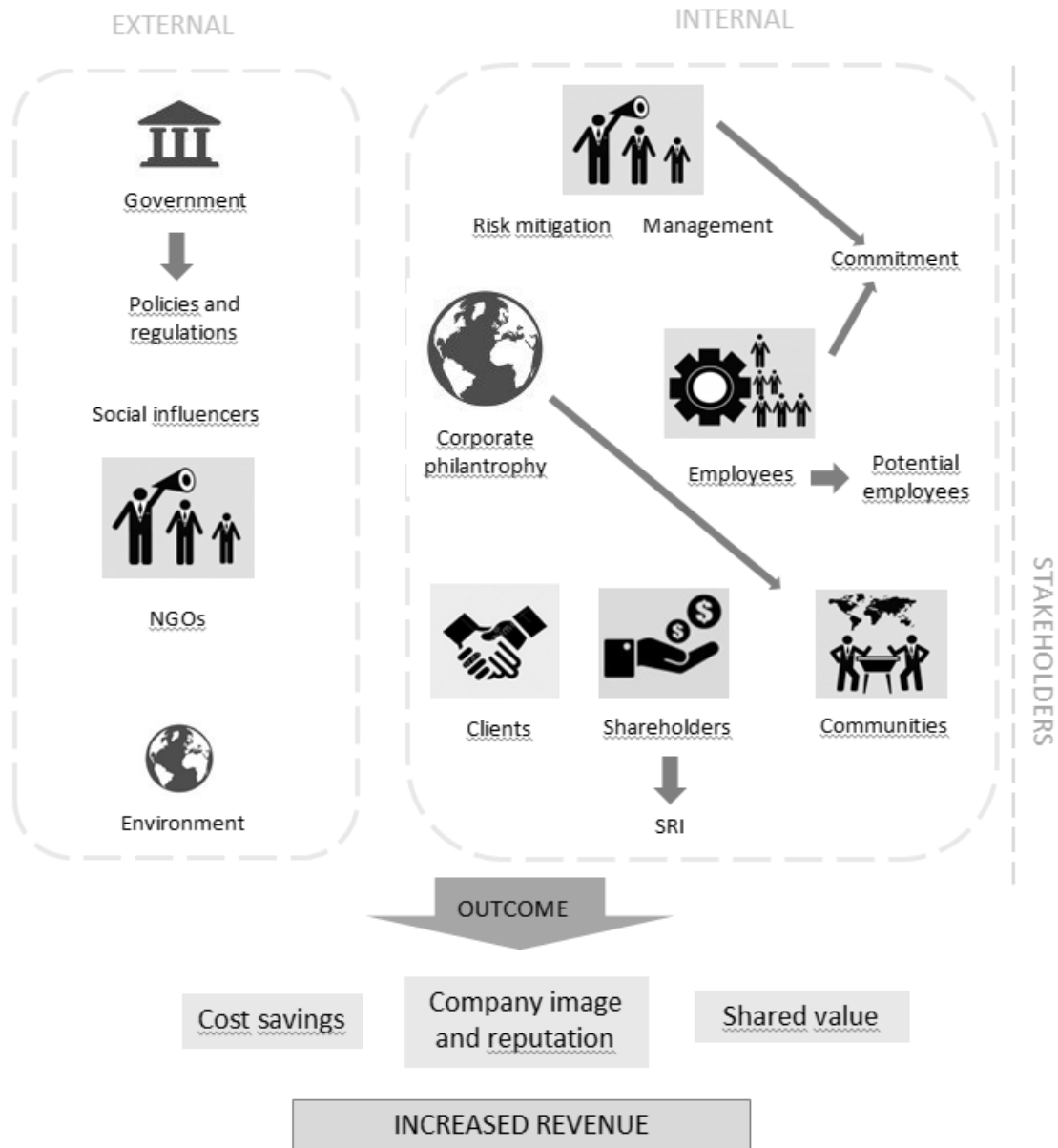
Figure 6   Rich picture - CSR Alstom

5.3.2   *Stage 3: Formulating Root Definitions of Relevant Systems*

After depicting the rich picture, the SSM process continues to the root definition stage, which basically moves out of the real world and into the world of systems where different perspectives are drawn from the created rich picture (see Figure 6). The first step of the root definition stage is to comprehend the various perspectives or key processes that can be drawn from the rich picture, the so called holons – processes

which can be both a whole and a part. These holons ought to be purposeful and relevant and able to describe the real world activities and occurrences. (Williams, 2005.) In all its essence the root definition helps identify the most central and key transformation towards the ideal state (Maqsood et al. 2001, 7) by utilizing a set of criteria summarized as CATWOE and the conceptual model, both which will be discussed below and which are derived from the rich picture (Maqsood et al. 2001, 6).

5.3.2.1 CATWOE

The root definition of the relevant system is what reflects the functioning of the system as it is desired. The root definition procedure or the CATWOE process, as Checkland and Scholes would call it, is basically the dividing of the system functionalities and processes into elements and the structuring of impacts between them – how do these functions and processes affect each other. By doing this a model of reality or the current state is being built and with its help the root definition eventually defined. Checkland and Scholes also suggest that the transformation criteria is the first one to be determined since it describes what in the process is actually transformed from input to output. In Alstom's CSR case transformation is described as: "having CSR as a key determinant and base for Alstom's business practices and procedures, and as a basis for decision making in the management level", as stated in the CATWOE table below (see Table 1). Transformation and the five other criteria that are determined in the mnemonic CATWOE are defined in the following manner:

- *Clients* – Those who are affected by the process either in a beneficial way or in a disadvantageous way
- *Actors* – Those who implement or are the cause of the process
- *Transformation* – The transformation the system causes or the change process that changes the system resource into a product. Transformation is the basis of the development of the conceptual model
- *Worldview* – The view that makes the system meaningful
- *Owner* – Those who are able to stop the change or transformation
- *Environmental constraints* – Those external constraints or limitations that are set by the environment in which the process works

In the case of Alstom the CATWOE was developed as below.

Table 1   CATWOE – CSR Alstom

CATWOE	
Clients	Shareholders, customers, employees, communities in project locations
Actors	Top and middle management of Alstom, government bodies, employees
Transformation	Ideal CSR practicing: Having CSR as a key determinant and base for Alstom's business practices and procedures, and as a basis for decision making in the management level, and having CSR bring value to Alstom
World view	CSR has become a key differentiator for many organizations and the pressure for practicing it is increasing. CSR should be practiced in a way that it creates added value to Alstom.
Owner	Alstom top and middle management, shareholders
Environmental constraints	Costs, shareholder resistance, stakeholder expectations, customer expectations, regulations from government bodies

From the CATWOE table, keeping primarily in mind the determined transformation criteria, the derived root definition for the CSR issue at Alstom is:

Due to the fact that CSR has become a key differentiator for many organizations and the pressure for practicing it is increasing, CSR should be practiced in a way that it creates added value to Alstom. This ought to be reached by having CSR as a key determinant for all Alstom's business practices and procedures, and as a basis for decision making. The initiative needs to come from the top and middle management, employees, and shareholders, supported by government bodies. Engagement from all parties will help overcome resistance and help reach desired expectations. Reaching the goal where all CSR practices bring true added value to Alstom will bring satisfaction to all stakeholders: customers, employees, shareholders and communities in project locations.

5.3.3   Stage 4: Building the Conceptual Model

The objective of the conceptual model is to illustrate the desired state that would prevail in a system or a process – not the state that actually exists but that which stakeholders think it is or should be or how they would depict it. There are several ways of drafting out the conceptual map but Checkland's recommendation is to use about nine bubbles each of which describes an activity (verbs used in imperative) necessary to carry out the transformation defined earlier. (Williams 2005, 9.) Checkland emphasizes that the model should demonstrate the following properties of a system:

- Continuous purpose and continuity
- Means to assess performance
- Decision making process
- Sub-systems
- Components that interact
- An environment
- A boarder between the system and its environment
- Resources

Checkland's recommendation is also to come back to the model and continue its development in latter stages of the process, as the SSM process is indeed a cyclical one where different phases interact and learn from each other. (Williams 2005, 9.)
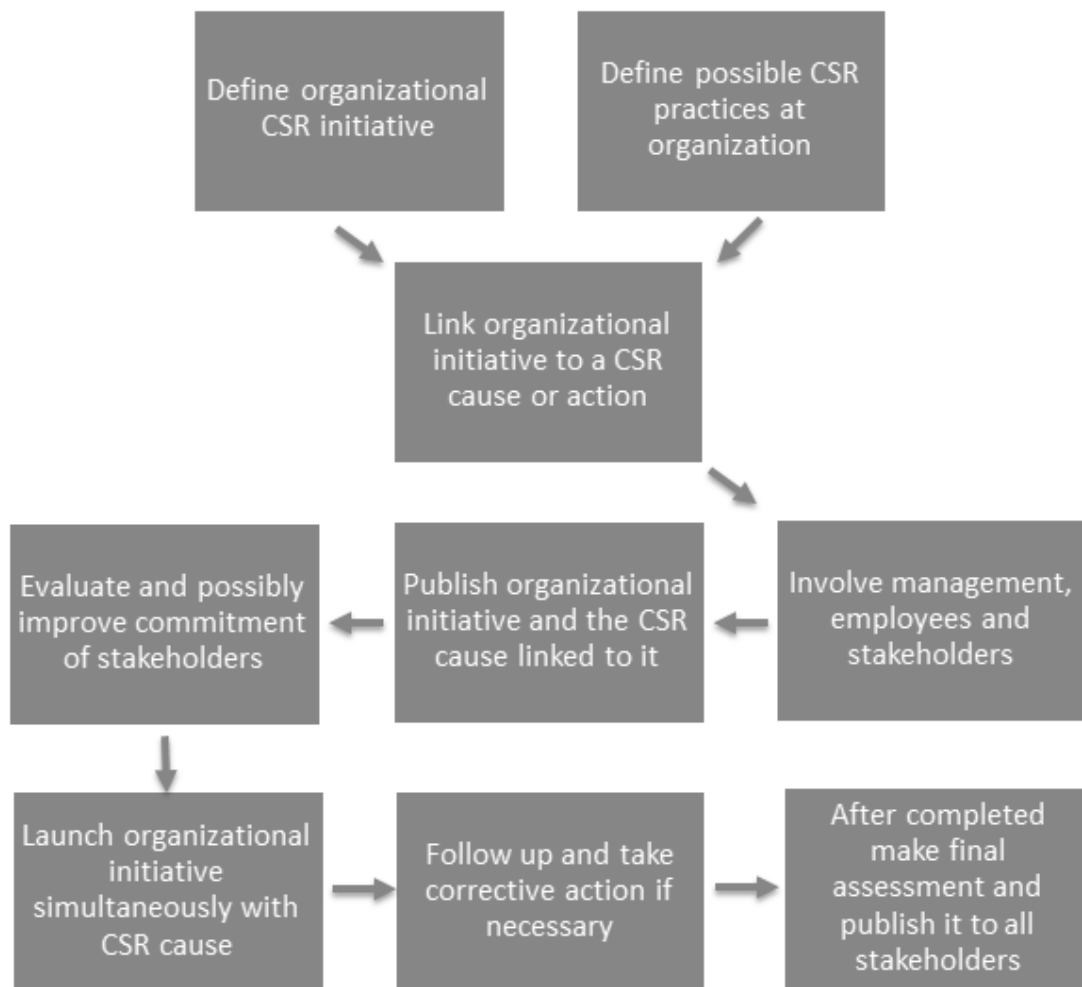
Figure 7   Conceptual model - CSR Alstom

5.3.4   Stage 5: Comparison to Reality

From step five onwards in Checkland's SSM process, the examiner moves back from utopia to reality and the real world. In this phase it is very important for the examiner to not confuse reality with the built models but actually to be realistic and express the actual situation as it is without prettifying anything.

Out of several options of how to carry out the comparison between the real world and the desired world, in this thesis I have chosen the commonly used structured questioning of the model by using a matrix chart. This chart looks at all the components of the model and seeks to answer the following questions:

- Does it exist in the real world?
- How does it behave?
- How is its performance identified and measured?
- Is this process any good? (Williams 2005, 16)

The purpose of the matrix is virtually to look at the CATWOE chart and the root definition above, compare them to the chart below and examine what it is that actually happens in the real world and what the main differences are between reality and the utopian stage that ought to prevail.

Table 2   Comparison matrix – CSR Alstom

Structured questions / Conceptual model stages	Does it exist in the real world?	How does it behave?	How is its performance identified and measured?	Is this process any good?
Define organizational CSR initiative	Yes	Dependent on the initiative and situation	Internal CSR measures	Relative. Could be improved in certain areas and needs to be communicated better
Define possible CSR practices at organization	Sometimes	Dependent on the initiative – not all are related to CSR	Practices not easily measurable. Mainly verbally assessed	Somewhat. Need to be communicated better both internally and externally
Link organizational initiative to a CSR cause or action	Rarely	Most initiatives separate from CSR	Not easily measurable. If measured, then mainly verbally	Requires improvement
Involve management, employees and stakeholders	To some extent	Lack of management commitment, lack of employee awareness in CSR	Employee surveys and management involvement	Needs improvement
Publish organizational initiative and the CSR cause linked to it	To some extent	Awareness exists to some extent – needs to be increased	Employee and management level surveys and interviews	Needs improvement
Evaluate and possibly improve commitment of stakeholders (mainly employees)	To be launched	Employee commitment would be higher if awareness was better. Lack of management commitment.	Employee and management level surveys and interviews	Needs improvement
Launch organizational initiative simultaneously with CSR cause	Rarely	At the moment occurs rarely. To be implemented in the common practices	Not measured	Needs to be launched as a business practice
Follow up and take corrective action if necessary	N/A	N/A	N/A	N/A
After completed make final assessment and publish it to all stakeholders	N/A	N/A	N/A	N/A

5.3.5   *Stage 6: Defining changes that are desirable and feasible*

In the sixth stage of the SSM the desirable and feasible changes are identified and justified. From the desirability aspect one ought to observe if the change is actually an improvement from the former situation and for the feasibility aspect one should consider mainly whether or not the planned change fits in the corporate culture of the company. In order to get the greatest leverage and to identify possible interventions, the methodology tends to fall into disorder and swing back and forth through the different stages of the SSM (Williams 2005, 17).

Williams (2005, 17) proposes several ways of cross-checking the model and the results initially obtained. He suggests running through the model again using different scales, perspectives and even a new CATWOE since all of these could reveal possible contradictions or synergies. Based on a suggestion by Checkland himself, Williams also suggests undertaking alternative system based analyses and not just SSM alone. Last but not least Williams encourages the use of owner, social and political analyses which Checkland also encourages to be used. These analyses, however, ought to be carried out throughout and parallel to the whole SSM process and not just the final steps, the reason being that these factors indeed have an effect on the implementation of the determined changes eventually to be made. Similarly other norms, values and attitudes that may have an effect on the situation being investigated ought to be taken into consideration. (Williams 2005, 17.)

When looking at the CATWOE chart and the root definition, and when comparing them to the chart with the real world situation some differences can be identified. The CATWOE chart as it is drafted above does not differ much from the real, current situation. The root definition, however, has a more significant difference compared to reality. In the CATWOE all the stakeholders that are taken into account are mainly the same in the real world and the optimal envisioned situation. In this paper due to the limitations of time and the scale of a Master's thesis, the CATWOE will not be revised and other comparisons at this type of modelling level will not be made. Nonetheless, when observing each of the ten main perspectives of CSR that have been listed and discussed earlier in the text, I will debate, compare and analyze the potential added value of each perspective at Alstom as well as each of these perspectives' possibility to fit into and further build on the corporate culture of the company.

1.   CSR regulations and reporting

As stated in the root definition in stage three of the SSM process "CSR should be practiced in a way that it creates added value to Alstom. This ought to be reached by having CSR as a significant determinant for all Alstom's business practices and

procedures and as a key element for decision making". Despite Alstom already being very conscientious with all its CSR policies and practices, preparing a thorough sustainability report annually, being listed in two global sustainability indexes (the CDLI and the DJSI), and requiring strong CSR commitment from its stakeholders, there is of course still room for improvement.

CSR holds a strong position in all Alstom's policies and regulations and is given a lot of emphasis in the company's public image as well. However, based on the employee surveys conducted at Alstom in 2011 it was clear that the internal knowledge about Alstom's CSR policies and practices was not that strong (Alstom Employee survey 2011). A company's policies and regulations ought to be the foundation of the company and moreover its operations. If these are not communicated to the employees and other stakeholders of the company clearly enough they will most likely not build a very strong base for the company. Alstom's CSR policies and practices should indeed be emphasized more and highlighted to all stakeholders of the organization, ensuring that it is clear on what Alstom's business is built on.

As discussed earlier regulations and the pressure on corporations and their ethics will only increase in the future which means that corporations who have a head start in this, and have their regulations and policies in place before they are forced upon them with possible sanctions, will be better off. Alstom not only having its regulations printed black on white should now ensure these regulations are clear to all levels of its organization in the first hand and also to the other stakeholders in whose hands the company's success ultimately lies.

Lower tolerance, stricter rules and internal sanctions within Alstom's organization are one way of better ensuring the compliance of the company's policies. However, the first and foremost means to ensure employee commitment to CSR is the commitment from management: leading by example. According to multiple studies, that of Schrader et al. to name one, leading by example is an extremely successful means to initiate cultural change in an organization (Schrader 2004, 501). Hence the change towards a CSR-based organizational culture whose basis is the following of CSR regulations and policies is to begin with the management – the face of Alstom to all its stakeholders, especially its employees. Another way to guarantee higher engagement in the following of company regulations and policies is to ensure all employees participate in trainings or seminars on this topic, participate and learn by working on these issues in practice (e.g. being involved in workshops or projects), and guarantee that the management level to whom these matters should be crystal clear, regularly repeat the essentials of Alstom policies and regulations to their subordinates.

Now to look into the core questions of stage six in the SSM process; whether these changes would be desirable and feasible, whether the planned changes really are an improvement from the former situation and whether they fit the corporate culture of the

company, for both the answer is clearly a yes. Alstom's corporate culture has already well embedded the importance of abiding to CSR regulations. The main challenge lies now with having every level or the organization understand this importance and follow it conscientiously. There is no doubt about the further emphasizing of CSR policies fitting into the corporate culture, the question is more about how to make them fit. Whether these desired changes would really be an improvement to the company's practices – without a doubt. As stated, rules and regulations will only be growing in number in the future and so will the expectations from stakeholders regarding corporate ethical and policy matters. For the whole organization with all its employees to have a clear understanding of the important policies and regulations which involve Alstom and which Alstom needs to follow, will allow the avoidance of situations where rules are being broken and simultaneously will help avoid imposed sanctions or requirements from bodies regulating CSR abidance.

2.   Risk management through CSR

CSR programs are expected to promote and improve risk management especially in corporations. CSR sets a framework of moral principles for companies and encourages transparency both of which lead to a lower probability of these companies in question to engage in unethical behavior and practices. Also the risk of having to pay sanctions or penalties for defective operations is mitigated due to stricter internal controls which normally are a part of strong CSR programs. Ultimately risk management boils down to avoiding reputational damage and hence financial sanctions which may incur due to risky business – at the end it is all about the dollars under the line.

Alstom is engaged in risk management programs, annually running bigger scale risk mapping and management assessments. However, as Remí Serrano from Alstom's risk management says, risk mapping should be even more linked to management and CSR compared to what it is now. At the moment CSR is not taken into account enough in the risk mapping exercise for instance. Risk reports to Ethics & Compliance committee alone are not enough. Real commitment and a long-term view between CSR and risk management should get more emphasis. (Serrano, interview 13.6.2014.) As Serrano (interview 13.6.2014) would put it: "CSR is a long-term investment – it's always a bet".

In risk management there is really no question about whether it fits a company's corporate culture or not. Every organization seeks to minimize risks and maximize opportunities and hence there is not much of an alternative when it comes to the need of risk management. However, whether risk management is necessary, useful or suitable to a company's culture in regards of CSR is another question. As said, every corporation practices risk management. The mitigation of risks through CSR however is just an additional benefit when carried out in the correct manner. CSR enables a company to

become a long-term viewer and through this also helps manage risks in a longer time scale (Serrano, interview 13.6.2014). Giving risk management that additional perspective through CSR should be utilized and desired. In regards of feasibility it is only about implementing a risk management process that highlights CSR as well.

As discussed earlier, certain bodies like NGOs and the media do not hold themselves back from bringing up negative issues where corporations are involved. They look for unpleasant occurrences that can be inflated into massive scandals and today it is very easy for them to do so, thanks to the World Wide Web and social media that have enabled news to travel from one end of the world to the other in split seconds. A rapid spread of bad news well contributes to the damaging of a company's reputation almost as fast as the news reaches its audience. These negative images of the corporation in question can end up being costly with the emerged need to re-polish the company's reputation. No company wants to face a situation like this. We have to face the fact that many companies nonetheless, Alstom included, have found themselves in this type of a bothersome stage.

In order to avoid harmful situations where the company is put at risk, Alstom should, referring to the first perspective, ensure that policies and regulation, also those related to CSR, are followed and respected throughout the whole organization – management in the forefront. Risk management is highly related to the taking care of the company image, which again is directly linked to the financial performance of the company.

3.   Company image and reputation

Earlier in this paper I discussed both the argued benefits and disadvantages CSR can bring in terms of a company's image or reputation. Many argue for CSR and claim that it can function as a good means for stakeholder attraction, inviting good investors, top class employees and successful partners and suppliers. Some on the other hand argue that CSR can be lethal if the promises related to it are not met. Unmet objectives and unfulfilled promises can harm the trustworthiness of a company and hence it is safer for a company not to bark louder than it can bite.

The reality is that in many corporations, especially big global ones, CSR is being highly promoted and broadcasted but in some cases not actually reached, at least not in some areas. Alstom, which emphasizes and involves ethical business practices in all its areas of business, has faced charges on unethical business practices, mainly bribery and corruption. The reality is that Alstom just paid the largest criminal penalty in history to the Justice Department under the Foreign Corrupt Practices Act. Despite the corruptive action having taken place already ten years ago, when the penalty was finally and announced publicly, when the penalty was announced Alstom's share fell by 0,6% practices (Schoenberg & McLaughlin, 2014). A decade back when this unfortunate

incident took place there was no clear policy or enforcement set or agreed on ethical business. Now of course the company has taken corrective action and ensured business mannerism is based on strong ethical grounds. The made corrections of course were not an immediate remedy for the suffered reputation.

Similarly to risk management policies and practices, which help Alstom retain or even improve its reputation is to have its organization all the way from top to bottom engage and commit to the common rules of ethics and other practices determined internally. Again, managing by example is critical to spread core principles and the organizational culture to the rest of the organization. If unethical behavior is not given any room what so ever and is not tolerated at all, people are unlikely to engage in it. The desirability for improving a company's reputation is obvious. The feasibility on the other hand may be challenging as changing the fundamental culture of a company and ensuring every principle is followed will require time and ultimate commitment. Alvesson and Sveningsson write in their book Changing Organizational Culture that "contemporary ideas of change stress that managers must be adept in working with planned organizational change as well as be responsive to changes in the environment. Efforts to change organizations are numerous and take a large proportion of the time and energy of many managers, staff and other employees". (2008, 3.) Having quoted this, it can be argued that in order to have CSR practices embedded deep in the core business practices of Alstom and through that improve the company's image overall, challenges will be faced as the change needs to come from as deep as the culture and basic values of the organization. However, with time, dedication and true commitment this is possible.

4.   Socially responsible investing

Investors systematically avoid investing in corporations that engage in unethical behavior. Not all of course, but those with higher moral standards – the socially responsible investors. Remí Serrano said in his interview (13.6.2014) that Alstom is lagging behind in CSR compared to some of its competitors. CSR according to him is becoming a more interesting area for funds and investors. Five per cent, which is a significant amount, of Alstom's investors are now looking into CSR. SRIs, the "investments enabling investors to combine financial objectives with their social values" are getting more popular also in a global level and companies are highly competing over these ethical investors.

SRI investors seek for companies with high CSR profiles. A growth of 240% in the popularity of SRI in the last two decades clearly indicates a global movement towards the advocating of sustainable development and the advancement of human rights - all this to build a better society for all (Boutin-Dufrense & Savaria 2004, 57). Hence by

strengthening its CSR focus Alstom could further, in addition to conventional investors, attract more SRI investors and increase its investor base. SRI-type of investing's popularity's growth means the need of corporations to be able to respond to this raise in demand by meeting both the standards of the SRI funds and moreover those of current or potential investors. There is no room for window dressing or empty promises. As given as an example earlier the Stora-Enso case, if requirements are not met and corrective actions are not implemented when so demanded, morally oriented investors will not have the patience to wait. They will surely find other ethical corporations to fill their portfolios, those which give them the opportunity to ethically invest. To conclude and to answer whether the promoting of CSR in order to attract socially responsible investors is desirable, of course it is. Every publicly listed company wants to attract investors and widen its shareholder pool. The feasibility aspect of SRI comes through all aspects of focusing on CSR at Alstom. The more CSR is engaged in Alstom's business practices and the more it is really practiced, the more clearly investors will recognize the genuine will of Alstom to act as a responsible player in its industry and in the business world as a whole. Sincere activities and operations will not go unnoticed.

5. Employee commitment and quality

Companies with strong commitment towards CSR are said to have a better ability to attract and retain employees (Tsoutsoura 2014, 7), which naturally leads to reduced recruitments, employee turnover and training costs to name a few. In addition to retaining talent and attracting it, CSR can contribute to increased productivity and reduced error rates. Every corporation desires to keep its good employees and avoid high turnovers knowing that their employees are key factors in the company's success.

As Dominique Jaoul stated in her interview (12.6.2014) high employee turnover is costly to a company and hence obviously not desired. Therefore Alstom too is rather fair with its people, trying to promote employee satisfaction. Alstom's current turnover is higher than desired but actions have been taken and processes implemented to reduce the turnover rates and increase its employees' capabilities and skills. For instance a diversity program at Alstom was implemented to ensure the recruiting of a wide and diverse pool of employees in the whole company. As mentioned earlier it is expected that companies practicing diversity will have a wider talent pool with multiple skills, capabilities, perspectives and experiences, which again promotes the openness in thinking, innovating and engagement.

The further linking of employee remuneration to social and environmental issues is one way Alstom could even more promote and emphasize the link between CSR and employee satisfaction. At the moment for instance the Alstom innovation team is rewarded for innovations that improve environmental and social conditions. The

innovation team and CSR work well together, says Robert Plana from Alstom's strategy team (Plana, interview 13.6.2014) so now it is important to have the same level of cooperation reached also between other departments and CSR. When CSR is linked to rewarding employees and their achievements and work, it is easy to assure stakeholders - employees, customers and shareholders - that the company is serious about its corporate responsibility practices and performance. This is another link to reach socially responsible investors, discussed in the previous paragraph of this paper.

As said, currently the turnover rates at Alstom are higher than hoped for and therefore there is true desirability to reduce turnover rates and increase employee satisfaction and retention. As a multination company, functioning in over a hundred countries Alstom ought to be rather easily adaptable to diversity programs that promote a more versatile employee group. Restructured remuneration systems that can be linked to CSR should also not cause issues as already now the company has in place bonus systems which are based on performance. Only now the nature of performance indicating should be slightly changed and the CSR aspect in it more emphasized.

6.   CSR as insurance

CSR, when acting as insurance for a company, in this case Alstom, gathers from all the other aspects of CSR practices that the company can involve or is involved in. As a whole all responsible business involvement creates good will and so called moral capital for Alstom and acts as a protection by reserving shareholder and financial value in case of negative occurrences. A buffer like this can hence protect Alstom's image in a situation where the company is linked to a negative act. The reputational harm is less if Alstom has been identified with and linked to responsible and ethical behavior in other situations and events, compared to it not having had practiced much of socially responsible business. Alstom as a globally functioning listed company is more prone to getting attacked by the authorities, the media and other stakeholders in the case of a negative occurrence, so for more the reason it is critical that Alstom shows its involvement in CSR and that the involvement is true and carried out as promised.

Again, CSR acting as insurance is strongly related to the fact that CSR practices protect Alstom's image and reputation. Overall CSR involvement in all the perspectives taken as examples in this paper have an effect on how socially responsible behavior can insure Alstom and ensure that when negative events arise, the company will not get hit as badly as it would have, had it not involved itself in moral business behavior. Eran Gartner, the former Head of Strategy for the Alstom group stated that CSR should become a part of Alstom's daily routine, acting as a kind of checklist which comes naturally in all areas of business. This of course has to come from the renewed mindsets of people and the newly built corporate culture to which everyone is committed. Surely

in any company, Alstom as well, any action to protect the company and its performance is wanted. The feasibility of the company's protection again depends on the effort that is given and the level to which the company is really committed in realizing its CSR.

7.   Cost savings through CSR

CSR initiatives have been in many cases proven to be beneficial in terms of cost savings and revenue increment. The cases of Wal-Mart and Siemens discussed in chapter three are just two examples of how CSR can significantly contribute to a company's performance. Pollution reduction, energy saving, waste management, employee training programs, reduction of packaging materials, or improvement in logistics were earlier listed as factors that can affect cost savings in virtually any organization when planned and implemented in the correct manner (Tsoutsoura 2004, 7).

Each and every for-profit company, as the category name speaks for itself, aims at reducing costs and increasing profits, or the company revenue. This applies to Alstom as well and there is no need to question the desirability of this aspect or its possibility of fitting into the corporate culture of Alstom – both are self-evident. Cost reductions are very much strived for and what ultimately counts the most is the profit margin below the line. Alstom is of course already practicing cost minimization and profit maximization in its various processes and procedures; life-cycle analyses of its products, employee training programs, energy consumption initiatives and logistics efficiency improvements, just to name a few. However, the ultimate area at Alstom which ought to be improved is the employee awareness of CSR and through that the maximization of cost savings. As discussed, the Alstom employee awareness when it comes to CSR is not very high. Employees are not very aware of CSR as a concept let alone the CSR initiatives Alstom is involved in. Very few know about the Alstom foundation, the charity-like fund, which has been established to support CSR projects in various countries around the world. The increase in employee awareness in CSR would help change the ultimate corporate culture of Alstom, at the same time uniting employees and getting them really involved in committing to responsible business practices. When all employees carry out their work with CSR in their minds and as a daily routine, as Gartner would put it, ultimately the mid-sets of people would change towards practicing CSR and through that help cut costs and increase revenue. The feasibility of this change lies in the hands of management – those setting the example of the desired business behavior.

8.   Corporate philanthropy

Companies work very closely to and are hence highly dependent on the surrounding society and environment in which they work. These surroundings can to a large extent determine a company's success and potential in that particular area or location. Alstom's way of practicing corporate philanthropy in its working environments can yield great benefit for the company if indeed carried out in a way that brings value to its stakeholders, especially its investors. To maximize the benefit gained from generosity in corporate philanthropy, Alstom ought to carefully evaluate what activities could bring the highest value both to the society and environment Alstom operates in (varies for example by project location) as well as the company itself. For instance investing in the quality of their business environment in the locations where they operate, through education, development programs or infrastructural improvements Alstom can simultaneously improve its business environment and contribute to the well-being of its operating environment. Through education Alstom can train local workers to work for its projects and through this save in costs. By developing the infrastructure of a project location it is possible to both help make working more efficient on site and at the same time improve the mobility of local people. In fact Alstom has been involved in similar philanthropic activities for instance in Chile in 2011 where local people were involved in building a playground for local children in the area where an Alstom project was to be implemented (Jaoul, interview 12.6.2014).

Before the launching of any business project at Alstom, an environmental assessment should be done on all areas – social, environmental and economic – of the project location. In this assessment Alstom's key values need to be assessed first and then linked to the possibilities of aiding the local communities and environment. Alstom does actually perform an environmental assessment. However, as Jaoul points out in her interview (12.6.2014) this assessment should spread to cover larger or all areas of Alstom's business, which is not yet the case.

Every corporation's desire is to make its working environment as efficient and as good as possible for the company to work and carry out its projects in. If done in a cost efficient way which also satisfies the stakeholders, surely every corporation would be more than willing to involve itself in corporate philanthropy. The feasibility aspect of good-doing is strongly linked to the ability of a company to make a good evaluation of its working environment to identify both the needs of those functioning in this environment and the benefits the company could gain if it correctly contributes to these needs.

9.   Shared value and clustering

Companies and the communities and environments they operate in are closely intertwined, as discussed above. In the third chapter of this thesis the three areas of clustering according to Porter were described: the reconceiving of products and markets, the redefining of productivity in the value chain and the building of supportive industry clusters. Firstly by meeting customer demands through product and service innovations, which it is already doing, and responding to the market needs Alstom can benefit by possible increased business. Anticipating customer needs and being the first to respond to them can keep Alstom at the head of the game. Secondly by improving its value chain through technology or process innovations in areas that affect the company through its working environment, those such as water or energy usage, health and safety issues or equality and working conditions, Alstom can eventually benefit from resource savings, process efficiency and quality improvement to name a few. Finally "clusters" – geographic concentrations of businesses, good and service providers and logistical infrastructure – with their surrounding public assets have an effect on the wellbeing of the companies operating within it. By applying the same logic as discussed in corporate philanthropy, contributing to the improvement and building of their surrounding operation environment, Alstom can help improve its business performance.

   The desirability of both shared value as it is with corporate philanthropy is very likely to be rather high provided that Alstom can also benefit from this practicing of social good. Not due to the fact that the company would not be interested in promoting and supporting social welfare and environmental wellbeing but realistically in a long-term perspective, as the case is with CSR in a general level, the corporation engaging in philanthropy needs to gain from it as well. Hence as long as the advantage gained is mutual, there should be no need doubting the desirability of Alstom's will to engage itself with shared value, clustering and philanthropy. Feasibility of course is a separate matter altogether as it is not only dependent on Alstom. Already involving itself in philanthropic activities, through the company foundation and other environmental and social activities globally, Alstom's corporate culture is sure to adapt the further involvement in shared value operations. Here, however, it is vital that the purpose and objectives of engaging in these types of activities are clearly communicated to all stakeholders in order to ensure the long lasting involvement without interferences or miscommunications.

10.   CSR as a differentiator

Despite Alstom being listed as one of the 300 best companies in CSR in the world, with listings in sustainability indexes and rankings, according to Alstom's managers who

were interviewed for the empirical part of this thesis it is still lagging behind its competitors. This of course is a sign that Alstom has not been able to meet certain CSR goals as well as its rivals have and therefore rather certainly has not been able to brand or differentiate itself as a CSR-focused company. For a company to have a strong brand and for it to be known in the positive light in the eyes of its customers and other stakeholders is absolutely vital for its survival. Therefore for Alstom to be able to differentiate itself through CSR practices is definitely a desirable objective. The feasibility part again is a result of several long-term actions that need to be taken in order to give Alstom the reputation of being a fully CSR-focused corporation.

Alstom has indeed demonstrably improved its CSR reputation through certain projects which it has won due to a CSR focus above the rest of the competitors. For instance this focus helped Alstom win the earlier mentioned rail transportation project in South Africa (Gartner, interview 12.6.2014). Nonetheless in order for a brand to become known for its CSR initiatives its carrying organization, especially in the management level, has to properly build its corporate culture and place more focus on socially responsible business in all areas. This is the exact case at Alstom today.

5.3.6   Stage 7: Taking action to improve the real world situation

In the final stage of the SSM process the most feasible and desirable changes identified in step six are put into practice. After implementing the changes and observing if and how they drive the desired change, a new cycle basically begins. In this case, the case of Alstom and its CSR practices and their implementation, due to the limitations in time it is not possible to implement the changes at this point and follow up with the possible incurred changes in attitudes or corporate structuring. However, upon the finalization of this thesis the suggested changes and actions in regards of CSR practices will be presented to Alstom and its management after which possible implementations of CSR actions may be carried out.

The most essential areas of change from the above analysis and discussions could be summarized into actions without which the desired CSR objectives will most likely not be reached. Firstly and most ultimately the commitment towards CSR needs to be spread towards the entire Alstom organization, starting from the management level. In every action and procedure carried out CSR ought to be kept as a central influencer and a basis for decision making. Sincere engagement in and implementation of CSR activities need to be as clearly managed as the company strategy. In fact these two should be integrated as one entity where CSR simply is part of Alstom strategy and every aspect of it. Emphasized already earlier in this paper, the corporate strategy, vision and management of Alstom ought to be aligned and supporting each other. The

CSR vision needs to be embedded in the company's long-term strategy which reaches far ahead into the future. Talking about the future, both the management tactics as well as strategic planning need a deeper future-oriented focus and for this the futures studies, as used in this paper too, could and should be utilized. Whatever the CSR strategy may be, it should be one that is holistic, realistic, feasible and of course genuinely desirable by Alstom and its committed management. The steps to reach the strategic CSR goals ought to be clearly set as milestones and these milestones are to be reached one at a time, keeping in mind a realistic time frame with possible changes or interruptions in between. It is important to clearly draft and determine both the strategic objectives as well as the means to reach them. These then need to be clearly communicated not only to the rest of the organization but to all stakeholders whom it may have an effect on or those who may be able to affect it.

Secondly after having the full commitment of management to be engaged in CSR, and after determining the key goals and strategies related to the company's CSR practices, the next group to be gotten engaged and with whom communication should be carried out is, as said, firstly the employees and secondly customers, shareholders, suppliers and other stakeholders. By integrating CSR into the core business practices of Alstom and having these practices been ensured by strategies, policies, campaigns and trainings, without deviations to following them will eventually improve the internal as well as external perception of the CSR culture at Alstom. Especially in the internal engagement of employees it is important to have people feel like they really are part of the change and can truly influence the striving towards a better future for the company. They should in fact be involved already in the planning phase of the CSR practices and policies that the company may implement. This way a broader and more diverse perception of the company's needs and capabilities in the practicing of CSR could be attained.

Thirdly the identified and revised practices and policies, and their success of course need to be evaluated, recorded and communicated. Especially internal communication when there is a need to influence the corporate culture is important. Performance indicators and reports, as well as success stories and areas in need of improvement need to be clearly communicated internally. Employees need to be a part of the review process, as they also are part of the planning and development phase of the Alstom CSR culture. They need to feel like they have an influence on what is being decided and need to be able to bring up their own ideas and recommendations for improvement. For external communication the annual sustainability reports are of course the main means of communicating CSR events but also sustainability campaigns and the communicating of sustainability performance indicators can be a way of convincing external stakeholders about Alstom's CSR engagement.

Fourth, what comes to customers and suppliers, Alstom needs to make careful assessments of their customers' existing and future needs and similarly communicate those of its own to all the suppliers with whom it cooperates. A reliable supply chain is key since there is and should be no room for deviations in fulfilling CSR requirements – not for Alstom and surely not for its customers. In a B2B the customer's reputation is at stake. Suppliers can stay in the shadow and not risk their reputation but the company in the end-user front line is the one ultimately having to answer to the consumer and its own stakeholder group. Just as Alstom's suppliers are required to meet certain criteria, it is natural that these same criteria and even more, is required from Alstom by its customers.

As a fifth action Alstom should invest in making thorough environmental and social impact analyses on the project sites it works in already well before the start of the project. Especially in the case of controversial projects, like hydro or coal power plant projects which often have a strong effect on local communities, by conducting assessments on the project environment and working closely with the customer Alstom would be better prepared and could avoid possible controversies in the area. With the help of these analyses the company can then also help get local communities involved and create shared value for both the operating environment as well as Alstom itself. Corporate philanthropy is always a good means to polish a company's reputation but as said, it should be carried out in a way, utilizing clustering for instance, that also benefits Alstom and its stakeholders in the long run.

Ultimately in order for Alstom to plan, implement and eventually harvest the fruits of its success, the company needs to look not at tomorrow, the day after tomorrow, not even next year but as far as a decade ahead. Long-term orientation, visionary planning and thinking big, is what will take any corporation far. By having three year strategic plans where key future concepts like CSR are not considered the corporate thinking, planning, envisioning and eventually success will obviously be limited or in the worst case suffocated. Not only the sustainability report but also the annual report of Alstom should look further ahead into the future. Particularly in the energy and transportation industries, industries which will not be disappearing and those in which Alstom is a key player, the view should reach beyond the standard, beyond that of Alstom's rivals or the general market conception. Futures tools ought to be used to plan and indicate how the company intends to reach its visions and bring them into reality. Utilizing futures studies and futures studies methods can in many ways help Alstom in planning ahead.

Overall, if the above suggested changes are implemented and carried out in a way most suitable to Alstom it is expected that in the future the company will be able to better reduce risks, anticipate new market opportunities, increase customer and stakeholder satisfaction and also improve employee engagement. All the outcomes, despite possible incurred costs or investments having to be made in the beginning, are

expected to have a positive impact on the company's long-term performance and success.

6 CONCLUSION

The purpose of this thesis was to critically observe the possibility of CSR to bring added value to a corporation – in this case the Alstom Group. The ambition of the theoretical part of this paper was to identify key factors or areas of CSR that could most significantly contribute to a corporation's added value when utilized in the correct manner. The methodological part on the other hand strived to analyze the actual situation at Alstom and mirror how and in what ways CSR is and should be practiced in order for it to yield the highest possible benefit for the company. By analyzing both the pool of primary as well as secondary resources the two research questions were aimed to be answered: what are the strategic values of CSR created at Alstom and what perspectives of futures CSR visions could be seen at Alstom in the future.

In response to the first research question I have argued through my findings that Alstom is involved in various CSR practices, also ensuring that its clients and especially its suppliers meet the same minimum socially responsible standards as those of Alstom. Through its technological solutions, its stakeholder involvement, not only limited to clients and suppliers, and also through its internal and external operations the corporation strives to promote and involve CSR in its everyday business practices. The Alstom Foundation, employee trainings, supplier requirements in offer requests and sustainability reports are just a few concrete examples of how Alstom aims at reaching its strategic CSR values. The big picture of course is much broader, reaching out further into the future. As the CSR vision states, Alstom's aim is to introduce technological solutions which contribute to the solving of environmental and social issues. By keeping this vision in mind, the corporation has already built on its image of a green, environmentally and socially friendly multinational company whose target is to meet the requirements of the ever growing, globalizing and changing world.

What comes to the second question, I have found that the future perspectives of Alstom in terms of CSR potential are multiple. As Alstom has not been the forerunner in practicing CSR in its industry, it has a nut to crack in this respect. By reaching the level of its competitors and eventually becoming the leader or even the game changer in the CSR world, Alstom needs to build on its corporate culture and ensure CSR in embedded in the minds of all employees, managers, company operations and business practices. The potential of the company is high. It can well, as it already has in some cases, use CSR as a differentiator in the market it competes in and this is what Alstom should further pursue. As discussed and much emphasized earlier in this paper, the approach Alstom ought to take in its CSR practices is such that benefits not only the company's stakeholders but moreover the company itself. A win-win situation is the best scenario when striving towards making CSR work and being beneficial.

Once again, to emphasize, having CSR as part of the corporate culture is key. When CSR is right in the heart of Alstom's strategy, operations and people, there is virtually no way to bypass it. "Culture is often seen as either the key issue to be changed or something that is crucial to take seriously in order to make change possible. Indeed, many authors of change suggest that a major reason for why organizational change efforts usually fail to materialize as planned is the frequent neglect of aspects of organizational culture" (Alvesson and Sveningsson 2008, 3).

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APPENDIX 1　　INTERVIEW QUESTIONS

The below interview questions were used to gather the research material for the most part of the empirical study of this thesis.

1. What do you see as the main objective of Alstom's CSR policy and practices?
2. What do you think is the added value of CSR to Alstom's business?
3. What CSR practices do you think Alstom currently carries out in order to improve relationships with its partners and stakeholders? How about its operations?
4. How do you think Alstom compares to other companies (its main competitors) in CSR?
5. How do you see CSR being linked to other Alstom functions (communications, innovation, strategy, etc.)? Should there be other links that do not exist at the moment?
6. How would you see CSR being linked to the corporate strategy of Alstom?
7. What more should Alstom do to improve its business with the help of CSR?