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*Corporate Social
Responsibility in the
Telecommunications
Industry:*

***An assessment of CSR strategies and
the role of the UN Global Compact***

Helene Lafferty

Report



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Program for Research and Documentation
for a Sustainable Society (ProSus)
Centre for Development and the Environment
University of Oslo
P.O.Box 1116 Blindern
N-0317 Oslo, Norway
Tlf: + 47 22 85 89 00
Faks: + 47 22 85 87 90
informasjon@prosus.uio.no
www.prosus.uio.no
Visiting address: Sognsveien 68, 4th floor

FOREWORD

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William M. Lafferty
Professor of political science
Director, ProSus

CONTENTS

1	INTRODUCTION AND BACKGROUND	17
1.1	RESEARCH OBJECTIVE	18
1.2	PRESENTATION OF RESEARCH QUESTIONS	18
1.3	DEMARCATIONS OF THE RESEARCH	19
1.3.1	<i>Focus on the UN Global Compact</i>	19
1.3.2	<i>Focus on the telecommunications industry</i>	22
2	METHODOLOGY	23
2.1	COMPARATIVE CASE STUDY	23
2.2	DESK RESEARCH	23
2.3	SELECTION CRITERIA FOR CASE STUDIES	24
2.4	DATA COLLECTION: PRIMARY SOURCES, SECONDARY SOURCES AND INTERVIEWS	25
2.5	CREDIBILITY OF THE STUDY	27
3	ANALYTICAL PERSPECTIVE ON CSR	29
3.1	WHAT IS CSR?	29
3.1.1	<i>Instrumental theories</i>	29
3.1.2	<i>Political theories</i>	30
3.1.3	<i>Integrative theories</i>	30
3.1.4	<i>Ethical theories</i>	30
3.2	WHAT IS THE MOTIVATION BEHIND CSR?	31
3.3	THE ISSUE OF SCOPE: WHAT ARE CSR ISSUES?	33
3.4	WHAT TYPES OF CSR PROJECTS SHOULD BE SELECTED BY COMPANIES?	34
3.4.1	<i>Cause promotions</i>	35
3.4.2	<i>Cause-related marketing</i>	35
3.4.3	<i>Corporate social marketing</i>	36
3.4.4	<i>Corporate philanthropy</i>	36
3.4.5	<i>Community volunteering</i>	36
3.4.6	<i>Socially responsible business practices</i>	37
3.5	RELEVANCE TO THIS STUDY	37
4	TOOLS AND GUIDELINES TO ASSIST COMPANIES WITH CSR	39
4.1	DIFFERENT TYPES OF TOOLS AND GUIDELINES	39
4.2	THE UN GLOBAL COMPACT	40
4.2.1	<i>Background</i>	40
4.2.2	<i>The ten principles of the Global Compact</i>	41
4.2.3	<i>How do the principles deal with the identified CSR issues?</i>	44
4.2.4	<i>The organization of the Global Compact</i>	45
4.2.5	<i>Company implementation of the Global Compact</i>	48
4.3	RELEVANCE TO THIS STUDY	51
5	THE TELECOMMUNICATIONS INDUSTRY	53
5.1	CSR ISSUES IN THE TELECOMMUNICATIONS INDUSTRY	53
5.1.1	<i>The direct negative effects of telecommunications</i>	54
5.1.2	<i>The indirect effects of telecommunications</i>	56
5.1.3	<i>Relevance to this study</i>	59
5.2	IMPLEMENTATION OF THE TEN PRINCIPLES IN THE TELECOMMUNICATIONS INDUSTRY	59
5.3	CURRENT STATUS OF THE GLOBAL COMPACT IN THE TELECOMMUNICATIONS INDUSTRY	61

5.4	OTHER CSR INITIATIVES WITHIN THE TELECOMMUNICATIONS INDUSTRY	62
5.4.1	<i>Global e-Sustainability Initiative (GeSI)</i>	62
5.4.2	<i>European telecommunications network operators' association (ETNO)</i>	62
6	TELENOR	63
6.1	HOW IS CSR PERCEIVED BY TELENOR?	63
6.1.1	<i>How does Telenor define CSR?</i>	63
6.1.2	<i>What is Telenor's motivation behind being a CSR company?</i>	64
6.1.3	<i>What are Telenor's CSR objectives and strategies?</i>	65
6.1.4	<i>How is CSR incorporated in the overall strategies and goals of Telenor?</i>	66
6.1.5	<i>Summary of the findings</i>	66
6.2	HOW IS CSR IMPLEMENTED BY TELENOR?	67
6.2.1	<i>How is CSR incorporated in Telenor as a whole?</i>	67
6.2.2	<i>How is Telenor's CSR strategy developed?</i>	69
6.2.3	<i>How are CSR projects selected by Telenor?</i>	69
6.2.4	<i>What does Telenor view as important CSR issues and how does it deal with them?</i>	70
6.2.5	<i>What types of instruments or guidelines are utilized by Telenor when implementing CSR?</i>	78
6.2.6	<i>Summary of the findings</i>	78
6.3	HOW IS THE UN GLOBAL COMPACT PERCEIVED BY TELENOR?	79
6.4	HOW IS THE UN GLOBAL COMPACT UTILIZED BY TELENOR?	79
6.4.1	<i>How are COP reports utilized by Telenor?</i>	79
6.4.2	<i>How do the CSR activities at Telenor coincide with the ten principles of the GC?</i>	80
6.4.3	<i>How does Telenor relate to the GC local networks?</i>	81
6.4.4	<i>Summary of the findings</i>	81
6.5	CONCLUSION	82
7	BT GROUP PLC	83
7.1	HOW IS CSR PERCEIVED BY BT?	83
7.1.1	<i>How does BT define CSR?</i>	84
7.1.2	<i>What is BT's motivation behind being a CSR company?</i>	84
7.1.3	<i>What are BT's CSR objectives and strategies?</i>	84
7.1.4	<i>How is CSR incorporated in the overall strategies and goals of BT?</i>	85
7.1.5	<i>Summary of the findings</i>	85
7.2	HOW IS CSR IMPLEMENTED BY BT?.....	85
7.2.1	<i>How is CSR incorporated in BT as a whole?</i>	86
7.2.2	<i>How is BT's CSR strategy developed?</i>	87
7.2.3	<i>How are CSR projects selected by BT?</i>	88
7.2.4	<i>What does BT view as important CSR issues and how does it deal with them?</i>	88
7.2.5	<i>What types of instruments or guidelines are utilized by BT when implementing CSR?</i>	94
7.2.6	<i>Summary of the findings</i>	95
7.3	HOW IS THE UN GLOBAL COMPACT PERCEIVED BY BT?	95
7.4	HOW IS THE UN GLOBAL COMPACT UTILIZED BY BT?	95
7.4.1	<i>How are COP reports utilized by BT?</i>	95
7.4.2	<i>How do the CSR activities at BT coincide with the ten principles of the GC?</i>	96
7.4.3	<i>How does BT relate to the GC local networks?</i>	97
7.4.4	<i>Summary of the findings</i>	97
7.5	CONCLUSION	97
8	DEUTSCHE TELEKOM	99
8.1	HOW IS CSR PERCEIVED BY DEUTSCHE TELEKOM?	99
8.1.1	<i>How does Deutsche Telekom define CSR?</i>	99
8.1.2	<i>What is Deutsche Telekom's motivation behind being a CSR company?</i>	100
8.1.3	<i>What are Deutsche Telekom's CSR objectives and strategies?</i>	101
8.1.4	<i>How is CSR incorporated in the overall strategies and goals of Deutsche Telekom?</i>	102
8.1.5	<i>Summary of the findings</i>	102
8.2	HOW IS CSR IMPLEMENTED BY DEUTSCHE TELEKOM?	102
8.2.1	<i>How is CSR incorporated in Deutsche Telekom as a whole?</i>	102

8.2.2	<i>How is Deutsche Telekom's CSR strategy developed?</i>	105
8.2.3	<i>How are CSR projects selected by Deutsche Telekom?</i>	105
8.2.4	<i>What does Deutsche Telekom view as important CSR issues and how does it deal with them?</i>	106
8.2.5	<i>What types of instruments or guidelines are utilized by Deutsche Telekom when implementing CSR?</i>	112
8.2.6	<i>Summary of the findings</i>	112
8.3	HOW IS THE UN GLOBAL COMPACT PERCEIVED BY DEUTSCHE TELEKOM?	113
8.4	HOW IS THE UN GLOBAL COMPACT UTILIZED BY DEUTSCHE TELEKOM	113
8.4.1	<i>How are COP reports utilized by Deutsche Telekom?</i>	113
8.4.2	<i>How do the CSR activities at Deutsche Telekom coincide with the ten principles of the GC?</i>	113
8.4.3	<i>How does Deutsche Telekom relate to the GC local networks?</i>	114
8.4.4	<i>Summary of the findings</i>	115
8.5	CONCLUSION	115
9	ANALYSIS AND CONCLUSIONS	117
9.1	HOW IS CSR PERCEIVED BY THE THREE SELECTED COMPANIES AND HOW CAN THIS BE LINKED TO THE ANALYTICAL PERSPECTIVES?	117
9.1.1	<i>How is CSR perceived in the three companies?</i>	117
9.1.2	<i>How can these perceptions be linked to analytical perspectives on CSR?</i>	118
9.2	HOW IS CSR IMPLEMENTED IN THE THREE SELECTED COMPANIES AND HOW CAN THIS BE LINKED TO THE ANALYTICAL PERSPECTIVES?	119
9.3	HOW IS THE GC PERCEIVED BY THE THREE SELECTED COMPANIES?	122
9.4	HOW IS THE GC UTILIZED BY THE THREE SELECTED COMPANIES?	123
9.5	WHAT CAN BE PERCEIVED AS THE MAJOR STRENGTHS AND WEAKNESSES OF THE GC INITIATIVE IN LIGHT OF THE TELECOMMUNICATIONS COMPANIES	127
9.6	HOW CAN THE FINDINGS IN THIS STUDY BE UTILIZED BY OTHER COMPANIES?	127
9.7	WHAT COULD BE CHANGED BY THE THREE COMPANIES?	128
9.8	WHAT IS THE NEXT STEP FOR TELECOMMUNICATIONS?	128
10	REFERENCES	130
10.1	INTERVIEWS	130
10.2	LITERATURE REFERENCES	130
11	APPENDICES	139
	APPENDIX 1: INTERVIEW PROTOCOLS	139
	APPENDIX 2: TELECOMMUNICATIONS COMPANIES PARTICIPATING IN THE GLOBAL COMPACT	141
	APPENDIX 3: ETNO SUSTAINABILITY CHARTER	143

LIST OF TABLES

TABLE 1.1 - COMPARISON OF UN GLOBAL COMPACT AND THE OECD GUIDELINES	20
TABLE 2.1 – CRITERIA FOR THE SELECTION OF FIRMS	25
TABLE 4.1: THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT.....	42
TABLE 4.2 - RELATIONSHIP BETWEEN CSR ISSUES AND THE GC	44
TABLE 5.1 - THE MOST PROBABLE DIRECT NEGATIVE EFFECTS OF TELECOMMUNICATIONS.....	54
TABLE 5.2 - INDIRECT EFFECTS OF TELECOMMUNICATION	57
TABLE 5.3 - THE IMPLEMENTATION OF THE GC PRINCIPLES IN THE TELECOMMUNICATIONS INDUSTRY.....	60
TABLE 6.1 - TELENOR'S COMPANY GOALS, VISIONS, VALUES AND STRATEGY	66
TABLE 6.2 - TELENOR'S CODES OF CONDUCT	67
TABLE 6.3 - CSR ISSUES IDENTIFIED AND DEALT WITH BY TELENOR	70
TABLE 6.4 – TELENOR'S SOCIETAL PROJECTS	76
TABLE 7.1 - BT'S COMPANY GOALS, VISIONS, VALUES AND STRATEGY	85
TABLE 7.2 - BT'S "THE WAY WE WORK"	87
TABLE 7.3 - CSR ISSUES IDENTIFIED AND DEALT WITH BY BT	89
TABLE 7.4 – BT'S SOCIETAL PROJECTS	93
TABLE 8.1 - DEUTSCHE TELEKOM'S 8 STRATEGIC GUIDELINES	101
TABLE 8.2 - DEUTSCHE TELEKOM'S COMPANY GOALS, VISIONS, VALUES AND STRATEGY	102
TABLE 8.3 - DEUTSCHE TELEKOM'S SOCIAL CHARTER	103
TABLE 8.4 - DEUTSCHE TELEKOM'S CODES OF CONDUCT.....	104
TABLE 8.5 - CSR ISSUES IDENTIFIED AND DEALT WITH BY DEUTSCHE TELEKOM	106
TABLE 8.6 - DEUTSCHE TELEKOM'S SOCIETAL PROJECTS	111
TABLE 9.1 – CSR ISSUES IDENTIFIED IN THE THREE COMPANIES.....	120
TABLE 9.2 - CSR INITIATIVES IN THE THREE COMPANIES WHICH CAN BE LINKED TO THE GC PRINCIPLES	124

LIST OF FIGURES

FIGURE 8.1 - DEUTSCHE TELEKOM'S SUSTAINABILITY TRIANGLE	101
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ABBREVIATIONS

BSR	Business for Social Responsibility
CERES	Coalition for Environmentally Responsible Economies
COP	Communication on Progress
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
EC	European Commission
EITO	European Information Technology Observatory
EST	Environmentally Sound Technologies
EMF	Electromagnetic Fields
ETNO	European Telecommunications Network Operators' Association
GC	Global Compact
GCNN	Global Compact Nordic Network
GeSI	Global e-Sustainability Initiative
GRI	Global Reporting Initiative
ICT	Information Communication Technology
ILO	International Labour Organization
IISD	International Institute for Sustainable Development
ITU	International Telecommunications Union
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
OHCHR	High Commissioner for Human Rights
PWC	PricewaterhouseCoopers
SME	Small and Medium-size Enterprises
SOX	Sarbanes-Oxley Act
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNGC	United Nations Global Compact
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization

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Helene Lafferty

EXECUTIVE SUMMARY

The concept of “corporate social responsibility” (CSR) has evolved over the last few decades, and there are many different perspectives on what this concept should include. At a general level it is seen to include the responsibilities of firms beyond simply contributing to economic growth, and focuses on environmental and societal concerns. As a result of the increased attention around this concept, a variety of tools and guidelines to help companies implement and report on CSR activities have been introduced.

The major purpose of this thesis is to identify how CSR is being understood and implemented in company business strategies within the telecommunications industry. The telecommunications industry is chosen because it is seen as an interesting industry to evaluate in terms of CSR. This is based on the fact that it is a growing industry, which already has shown signs of implementing CSR, and which is slightly “different” from more traditional industries. A particular focus of the study has been to identify which impact the UN Global Compact has on the inclusion of CSR issues when business strategies are created within this industry, and in what other ways this CSR tool affects the companies.

As a main part of the study, a comparative case study of three European telecommunications companies was performed. The selected companies are Telenor ASA, the BT Group, and Deutsche Telekom. It was decided to conduct a case study on as similar companies as possible, and the three companies were selected on the basis of several types of criteria, the most important one being that they are seen as being “frontrunners” for CSR in their industry. It was decided to look at frontrunners since this could provide a measurement for best practice within the telecommunications industry, and thus serve as guidelines for other companies in this industry.

Before conducting the case studies, background information had to be obtained. Firstly, analytical perspectives on CSR are presented. This section includes four different groups of theoretical views on CSR, namely *instrumental, political, integrative and ethical*; current perspectives of the major drivers behind CSR, which were identified as: *reputation, risk management, employee satisfaction, innovation and learning, access to capital, financial performance, eco-efficiency, and external factors related to changes in business environment*; the scope of CSR, where the six major categories of CSR issues were identified to be: *environmental protection, human rights, employee rights and conditions, actions of suppliers, business ethics and community issues*; and normative theories on how companies should select societal issues to support, and how they strategically can choose what type of CSR project they wish to initiate, were the selected theory presents six different “social initiatives” a company can undertake.

Secondly, the Global Compact (GC) is presented, including a detailed description of the ten principles and how they should be implemented by companies; the major actors involved in the initiative; and the different activities included in the GC.

Lastly, a description of the telecommunications industry is provided. This includes industry-specific CSR issues, both direct and indirect. The main direct effects which were identified were: *increases in energy consumption, short product life cycles, misuse of the internet, and increases in*

the “digital divide”, referring to how the social exclusion taking place as a result of uneven distribution of technology. The major indirect effects found were related to how, on the one hand, telecommunications industry can be utilized as a replacement for more damaging technologies, such as reduced travel and dematerialization, while there at the same time can occur rebound effects as a result of utilizing the technology, such as improvements in efficiency which lead to increases in consumption damaging impacts connected with this; and the increases in waste resulting from constant technological developments. A presentation of how the GC should be implemented by the telecommunications industry is also provided, in addition to information on how the GC currently is incorporated in this industry.

The three companies are first presented individually, and thereafter compared with relation to several aspects, such as how they perceive CSR, how they implement CSR, and how they relate to the UN Global Compact. The companies are also assessed in order to find resemblances with the analytical perspectives.

Summed up, a high degree of similarity was discovered between the three companies. However, this was more prominent with regards to how they actually implement CSR and deal with CSR issues, than with relation to how the companies perceive CSR. All three companies see CSR as a way of contributing to sustainable development, and when analyzing major drivers behind CSR, it was revealed that *reputation* among stakeholders was identified by all three as being the main motivation. At the same time, the CSR objectives and strategies of the three companies vary quite a bit, as Telenor focuses on *reputation* as a socially responsible company; BT focuses on *providing technology in a responsible way*; and Deutsche Telekom focuses on its *role as being a sustainable company*. When comparing the perceptions of the three companies to the four groups of theoretical views, perceptions which resemble both ethical and instrumental theories were identified within all three companies, hence it was established that not *one* theory of CSR can be linked to the telecommunications industry.

When assessing how the companies identify and address CSR issues, an advanced level of implementation of CSR was identified. All three companies recognized issues within all the six general categories of CSR, as well as identifying close to all the industry specific direct effects. No attention was however given by the three companies with regards to the indirect effects of the industry. Furthermore, the ways in which CSR issues were addressed were quite similar between the companies. In a majority of the cases, the actions taken to reduce the direct negative effects resembled the “social initiative” *Socially responsible business practices*, and there were also several cases of activities which had similarities with *cause promotions*. When selecting which societal issues to support, the companies do not seem to have strict selection criteria, beyond utilizing telecommunications in as many of the projects as possible, and focusing on countries where they have activities. When tackling more general societal issues, most of the projects undertaken by the companies were identified as *corporate philanthropy*, in addition to several cases of *cause promotions*.

The companies were also compared with relation to how they perceive and utilize the GC. As for perception of the GC, differences were identified among the three. While Telenor views it as a platform for CSR, and rather a good starting point than a goal; BT sees it as “part of the CSR wallpaper”; and Deutsche Telekom considers it to be an overriding factor for all its CSR work. Related to this, there was also identified a higher degree of direct implementation of the GC in

Deutsche Telekom than in the two other companies. Although these two companies both comply with the “requirements” of the GC, the implementation of the guideline within these companies is seen as more indirect. The potential of the GC is seen to be greater for companies who have not come as far as the companies included in this study with relation to implementing CSR.

The results of this study can be seen as “best practices” in the telecommunications industry, and therefore could potentially be utilized by other companies within this industry as a guideline for implementing CSR. The study also recognizes several new potential areas of research. The most prominent being how to utilize the positive indirect effects of this industry, while at the same time acknowledging and addressing issues related to the negative rebound effects of the telecommunications industry.

1 INTRODUCTION AND BACKGROUND

There has been a growing concern for the environment over the last decades, with the obvious problem of depletion and contamination of natural resources becoming a widely discussed topic. This has led to increased attention around the concept of *Sustainable Development*. This concept was first introduced by the World Commission on Environment and Development (WCED), a commission established by the United Nations General Assembly in 1983. In 1987, the report *Our Common Future* was delivered by the WCED, defining sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987: 43). An increasing focus has been placed upon the importance of different societal actors taking their share of responsibility to tackle issues related to sustainable development.

Parallel to the emergence of sustainable development, there has also evolved a discourse on “corporate social responsibility” (CSR). Though there are many different understandings of the term, it is in general seen to include businesses’ responsibilities beyond merely contributing to economic growth. Primarily it involves an emphasis on environmental and societal concerns, and in many cases CSR is seen as directly related to a corporate responsibility for sustainable development. At the same time, there are other authors who claim that the only responsibility of a company is ensuring economic benefits for shareholders.

The increased focus on CSR has led to a need to measure the performance of companies, and this has led to the introduction of a variety of tools to help companies with different aspects of CSR, such as implementing and reporting. It has also led to the development of indexes which measure the CSR performance of companies. An example of such an index is the Dow Jones Sustainability, an index which measures the performance of companies based on a set of sustainability criteria and weightings (Dow Jones Sustainability Index, 2005a). These CSR tools and indexes have contributed to increasing the attention around CSR further, and in addition provide different societal groups, such as investors, governments, non-governmental organizations, and customers, with grounds for comparing companies on issues beyond financial performance.

The major purpose of the present study is to identify how CSR is being understood and implemented in company business strategies within the telecommunications industry. The telecommunications industry is chosen because it is seen as an interesting industry to evaluate in terms of CSR. This is based on the fact that it is a growing industry, which already has shown signs of implementing CSR, and which is slightly “different” from more traditional industries. A particular focus of the study will be to identify which impact the UN Global Compact, has on the inclusion of CSR issues when business strategies are created within this industry, and in what other ways this CSR tool affects the companies.

A major aspect of the study is a comparative case study of three European telecommunications companies: Telenor ASA, BT Group plc, and Deutsche Telekom. These three companies were selected based upon several selection criteria, the most important being that they are considered to be CSR “frontrunners” within the telecommunications industry. The three cases have been compared on

different issues, such as how they perceive CSR, how they implement CSR, and how they perceive and utilize the UN Global Compact.

In order to evaluate this, it was important to “set the scene” through a collection of background information – on CSR in general, on the UN Global Compact, and on the telecommunications industry. This initial part of the thesis is structured as follows: First, a presentation of different theories on the responsibilities’ of companies, different motivational drivers behind CSR, which issues CSR actually entails, and recommendations on how companies can select societal issues to support, and the different ways in which companies can relate to these issues; second, an initial review of the UN Global Compact, with the goal of identifying what it entails and how companies should relate to it and implement it; and, third, an overview of the telecommunications industry, with the aim of identifying specific CSR issues of most direct relevance for the branch.

The three companies selected for analysis will then be evaluated, first separately, and then an exploratory comparison will be conducted with the goal of identifying similarities and/or differences on CSR-relevant variables. The findings of these cases will then be analyzed against the perspectives and normative standards developed in the introductory section.

1.1 Research objective

The general *objective* of the proposed study is to identify how CSR is being understood and implemented in company business strategies within the telecommunications industry, with a particular focus on discovering the status and function of the UN Global Compact. This will be done through:

- Understanding what the UN Global Compact entails
- Identifying the general status of CSR and the UN Global Compact in the telecommunications Industry
- Carrying out an in-depth comparative case study on three European telecommunications companies

1.2 Presentation of research questions

The study is based on four major research questions. Each question has several sub-questions, and these will also, at times, be answered through additional sub-questions.

What is the role of CSR in today’s society?

What is the current status of the theoretical discourse on CSR?

What is the motivation behind CSR?

What is the scope of CSR?

What are the principal programs for promoting CSR?

What are the major types of activities companies can use to pursue CSR strategies?

What does the UN Global Compact entail and how is it intended to be utilized?

What is the origin and general purpose of the GC?

What is the content of the ten GC principles?

How do the GC principles deal with the previously identified CSR issues?
How is the work of the GC organized?
How are companies expected to incorporate the GC principles?

What is the general status of CSR and the UN Global Compact in the Telecommunications industry?
What are the principal negative CSR effects of telecommunications?
What are the principal positive CSR effects of telecommunications?
How well do the GC principles cover the effects of telecommunications activities?
How do the telecommunications companies participating in the GC deal with CSR issues?

How are CSR issues perceived and incorporated by key international actors in the telecommunications industry, and what role has been given to the UN Global Compact?
How is CSR perceived and implemented in the three selected companies and how can this be linked to analytical perspectives?
How is the GC perceived and utilized in the three selected companies?
What can be perceived as the major strengths and weaknesses of the GC initiative in light of the telecommunications companies?
How can the findings in this study be utilized by other companies?
What could be changed about the three companies?
What is the next step for telecommunications?

1.3 Demarcations of the research

Based on a need to focus the research problem, and due to certain time constraints, a number of demarcations have been made. Firstly, it has been decided to focus on the UN Global compact, and the role it plays in the creation of CSR strategies in companies. Secondly, it has been chosen to focus on a particular industry, specifically the telecommunications industry. Lastly, it has been decided to go deeper into the investigation of specific European telecommunications companies: the Norwegian firm, Telenor ASA; the German firm, Deutsche Telekom; and the British firm, The BT Group plc. The following sections provide details and justifications for these selections.

1.3.1 Focus on the UN Global Compact

The growing awareness around the issue of CSR has made it increasingly important for companies to keep a good reputation among their different stakeholders, such as consumers, governments, local communities and investors. It has also become important for these groups to be able to control whether companies actually are performing as well as they claim to be. This has led to the development of CSR tools which function as a “proof of compliance” with certain standards, and these CSR tools can be utilized by the different societal actors as a basis for company evaluation. In addition, these tools provide the companies with assistance both when including CSR in their business strategies, and when the strategies are being implemented. Since the major objective of this study is to identify how CSR is implemented in the business strategies of the telecommunications

industry, an important part of the research will be to study which role CSR tools play in the development of strategies. Given the fact that there are many different tools, a demarcation must be made to focus on those CSR tools that seem most relevant for the strategic management of telecommunications firms.

Ligteringen and Zadek (2005:3) divide CSR tools into three categories: “normative frameworks”; “process guidelines”; and “management systems” (see section 4.1 below). In this study focus will be placed on the normative frameworks, as it has been determined that these are the most relevant in the process of creating CSR strategies. This conclusion has been made based upon Ligteringen and Zadek’s (2005) statement that these guidelines are meant to provide companies with assistance regarding what is considered to be good or acceptable performance. Two of the main international normative guidelines for CSR are the United Nations Global Compact (GC) and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Due to time constraints and a wish to go more in depth into the guidelines, only one of the two will be included in the study. It has therefore been decided to choose the guideline which overall has the most influence, power and legitimacy. Since both guidelines are internationally recognized, with support from strong institutions, it is quite difficult to evaluate them at a superficial level. Therefore, a comparison has been made of the two (see Table 1.1).

Table 1.1 - Comparison of UN Global Compact and the OECD Guidelines

Categories of comparison	UN Global Compact	OECD Guidelines for Multinational Enterprises.
Members	More than 2700 companies from over 90 countries	39 member countries*
Requirement for membership*	Open to all businesses regardless of size, industry, location or level of experience with CSR	Only open for companies who operate in, or are from a member countries of the OECD
Level of detail and core areas*	Rather general – covering: <ul style="list-style-type: none"> • Human Rights • Labor Conditions • Environment • Anti-Corruption 	Higher degree of detail - covering: <ul style="list-style-type: none"> • Human Rights • Labor Conditions • Environment • Anti-Corruption • Other issues (Disclosure, consumer interests, science, technology, competition, taxation)
Based on International Declarations*	<ul style="list-style-type: none"> • Universal Declaration of Human Rights (1948) • International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (1998) • Rio Declaration on Environment and Development (1992) • United Nations Convention Against Corruption (2000) 	No direct reference to specific paragraphs of international standards or international declarations *****

Support from Governmental organizations*	Support is provided through networks and partnerships from UN agencies: <ul style="list-style-type: none"> • The Office of the High Commissioner for Human Rights (OHCHR) • The International Labour Organization (ILO) • The United Nations Environment Programme (UNEP) • The United Nations Development Programme (UNDP) • The United Nations Industrial Development Organization (UNIDO) • The United Nations Office on Drugs and Crime 	The governments of participating countries – through National Contact points located in each member country.
Relationship with NGOs	NGOs play a major part in the GC, by providing members and the GC office with support and expertise. Examples of participating NGOs ^{***} : <ul style="list-style-type: none"> • Amnesty International • World Wide Fund for Nature • International Institute for Environment and Development • Transparency International • Global Reporting Initiative • European Business Campaign on Corporate Social Responsibility 	The OECD Watch, consisting of NGOs from Europe, America, Africa and Asia, is created to inform the wider NGO community about policies and activities of the OECD, and to test the effectiveness of the guidelines. The participating NGOs are local NGOs from member countries ^{****}
Binding character*	“Communication on Progress” reports – obligatory since 2003. Must be submitted with to remain a member and to utilize the GC logo.	Not obligatory – no guidelines on how to implement, monitor or report
Complaints mechanism*	Complaints on members can be made to the GC office by individuals, NGOs etc. First introduced in 2004.	Complaints can be made to the National Contact Points.

Sources: * UNGC & OECD Secretariat (2005), ** UNGC (2006b), *** UNGC (2006c),
**** OECD Watch (2006), ***** Oldenziel (2005)

Based on the results of the comparison of the two guidelines displayed in Table 1.1, it has been decided to focus on the UN Global Compact. Firstly, the GC is implemented in more than twice the number of countries as the OECD guidelines. Secondly, the GC does not place any restrictions on potential members regarding country of origin, meaning it does not exclude developing non-OECD countries (UNGC & OECD Secretariat, 2005:4). Thirdly, in spite of the fact that the OECD guidelines go more in detail and cover more areas, the legitimacy of the GC is seen to be greater due to the fact that the GC’s contents is derived from previous UN Declarations which already have gained universal consensus. Fourthly, through networks and partnerships, GC has the support of six of the core UN agencies in addition to several important international non-governmental organizations (NGOs) (UNGC & OECD Secretariat, 2005:2). Lastly, the fact that the GC requires “Communication on Progress” (COP) reports, while OECD does not require this, increases both the legitimacy and transparency of the GC. It is however important to point out, that the requirements of the COP reports are not very strict; hence one can discuss their actual impact. This issue is discussed further in section 4.2.5.3. In addition to the information provided in Table 1.1, according to the World Development Report 2005, a majority of companies view the GC as more influential for their business activities than the OECD guidelines (The World Bank, 2004). One of the major strengths of

the OECD's guidelines is the "complaint mechanism", which allows NGOs or other members of the public to file complaints to the National Contact Points if companies are not following the guidelines (UNGC & OECD Secretariat, 2005).

1.3.2 Focus on the telecommunications industry

It was early decided in the preparation of the thesis to focus on the telecommunications industry which is part of the Information Communication Technology (ICT) sector, a sector which is regarded as quite interesting to evaluate with regards to CSR. The ICT sector has been growing both in size, importance and complexity the last few decades, resulting in a great deal of uncertainty related to both positive and negative effects of ICT on society and the environment. This uncertainty makes it a very appealing area to investigate with relation to CSR issues (Pamlin, 2002a). On the one hand, the increased use of ICT is leading to a boost in technological innovation, resulting in gains both within the sector and through influencing other industries; for example through contributing to more sustainable production and consumption trends. At the same time, however, there are negative consequences related to the life-cycles of many ICT products, such as pollution and resource consumption (Plepys 2002). Furthermore, to date, not many attempts have been made to evaluate the issues of how sustainable development can be complemented by the growth of the ICT industry, making this quite a relevant area of investigation (EITO, 2002). Another issue is that the existing research tends to focus on either only positive or on negative impacts (Pamlin, 2002a).

The present study focuses only on the telecommunications industry within the ICT sector. Within this industry we find: carrier services, fixed telephony services, mobile telecommunications services, private network services, data transmittal services, other telecommunications services, internet backbone services, internet access services, and other internet telecommunications services (United Nations Department of Economic and Social Affairs Statistics Division, 2004).

The choice of the telecommunications industry is made for several reasons. Firstly, in addition to providing traditional telephone lines it provides services which are quite new to the market. Secondly, as a result of the rapid development of mobile telephone networks and the increasing access to internet all around the world, the industry has exploded over the past few decades. Thirdly, as a result of being a slightly "different" industry compared to traditional industries often associated with relation to environmental issues etc, it can provide an interesting and unique perspective on CSR. Fourthly, the telecommunications industry is highly relevant for an analysis of CSR since companies within this industry already are showing signs of trying to implement CSR issues in their strategies. This is reflected in their placements on international indexes such as the Dow Jones Sustainability Index. As of April 2006, eight telecommunications companies were represented on the index, among them seven European companies and one Canadian (Dow Jones Sustainability Index, 2006). The relevance of the UN Global Compact to this industry is also clear, given that, on an international basis (as of May 2006) 56 businesses from the telecommunications industry are currently participating in the GC (UNGC, 2006b). Lastly, due to a summer internship with a telecommunications company in Norway (Telenor ASA), I was able to gain firsthand insight into a major company's CSR initiatives.

2 METHODOLOGY

This section presents an overview of the design and methodology of the thesis. The objective of the study is to gain insight into how CSR is being understood and implemented within the telecommunications industry, particularly focusing on the utilization of the UN Global Compact (GC). The study can be characterized as a qualitative study rather than a quantitative study, as the goal will be to explore, interpret, systematize and evaluate case-study materials, rather than to quantify and measure effects (Verschuren & Doorewaard, 1999). The principal approach is “comparative case-study analysis”, and the major methods used are “desk research” and “informant interviews”.

2.1 Comparative case study

Case studies should, according to Yin (1991:9), be selected as a research approach in analysis where “how” or “why” questions are asked concerning contemporary events which the researcher does not have control over. In order to answer the fourth research question and to attain a broader perspective of the industry it has been decided to do a comparative case study of three companies. Using a multiple-case design, meaning the inclusion of several cases rather than looking at only one case, allows for the research to be repeated so that the results of the different studies can be compared, and patterns can be established (Yin, 1991:47). A hierarchical method has been used, meaning that the cases first are studied separately, and the results are then used as input to the comparative analysis (Verschuren & Doorewaard, 1999:167). Furthermore, the cases involve several units of analysis, since the companies will be analyzed on how they perceive and implement both CSR and the UN Global Compact, and it is therefore seen as an embedded case study (Yin, 1991:42).

2.2 Desk research

Desk research means the utilization of either existing “primary sources” (descriptive information available to all) or “secondary sources” (analyses of existing information carried out by other researchers) (Verschuren & Doorewaard, 1999:178). For this study it was important to initially: establish what the concept of CSR entails; obtain information on the UN Global Compact; and establish what CSR entails for the telecommunications industry. These issues are covered by the first three research questions, and answers were sought through normal desk research, relying on existing primary and secondary sources. Desk research will also be utilized for the individual case analyses to gain insight into the three selected companies, and to contribute to answering parts of the fourth research question.

2.3 Selection criteria for case studies

The comparative analysis will, as mentioned, be based on a selection of leading telecommunications companies. The first task was to determine the criteria for selecting the companies. The first criterion is that the chosen companies must be CSR “frontrunners” within their industry. This provides a good overview of the best practice within the industry, thereby again contributing to the ultimate objective of the study. The “frontrunner” companies were identified by looking at international indexes for companies’ CSR performance. It was decided to utilize the Dow Jones Sustainability Index and the FTSE4Good Index series. These are chosen since they are considered to be two of the most important international CSR indexes, by (among others) the association Business for Social Responsibility (2003b). This means that the chosen companies must be among the eight telecommunications companies present on the Dow Jones Sustainability Index (DJSI), and be included in the FTSE4Good Index.

A second criterion is that the companies chosen must currently subscribe to the UN Global Compact. This is crucial if an evaluation is to be feasible of how the three companies utilize the GC in their company strategies.

A third criterion is that the companies should be based on the same continent, and it has in this case been decided to focus on European companies. This decision was based on the choice to investigate “frontrunners”, and when looking at the DJSI, with the exception of one Canadian company, there were *only* European companies represented within the Telecommunications sector. This is supported by a study performed by PricewaterhouseCoopers which reveals that European companies in particular are increasingly taking CSR issues into account. The study shows that while 68 percent of multinationals in Europe consider “triple bottom line” in their reporting, only 41 percent of US companies do the same (PricewaterhouseCoopers, 2002). The triple bottom line consists of an active monitoring by companies of their economic, environmental and social impacts (Elkington, 1998).

A fourth criterion is related to the size and areas of operation of the companies. The chosen companies must be large, multinational companies, with operations in both developed and developing countries.

As a first step in deciding which companies to include in the comparative analysis, it was necessary to identify a possible sample of companies. Since there were only eight companies which met the first criterion of being on the DJSI, the selection was made with these companies as a starting point. All these companies are also on the FTSE4 Index, meaning they all fill the first criterion. Table 2.1 shows the eight companies and the different criteria they fulfill.

Table 2.1 – Criteria for the selection of firms

Criteria	Member of GC	Based in Europe	Size and area of operation
BT Group PLC	X	X	X
Deutsche Telekom AG	X	X	X
Swisscom AG		X	
Telecom Italia	X	X	
Telefonica S.A.	X	X	X
Telenor ASA	X	X	X
Telus Corp			
Vodafone Group PLC		X	

Based on the above-mentioned criteria, there are four companies which fill all the criteria set: BT Group PLC, Deutsche Telekom AG, Telefonica S.A. and Telenor ASA. All four are present on both the DJIS and the FTSE4 Index; are members of the GC; are located in Europe; and have operations in both developed and developing countries. Due to time constraints, it was decided to focus only on three case studies, with the following chosen as best suited to the study: the *BT Group plc*, *Deutsche Telekom* and *Telenor ASA*. The BT Group plc (hereafter referred to as BT) and Deutsche Telekom were chosen since they are the leaders within the telecommunications industry on the DJSI. Both of these companies were also part of the GC from the very beginning. Telenor ASA (hereafter referred to as Telenor) was chosen because contact with the company was already obtained through an internship, providing good access to information. The company is also quite a bit smaller than the two other companies, which can give interesting comparisons.

2.4 Data collection: primary sources, secondary sources and interviews

In order to answer the four major research questions, it was necessary to use several types of information: general information on CSR; details about the UN Global Compact; information on CSR related to the telecommunications industry; and more specific information on the actual implementation of CSR within the three selected companies. This information has been obtained through reviewing literature, consulting primary data sources, and through informant interviews (Judd, Smith & Kidder, 1991:220). The data collection for each research question was organized as follows:

Research question 1: Information was here needed concerning: theoretical perspectives on CSR; the motivation behind CSR; which issues should be addressed by companies related to CSR; and what actions companies can take to address these CSR issues. It was important to gain at an early stage alternative theoretical perspectives on the subject, and basic empirical information on the current state of the topic. Different types of databases, websites and secondary literature were employed. The major sources were: books on CSR; scientific articles; reports and other documents from business organizations, governmental institutions and civil society; and several survey reports containing empirical documentation of CSR actions and behavior.

Research question 2: For information on the UN Global Compact and how this should be utilized by companies, a combination of desk research and interviews was utilized. Documents and other literature directly related to the Global Compact, both provided by the Global Compact itself in New

York and by other sources, were reviewed. To obtain more in-depth information on the GC, interviews were also utilized. A personal interview was conducted with Denise O'Brien, the Deputy Head of the UN Global Compact. In advance of this interview, a protocol was created consisting of approximately 15 specific questions related to the GC. Subsequent to the interview, new questions arose which could not be answered by the available literature, and a follow-up interview was conducted with Jonas Moberg, a Senior Advisor in the Global Compact Office. A protocol, consisting of approximately five questions, was created prior to this second interview. These questions more specific than those posed at the first interviews, as it had become clearer what information was lacking. The two interviews provided insight into the GC which would not have been possible to obtain from any of the available literature. (Appendix 1 shows the protocols of the interviews).

Research question 3: Most of the information for this question was obtained through a survey of the literature. Databases and the internet were also searched to locate sources of information related to the telecommunications industry. Alternative sources of information from major telecommunications business organizations, as well as governmental and non-governmental (NGO) institutions, were reviewed to gain the most objective picture of the subject.

Research question 4: On the final question, it was necessary to collect data for the three case studies. According to Yin (1994), there are at least six sources when collecting information for case studies: documents; archival record; interviews; direct observation; participant-observation; physical artifacts (Yin as cited in Tellis, 1997). For this study, documents and interviews are the major sources of data gathering. Using several sources to obtain information – so-called “triangulation” – was employed to gain a broader perspective, and, most importantly, to increase the objectivity of the study (Verschuren & Doorewaard, 1999:125). Since it is primarily an exploratory and evaluative analysis, it was important to make the cases as similar as possible (“most-similar systems” design), so that the treatment of the chosen CSR initiatives by the companies could be assessed (Przeworski & Teune, 1970). For all three cases, documents provided by the companies were reviewed. This consisted of annual reports, sustainability reports, and other sources of information provided by the companies. A comparison of the on-line resources and website presentations of the three companies was particularly important. Extensive internet searches for other relative materials were also conducted. A particular focus was placed on trying to identify any issues which the companies might be attempting to conceal.

Since all the required information was not available through the companies' documents, and so as to gain as complete and objective a picture of each company's activities, it was necessary to conduct interviews with representatives from the three companies. When selecting the interviewees, it was important to identify company officers who had both a responsible position and complete overview of the role of CSR in the company. It was therefore decided to select someone with a high ranked CSR position in the three companies. After considerable “scoping” of the administrative structure of the companies, three primary informants were chosen: Olav Hypher, the acting Vice President of CSR at Telenor; Chris Tuppen, the Head of Sustainable Development and Corporate Accountability at BT; and Reiner Lemke, the Sustainability Manager of Deutsche Telekom.

The next step was to create a standardized interview protocol: This was created in advance on the basis of the preliminary desk-research and scoping analyses of the companies, and with a particular interest in the issues related to the Global Compact. The questions in the protocol were also created

so as to obtain important types of information that could not be determined from the desk research. As a result of this, the protocols for the three firms varied slightly. After having conducted interviews with the three heads of CSR, new questions were identified. In all three cases, follow-up contacts were then initiated. In the case of Telenor, follow-up was provided by Einar Flydal, Senior Advisor at Telenor; at BT e-mail further correspondence with Chris Tuppen was utilized to gain clarity on several issues; and at Deutsche Telekom, a second telephone interview was conducted with Reiner Lemke. In the Telenor case contact was also established with Vidar Lindefjeld, who is the specific contact person for the Global Compact Nordic Network which Telenor participates in.

2.5 Credibility of the study

The choice of utilizing a comparative multiple-case study increases the robustness of the study, as the results from multiple cases rather than single cases often are seen as more compelling (Yin, 1991:46). Utilizing three cases has allowed for replication and comparison, and can provide a more robust evaluation of how CSR is perceived and implemented frontrunners in the telecommunications industry.

“External validity” involves “whether a study’s findings are generalizable beyond the immediate case studies” (Yin, 1991:37). Since this study only looks at the telecommunications industry, it cannot be generalized beyond this industry, but the conclusions should have broad applicability for larger firms within the sector. The fact that only frontrunners were utilized, however, means that the findings probably are dependent on the overall availability of resources in the firm. On the other hand, however, since the companies *are* frontrunners, the results can be utilized as guidelines for other companies within the industry. In this sense the study documents variations of “best CSR practice” for the telecommunications industry.

“Reliability” can be defined as “the degree of consistency between two measures of the same thing” (Black, 1993:73). To ensure the reliability of the present analysis, constant cross-checking among the several different data sources was carried out. This allowed for a constant comparison between the findings and perspectives of the different sources. Through utilizing interviews, clarification of desk-research analyses was also made possible, ensuring that the answers corresponded to the original impressions made. Further – according to Yin (1991:38) – one solid way to ensure the reliability of the study is to document the procedures of the research, and this has been done throughout. All sources are documented and re-traceable, and the informant interviews were taped and checked against the recorded answers to the protocol.

3 ANALYTICAL PERSPECTIVE ON CSR

The following section is meant to provide an analytical perspective of what CSR entails. First, different theoretical views on CSR will be presented. Second, current views provided by business organizations and NGOs, relating to what is considered to be the major reasons behind companies engaging in CSR activities, will be presented and linked to the theoretical perspectives. Third, establishing the scope of CSR will be discussed in relation to reports prepared by governmental-, non-governmental- and business organizations. Fourth, recommendations are provided for how companies can strategically choose CSR projects which go beyond dealing with the specific negative impacts of the company. Fifth and last, a description is provided of six different types of CSR projects which, depending on the desired outcome, companies can utilize to deal with different societal issues.

These analytical perspectives, both the theoretical and the more “hands-on” current perceptions and recommendations on CSR practices, will be utilized in the process of evaluating the three case studies.

3.1 What is CSR?

There are many views related to what corporate social responsibility is, and what role it should play in a corporation. Garriga and Melé distinguish between four main groups of theories related to CSR, namely *instrumental theories*, *political theories*, *integrative theories* and *ethical theories* (Garriga & Melé, 2004: 52). These four main categories will form the foundation of the following discussion, but other views and authors will also be incorporated to get a broader view.

3.1.1 Instrumental theories

These theories view CSR as an instrument which can be utilized in order to reach economic objectives, like maximizing shareholder value or gaining competitive advantage (Garriga & Melé, 2004:53). Milton Friedman is known for his focus on maximizing shareholder value, and claimed that the only responsibility a corporation has is to utilize its resources and activities in a way which increases profits. The only criterion set by Friedman was that the “rules of the game” must be kept, meaning obeying rules and regulations, and maintaining open and free competition without deception (Friedman, 1970: 8). He emphasizes that those who are responsible for the firm are the corporate executives, and that they as individuals might have personal responsibilities, but when acting on behalf of the firm, their only responsibility is to act as an agent for the corporation’s shareholders, and therefore serve their interests (Friedman, 1970: 2). Based on this, one may claim that according to Friedman, businesses have no responsibility to promote sustainable development, beyond ensuring economic growth of the company.

From an alternative perspective, Porter and Kramer (2002:6) stress the importance of the objective of competitive advantage. They disagree with Friedman’s view that economic and social

objectives are incompatible, and claim that if a corporation uses philanthropy to improve its competitive context, these goals can be aligned and lead to long-term gains. They further claim that, if philanthropy is used strategically, it can be used to improve a company's competitive context. The competitive context of a corporation consists of four elements: "factor conditions", consisting of infrastructure, human resources and natural resources; "demand conditions", meaning the presence of local customers; the "context for strategy and rivalry" referring to the existence of local policies, rules and incentives; and "related and supporting industries" meaning the presence of local suppliers (Porter & Kramer, 2002: 8). The company must, through careful analysis, find areas of philanthropic investment within its competitive context which provides the firm with optimal long-term economic predictions (Porter & Kramer, 2002: 9). It can thus be presumed in this view that CSR primarily is relevant for a company if it improves its competitive context, hence providing a competitive advantage.

3.1.2 Political theories

Supporters of political theories emphasize the link between society and business, and the relationship between the amount of responsibility and power a business has in society (Garriga & Melé, 2004: 55). A central author advocating this view is Keith Davis (1967: 46), who describes corporate social responsibility as recognition by management that a corporation needs a healthy society and environment in order to survive. He further stresses a relationship between power and responsibility, claiming that the societal responsibility a business has is a result of how much social power it has. A disregard of these societal responsibilities will result in the corporation ultimately losing its power, what Davis (1967: 49) refers to as the "Iron Law of Responsibility". It can be assumed that according to this theory, the responsibility of the firm is limited to what ensures a healthy environment for it to do its business in.

3.1.3 Integrative theories

These theories place the main emphasis on integrating social demands in the businesses activities, and claim that businesses rely on society for survival and growth. The firm is therefore responsible to perform in a way that is in harmony with social values and demands (Garriga & Melé, 2004: 57). One sub-group of these theories is "issues management", which is presented by Wartrick and Rude (1986) as how a company must identify, analyze and react to certain societal and political aspects and situations which can have an effect on it. This system provides an advance warning regarding environmental and societal changes, to reduce the effects these might have on a business (as cited in Garriga & Melé, 2004: 58).

3.1.4 Ethical theories

In this type of theory, the relationship between corporations and society is rooted in ethical values. In order to have a good society, there must be a focus on morally correct behavior (Garriga & Melé, 2004: 53). The views of Donaldson and Preston (1995) can be placed in this category. These two

authors introduce a normative stakeholder theory, which stipulates that a responsible firm must simultaneously take all considerations of stakeholders into considerations. This theory is based on an assumption that stakeholders are persons or groups with genuine interests in the activities of the company, and that these interests have intrinsic value (Donaldson and Preston, 1995 as cited in Garriga & Melé, 2004: 60). With regards to sustainable development, this would imply that if this is seen as a subject of vital importance to the stakeholders, companies should deal with it in a responsible and open manner.

Other ethical theories of particular relevance to this study relate to the goal of sustainable development. The World Business Council for Sustainable Development (WBCSD) combines the stakeholder approach with the aspiration of reaching sustainable development, and defines CSR as "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (WBCSD, 2006b). WBCSD further claims that business and society are interdependent, and that the primary function of a business is to "provide continually improving goods and services for increasing numbers of people at prices they can afford" (WBCSD, 2006d:4). Sustainable development in this view is dependent on three aspects: economic growth, ecological balance, and social progress. Businesses can contribute by ensuring economic growth, and by acting in a responsible way. However, if the actions businesses take to address international challenges such as poverty, globalization and climate change are to be sustainable, they must also be profitable. These challenges must therefore be dealt with through the core activities of a company and not through philanthropy (WBCSD, 2006d:4).

3.2 What is the motivation behind CSR?

Having presented different theoretical approaches to CSR, it is also important to view the concept from a less theoretical perspective, and to obtain information on the actual current situation. The following section therefore seeks to identify why companies in today's society are engaging in CSR activities. This insight will be obtained through exploring information provided by current societal actors who are dealing with CSR, both from the business sector itself and from related business and civil-society organizations. As a sample of the latter, we will look at the consulting companies PricewaterhouseCoopers (PWC) and Arthur D. Little; the non-profit business organizations WBCSD, Business for Social Responsibility (BSR) and CSR Europe; and the International Institute for Sustainable Development (IISD). The information from these sources will be supplemented by data from international surveys.

There are both internal and external factors driving companies to alter their activities in order to include social and environmental aspects. The internal factors are often known as the CSR business case, and this can, according to Arthur D. Little (2003:2), offer companies advantages in six areas, namely reputation management, risk management, employee satisfaction, innovation and learning, access to capital, and financial performance.

Reputation management deals with how a business is perceived by its various stakeholders such as its consumers, investors, employees, government, suppliers, media and community (Arthur D. Little, 2003:3). According to PWC (2006:17), the influence of stakeholder groups is increasing, especially in Europe, implying a need to implement stakeholder-oriented management tools.

International surveys show that having a good CSR image is becoming increasingly important. A study performed by Environics in 2001 regarding public opinion of firms, revealed that 49 percent of the respondents had social responsibility as one of their top two factors which influenced their impressions of a company (BSR, 2003). Furthermore, a study performed by CSR Europe in 2000, revealed that 70 percent of consumer respondents in 12 countries viewed CSR as an important aspect when choosing to interact with a company, and 20 percent of these respondents would be willing to pay more for products where CSR concerns are taken (CSR Europe, 2006b). Investors are also changing their focus from a pure economic perspective, and an increasing amount of investors base their decisions upon company CSR performance (Gillis & Spring, 2001). This trend is confirmed through the launch of CSR indexes, such as Dow Jones Sustainability Indexes and FTSE4Good (BSR, 2003). Bad reputation and negative publicity can also be a trigger for companies to become active with CSR issues (van der Lungt, 2005:210). The media and NGOs often play a crucial role in exposing non-compliance with environmental and labor standards, or unethical behavior (Gillis & Spring, 2001).

Managing risk is a necessity in all businesses, however having a CSR perspective on it entails having a broader, more long-term perspective, and this can allow a company to gain competitive advantage through identifying emerging issues. According to a study performed by Taylor Nelson in 2001, 86 percent of European investors believe that having an environmental and social perspective on risk management will have considerable positive impacts on the long-term value of a company (Arthur D. Little, 2003:5).

Since businesses are dependent on their workforce, *employee satisfaction* is crucial for a company. CSR issues are becoming increasingly important among current and potential employees, who seek out companies who have standards which match their own (IISD, 2006). A study performed in 2000, showed that the higher quality applicants tend to judge potential employers according to CSR standard, hence a company can use its reputation to attract good employees (Gillis & Spring, 2001). According to a study performed in Britain, 85 percent of the respondents stated that it was essential, very important or fairly important, that an employer took responsibility for societal, environmental and community aspects (Fast Forward Research, 2003).

Innovation and learning is critical for the long-term survival of a company, and it is vital for a company to adapt to societal and technological changes. Acting as a front runner on these issues can create competitive advantages through creating new business opportunities, while at the same time responding to demands of environmental and social concerns (Arthur D. Little, 2003:7).

Access to capital is linked to a company's reputation among investors and its ability to manage risk (Arthur D. Little, 2003:8). Socially responsible investments are increasing, and companies that focus on CSR issues are gaining access to capital that might not otherwise be available to them (BSR, 2003). According to a report published by Business in the Community, 34 percent of investment analysts viewed a company's social policy to be quite or very important in 2001, as opposed to 12 percent in 1994 (Business in the Community, 2001).

The last point stressed by Arthur D. Little is *financial performance*, and that a focus on issues beyond making money can result in improved long-term performance (Arthur D. Little, 2003:9). According to a study performed in 2003 by the Institute of Business Ethics, companies taking ethical aspects into consideration performed better on three out of four financial measures, and had an average of 18 percent higher financial performance (CSR Europe, 2006b).

In addition to these six aspects, WBCSD stresses the importance of *eco efficiency*, which is defined as “a management strategy that links financial and environmental performance to create more value with less ecological impact” (WBCSD, 2006c). According to WBCSD, businesses can achieve gains through optimizing processes, waste recycling, providing new services, or sharing resources through networks (WBCSD, 2006c).

There are, as mentioned, also external factors which can motivate companies to include CSR aspects. The changing business environment raises awareness and drives companies towards taking CSR concerns. PWC predicts that globalization will weaken the role of the state further, and that the global market forces will play an increasingly more crucial role than government policy (PWC, 2006:13). Furthermore, IISD points to the fact that as a result of doubts regarding the effect of regulation, governments’ roles are being reduced, which again promotes a need for voluntary initiatives (IISD, 2006). The utilization of voluntary initiatives is in many cases also based on businesses wish to control the development themselves, and prevent governments from creating strict regulation (Ruud, 2002:98).

If one views these motivations behind CSR in light of the theoretical perspectives presented in section 3.1, one can find several links and similarities. The six drivers behind the CSR business case can all be associated with Porter and Kramer’s instrumental perspective related to gaining competitive advantage, either by reducing costs or by increasing popularity among different stakeholders. Risk management can be seen linked to integrative theories such as “issues management”, since it seeks to identify different situations and aspects that can have an effect on the firm. Eco-efficiency can also be linked to this theoretical group since it seeks to achieve gains for businesses. As for the last point mentioned, related to the changing business environment, this can be linked to the political theories, since it places more responsibility upon businesses as a result of them having an increasingly important role in society, and brings in the relationship between business and governmental regulations.

3.3 The issue of scope: What are CSR issues?

Parallel to the different views on what CSR entails for a company, there are also different views related to what should be considered to be CSR issues, in other words how broad the scope of CSR should be. The WBCSD, BSR, the CSR Europe, and the European Commission (EC) have all identified issues of relevance to CSR, and the views of these four institutions have been combined in the section below to provide a basis for discussing the problem of scope. In addition, a report called “CSR Frame of Reference” which has been prepared by different Dutch Civil Society organizations and trade unions actively promoting CSR, has been utilized. These five sources of information and standards have been chosen because they are seen as providing a broad and comprehensive overview of the issue. The European Commission provides a governmental perspective on the situation; the “CSR Frame of Reference” report gives a civil society perspective; and WBCSD, BSR, the CSR Europe, all have members from the business community, as well as partnerships with governments and NGOs, hence bringing together the views of a broad specter of corporate stakeholders.

One topic highlighted by all five institutions is the responsibility to protect the *environment* against impacts resulting from company activities. This includes taking actions beyond formal legal requirements, and securing protection throughout the lifecycle of the service or product, thus

ensuring the entire supply chain (WBCSD, 1999:8). All five also highlighted *human rights*, involving rights which are protected by the United Nations Universal Declaration of Human Rights. Within this category particularly important issues are freedom of speech, inter-generational equity, and equal rights independent of gender, sex, disabilities or heritage (WBCSD, 1999: 6). Furthermore, the institutions stress the importance of *employee rights* and *workplace conditions*. Related to this they all emphasize the International Labor Organization's Declaration on Fundamental Principles and Rights to work, including freedom of association, right to collective bargaining, elimination of forced and child labor, and elimination of discrimination (Coalition of Dutch CSO's & Trade Unions actively promoting CSR, 2003:6). Promoting a healthy and safe working environment, which ensures satisfied and happy employees, is also highlighted (EC, 2001: 10). Environmental protection, human rights and employees must also be ensured throughout the supply chain, and consequently an important aspect is the responsibility a company has for the actions of its *suppliers* (WBCSD, 1999:9). Furthermore, the reports highlight the importance of *business ethics* and *corporate governance*, implying a responsibility beyond legal requirements (CSR Europe, 2006a). This topic includes adherence with values such as honesty, trust, respect and fairness, and involves financial integrity within a company and issues such as corruption and bribery (BSR, 2003). Lastly, the impact a company has on the *community* is also stressed in all four reports. This includes responsibilities related to the direct effects of business activities, in addition to pure philanthropic contributions (WBCSD, 1999:8). It is pointed out that companies contribute to communities through providing jobs, wages and benefits, but at the same time are dependent of having a healthy, stable and clean environment to perform their activities (EC, 2001: 12). A responsibility for consumers is also stressed, involving issues such as health and safety (Coalition of Dutch CSOs & Trade Unions actively promoting CSR, 2003:9).

Summed up on can state that there are six major categories of CSR issues identified by all the different institutions, and these are: *environmental protection, human rights, employee rights and conditions, actions of suppliers, business ethics* and *community issues*.

3.4 What types of CSR projects should be selected by companies?

In addition to theories on what CSR is, there are also normative theories on how companies should deal with CSR. Kotler and Lee (2005:238) provide six recommendations for choosing societal causes a company can choose to focus its support on, and how these choices can be linked to strategic decision-making:

- Support only a few societal causes – this will increase the probability of having an impact
- Select issues that are of importance in the local communities – in order to improve the conditions around the business and enhance the chances of being noticed
- The projects chosen should be related to the objectives, strategies or activities of the company – in order to allow a company to utilize its expertise
- Projects should be chosen that also can contribute to reaching business goals
- Choose issues which are of importance to its stakeholders
- Select projects which can be supported on a long term basis

In the following sections we will look more closely at what Kotler and Lee (2005:3) refer to as key “social initiatives”: that is, “major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility”. The authors distinguish between six different types of corporate social initiatives, which are used by firms in different situations, depending on what they wish to achieve. As part of the strategic management of a company, analyzing the different initiatives can contribute to making strategy decisions which give specific outcomes in addition to competitive advantage (Kotler & Lee, 2005: 22).

3.4.1 Cause promotions

“Cause promotions” means that a company supports fund-raising activities to raise awareness around a certain societal issue, by providing funds and other types of resources (Kotler & Lee, 2005: 49). This type of activity consists of more than a pure economic donation and companies usually also participate in the creation and communication of the campaigns. These types of campaigns can involve building the awareness through presenting facts and statistics, by promoting certain information sources, such as web-sites, or through persuading people to donate their time, money or material goods, such as used clothes (Kotler & Lee, 2005: 51).

Benefits related to this type of initiative are often connected with marketing, such as strengthening the position of the company brand or improving the firm’s reputation. It also gives customers and employees the opportunity to participate in contributing to a good cause, while at the same time giving the organization the possibility of creating relationships with local organizations (Kotler & Lee, 2005: 52). When choosing cause promotions it can often be wise to choose a project which has a connection with the activities of the corporation. Furthermore, to allow for an “ownership” feeling for the project, and create a sense of recognition among consumers, it can be wise to choose a project with a long-term perspective (Kotler & Lee, 2005: 68).

3.4.2 Cause-related marketing

“Cause-related marketing” takes place when a company makes a donation based on sales, for example a percentage of yearly revenues or an amount per item sold (Kotler & Lee, 2005: 81). An obvious benefit from this type of initiative is the fact that it is a very effective way of raising money for a specific cause. Associated with this is the increase in sales and customers, since new customers often are attracted to the company as a result of the campaign. In addition, being involved in issues which consumers look upon as important societal issues can have very positive impacts on brand building. It can also contribute to reaching special niche markets, as well as creating the basis for building partnerships with non-profit organizations or other companies working on similar issue (Kotler & Lee, 2005: 100).

The chances of this initiative being successful increases if the products utilized in the campaign already are well-established and have a large market, and where the utilization of a charity can differentiate them to similar competing products. It can also be an advantage to utilize this initiative with relation to a societal issue or charity that the firm already is involved with or has connections to (Kotler & Lee, 2005: 111).

3.4.3 Corporate social marketing

”Corporate social marketing” takes place when a business supports or develops a behavioral change campaign, which has the goal to improve specific environmental or social issues (Kotler & Lee, 2005: 114). Examples of such issues are public health, safety, environment or community involvement. Marketing strategies and techniques are utilized in developing the campaigns, and very often a corporation will form a partnership with the public sector or a non-profit organization (Kotler & Lee, 2005: 116). It is common to choose a cause that can be related to the firm’s activities and the desired behavioral change is usually a specific action so that people easily know if they have participated or not (Kotler & Lee, 2005: 119).

A great benefit for a company from this type of initiative is the strengthening of the brand name as a result of the association with a good social or environmental cause. It can also involve increased support from public sector or non-profit organizations. At the same time it can foster suspicion among consumers who might doubt the motivation behind the corporation’s involvement in the relevant societal issue (Kotler & Lee, 2005: 130).

This type of initiative should be considered utilized in situations where the aspired behavioral change can be connected with the corporations activities or an explicit product, and thereby easily be integrated into for example its features or distribution channel. It is further important that the desired effect can be reached through specific individual behavioral changes of customers (Kotler & Lee, 2005:140)

3.4.4 Corporate philanthropy

“Corporate philanthropy” involves that a company directly contributes to a charity or social cause through cash or other non-monetary contributions (Kotler & Lee, 2005:144). The most normal types of donations are providing cash, awarding scholarships or grants, offering technical expertise or service, or providing location, equipment or products. It is normal to support issues which have some relevance or meaning to the company, and the recipients are usually nonprofit organizations or public agencies (Kotler & Lee, 2005:146).

Some of the major benefits resulting from this type of initiative are the potential improvement of the corporation’s reputation, the national attention they can receive, and the goodwill the company gets from society as a whole (Kotler & Lee, 2005:150). At the same time, corporate philanthropy often runs the risk of being less visible than other initiatives. This might also make the shareholders more skeptical to spending resources on such projects (Kotler & Lee, 2005:162).

When choosing this type of initiative, it is wise to select an issue that has a connection to the corporation. Further, it can be beneficial to find opportunities of non-monetary contributions which are linked to the firm’s activities and products (Kotler & Lee, 2005:163).

3.4.5 Community volunteering

“Community volunteering” is an initiative where a firm encourages its employees or parts of its supply chain to volunteer their time, knowledge and expertise to a local charity or cause. The

corporation supports this volunteerism through for example organizing the activities or by providing paid time off from work (Kotler & Lee, 2005:175).

The personal commitment and involvement associated with community volunteering contributes to creating a special relationship between the community and the organization. In addition, there are many possible long-term benefits related to improving the situation in the local community where a company is situated (Kotler & Lee, 2005:178). Allowing the employees to offer their service and time gives them the satisfaction of helping other people and help improve their morale. Initiatives like this can also be a motivational factor for potential future employees to choose a company (Kotler & Lee, 2005:184).

Community volunteering can often be a good supplement to an existing strategy. In addition, it can be good to use if an issue arises in the local community of the organization, or if employees express a particular interest in a societal cause where their competence could contribute in a positive way (Kotler & Lee, 2005:202).

3.4.6 Socially responsible business practices

“Socially responsible business practices” are when firms act in a discretionary manner and invest in activities to improve their local communities and the environment. These initiatives are optional, and go beyond what is expected of a business through laws and regulations, and involve changing internal practice or company policy (Kotler & Lee, 2005: 208). Examples of this type of initiative are incorporating non-obligatory environmental recommendations in the design phase of company’s products or facilities, using suppliers that comply with certain standards, support employee satisfaction and have local community impact in mind when selecting locations for plants and retail locations (Kotler & Lee, 2005:210). Many such initiatives can contribute to reducing costs for the company, through for example energy savings programs or reduced recruitment and training costs as a result of a lower turn-over rate among satisfied employees, who are proud to be associated with a company with a good reputation. Making changes to internal policies can give the company an increased group of loyal consumers, in addition to giving the company a large amount of goodwill both from the local community and from the public sector (Kotler & Lee, 2005:211).

These initiatives should be chosen in situations where in addition to creating social value, operating costs can be reduced. It can also be a strategically wise choice if it has the potential to differentiate the company from competing companies through improving for instance relations within the supply chain, the quality of the product, or the health or well-being of employees or customers (Kotler & Lee, 2005:232).

3.5 Relevance to this study

In this chapter different analytical perspective on CSR were identified. Firstly, four different groups of theories on CSR have been identified, namely *instrumental*, *political*, *integrative* and *ethical*. Secondly, current perspectives on the major drivers behind CSR, which were identified: *reputation*, *risk management*, *employee satisfaction*, *innovation and learning*, *access to capital*, *financial performance*, *eco-efficiency*, and *external factors related to changes in business environment*.

Thirdly, the scope of CSR was established, and the six major categories of CSR issues were identified as being: *environmental protection, human rights, employee rights and conditions, actions of suppliers, business ethics* and *community issue*. Lastly, normative theories on how companies should select societal issues to support, and how they strategically can choose what type of CSR project they wish to initiate were presented. Six different “social initiatives” a company can undertake were presented including: *cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering* and *socially responsible business perspectives*.

As previously stated, these theoretical views on CSR and the current perceptions in society will be utilized to assess the three telecommunications companies. By utilizing the theoretical views on the responsibilities of firms, and the presented drivers for CSR, an attempt will be made to identify why the specific companies engage in CSR activities. The six identified categories of CSR issues will first be compared to specific effects of the telecommunications industry to see how the specific issues of an industry can be linked to general CSR issues. The issues, both specific and general, will then be used in the process of evaluating the three companies. Kotler and Lee’s (2005) views on how to approach CSR, and their specific types of projects, will then be used in combination with the identified CSR issues, to assess how the specific companies, and the industry in general, are dealing with CSR issues.

4 TOOLS AND GUIDELINES TO ASSIST COMPANIES WITH CSR

The growing awareness around CSR issues has made it increasingly important for companies to have a common understanding of what is meant by different concepts, and what is expected by them with regards to these issues. Therefore, the creation of a number of CSR tools has taken place during the past few years. These tools – frameworks, guidelines, principles, and standards – provide the companies with assistance for both incorporating CSR in their business strategies, and following through with effective implementation. These tools are non-binding de facto standards, and are considered to be a supplement to, and not a substitution for, governmental legislation (Ligteringen & Zadek, 2005:1). In addition to assisting the companies, the tools can serve as a “proof of compliance”, providing governments, investors, consumers and civil society, with a basis for evaluating their societal and environmental performance.

4.1 Different types of tools and guidelines

There are, as mentioned, many different types of tools, and since this study is focusing on the creation of strategies, it appears most sensible to only focus on tools relevant to this process. Ligteringen and Zadek have chosen to divide existing CSR tools into three categories: “normative frameworks”, “process guidelines” and “management systems” (Ligteringen & Zadek, 2005:3).

The *normative frameworks* offer assistance on how the companies should perform, providing principles or “rules” for what a company should consider to be good or acceptable performance levels. Examples of CSR normative frameworks are the United Nations (UN) Global Compact and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The *process guidelines* give advice on how performance can be measured and communicated to other actors in society. Checklists for what a company should include in its report, is usually provided with these guidelines. An example of a CSR process guideline is the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines (Ligteringen & Zadek, 2005). These guidelines were established through a partnership between the United Nations Environment Programme (UNEP) and the Coalition for Environmentally Responsible Economies (CERES) (GRI, 2002).

The *management systems* provide issue-specific guidance on how to deal with daily management issues related to environmental and societal impacts. An example of a management system is Social Accountability International’s SA8000 (Ligteringen & Zadek, 2005:3).

Reviewing the three categories, one can claim that when relating them to business strategies, the normative frameworks seem to be more significant in the creation of the strategies, while the two other sets of tools appear more important and relevant during the implementation, application and communication phases. Based on this assumption and the objective of the research, only normative frameworks will be included in the study. As previously mentioned it has been decided to only utilize the UN Global Compact in this study (see section 1.3.1 for the reasons behind this choice). Emphasis

will thus be placed on what role and impact the UN Global Compact, as a normative guideline, has on how the telecommunications industry perceives and deals with CSR issues.

4.2 The UN Global Compact

The following presentation of the UN Global Compact, including the ten principles, its participants, its activities, and recommendations for implementation, are based upon different sources of information. Examples of these sources are: reports and other documents provided by the GC Office; the book “Learning to talk, Corporate Citizenship and the development of the UN Global Compact”, edited by among others Georg Kell, the executive head of the GC; different reports on the GC created by for instance the consultancy firm KPMG; and interviews with two of the staff at the GC Office, Denise O’Brien (henceforth DO), Deputy Head, UN Global Compact, and Jonas Moberg (henceforth JM), Senior advisor at the Global Compact Office working with local network issues.

The United Nations Global Compact (GC) is an international voluntary CSR network-based initiative, which was launched in 2001. The GC is meant to assist companies in contributing in the process of dealing with societal and environmental issues, and consists of ten principles in the areas of human rights, labor standards, the environment and corruption. Companies contribute by supporting these issues through implementing the principles in their business strategies and activities (KPMG, 2005). In order to fulfill the objectives of the network, the companies, together with other GC stakeholders, participate in a variety of network activities (Kell & Levin, 2004: 45). The two major goals of the GC are (UNGC, 2005b):

“Making the Compact and its principles on human rights, labor, environment and anti-corruption an integral part of business operations and activities everywhere”

“Encouraging and facilitating dialogue and partnerships among key stakeholders in support of the ten principles and broader UN goals, such as the Millennium Development Goals”

As a voluntary initiative, the GC does not have the authority to enforce any legally binding rules on businesses, but is dependent on transparency, accountability and the willingness of companies to act according to the ten GC principles (McIntosh et al, 2004: 11).

4.2.1 Background

The idea of a global compact was first introduced by the United Nations Secretary General, Kofi Annan on January 31st 1999, at the World Economic Forum in Switzerland. In a speech during the forum, he proposed that business leaders and the UN “initiate a global compact of shared values and principles” (Annan, 1999). He focused on three areas of importance, namely human rights, labor standards and environmental practices, areas which later resulted in the foundation of the nine first principles of the GC. Around the same time, Kofi Annan talked several times to the international business community, addressing UN’s role in the ongoing globalization debate, and focusing on the importance of seeing the markets role as being a tool in the hands of society (Kell, 2004:355). Almost a year later, in November 1999, large riots took place in Seattle, Washington in relation to a World Trade Organization (WTO) meeting. Kofi Annan’s speeches and the Seattle riots, combined with the consequences of a financial crisis which had taken place in Asia, created a foundation, and triggered the entire process of creating the Global Compact (Kell, 2004:356).

In order to gain insight into what the different stakeholders expected the UN to do, bilateral discussions were held, first with businesses, and then with NGOs (O'Brien, 2006). According to Kell, it became clear during these discussions that the issue of voluntarism was the greatest point of debate. It was evident that the only way to get the companies to participate was if it was completely voluntary. At the same time, the GC office received negative feedback from the non-governmental organizations that the lack of regulation and external control could be a way for businesses to "bluewash" their operations (Kell, 2004: 356). "Bluewash" is a term used in relation to how companies can use their connection with the UN and its blue flag to improve their image (Utting, 2002:88). The official launch of the Global Compact took place at a high level meeting at the UN Headquarters in New York in July 2001. The meeting was chaired by Kofi Annan, and UN agencies, businesses, Civil society organizations and Trade Unions were present (McIntosh, Kell & Waddock, 2004: 15).

4.2.2 The ten principles of the Global Compact

When creating the nine first principles of the GC, the GC office, which then consisted of Georg Kell, John Gerard Ruggie, and Denise O'Brien, issues already identified to be relevant to CSR and where the UN could participate, were utilized as a foundation (Kell, 2004: 352). It was decided to create principles within the areas of human rights, labor standards and the environment. The ten principles are all derived from international agreements which have been ratified, and therefore are issues which already have been discussed and negotiated within governments of member states. The first nine principles are directly based upon these universal agreements, therefore the formulation which was utilized was already agreed upon by member countries (O'Brien, 2006). The topic of corruption was always relevant, but since there was no universal agreement, this issue could not be included at the beginning. It was however decided to include this topic after the United Nations Convention against Corruption was adopted in 2003. According to DO the major aspects relevant to the CSR are now included in the GC, which means there are small chances more principles will be included at a later point in time (O'Brien, 2006). Table 4.1 shows the four major areas, and the ten principles of the UN Global Compact (UNGC, 2006a).

Table 4.1: The ten principles of the UN Global Compact

Theme	Principle
Human Rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights 2. Businesses should make sure that they are not complicit in human rights abuses
Labor Standards	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. Uphold the elimination of all forms of forced and compulsory labor 5. Uphold the effective abolition of child labor 6. The elimination of discrimination in respect of employment and occupation
Environment	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies
Corruption	<ol style="list-style-type: none"> 10. Businesses should work against all forms of corruption, including extortion and bribery

Source: UNGC (2006a)

The following section presents the four focus areas of the Global compact and a description of the ten principles.

4.2.2.1 Human rights

The first two of the ten GC principles are related to human rights, and are taken from the Universal Declaration of Human Rights (UDHR), which was adopted and announced by the UN General Assembly in 1948. This declaration was meant to define a minimum international standard for the protection of rights and freedom for human beings. The UDHR is recognized as an international legal standard, and can be enforced without signature or ratification. It covers the areas of equality, the right to life, liberty and security, rights to personal freedom and the right to have economic-, social- and cultural freedom (UNGC, 2006a).

Principle one states that “businesses should support and respect the protection of internationally proclaimed human rights”. This means to avoid acting in a way which, directly or indirectly, will result in violating human rights. A company must comply with the UDHR, and also respect national regulation related to human rights. Furthermore, it should promote human rights, and contribute to raising the standards of human rights in countries it has activities in or deals with (UNGC, 2006a).

Principle two states that “businesses should make sure that they are not complicit in human rights abuses”. Complicity takes place if a company is facilitating or taking part in human rights abuses performed by others. A company is guilty of complicity if it permits, tolerates, or consciously overlooks human rights abuses (UNGC & OHCHR, 2004:19). It also includes benefiting from human rights abuses committed by someone else or refraining from action in situations where it is aware of abuse taking place (KPMG, 2005).

4.2.2.2 *Labor standards*

Principles three to six refer to businesses' responsibilities towards employees. These four principles are extracted from the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work which was adopted by the International Labour Conference in 1998. Similar to the UDHR, these have universal consensus which must be respected by all countries regardless of whether they have ratified by the Declaration (UNGC, 2006a). The ILO, which was founded in 1919, has since 1946 been a specialized agency of the UN, and promotes social justice and internationally recognized human and labor rights (ILO, 2006). The ILO Declaration covers four major areas; freedom of association and right to collective bargaining; elimination of forced labor; abolition of child labor; and elimination of discrimination in the work place (ILO, 2003). These points have become the four separate principles.

Principle three states that “businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining”. Freedom of association means that the employees are allowed to decide whether they wish to form or join an association of their choice, and companies are not permitted to discriminate against workers who chose to do so. At the same time, it does not require the formation or participation in these types of associations. Collective bargaining means that the conditions and terms of work and the guidelines for how employers, employees and organizations should relate are reached through a voluntary bargaining (UNGC, 2006a).

Principle four states “uphold the elimination of all forms of forced and compulsory labor”. Forced and compulsory labor involves any work or service which is not voluntarily provided by the person doing the work. Receiving compensation or salary for the work performed does not mean it is done out of the persons own free will (KPMG, 2005).

Principle five states that business should “uphold the effective abolition of child labor”. This includes: ensuring that the minimum age of employees is upheld; meet the requirements of national regulations and international standards; and using sufficient measures to verify the age of workers. On a general level, children should complete compulsory schooling before they start working, but in several countries the education level is too poor for this to be applicable (KPMG, 2005).

Principle six states that businesses must ensure “the elimination of discrimination in respect of employment and occupation”. This refers to any differentiation or exclusion, based on for instance color, race, sex, religion or disabilities, which weakens the equal opportunities in the work place. Differences made based on natural requirements of the job are not considered to be discrimination. Discrimination can take place in the employee selection process or while being employed (UNGC, 2006a).

4.2.2.3 *Environment*

Principles seven to nine involve environmental aspects, and these principles are taken from Agenda 21 and the Declaration of Principles, which were created in Rio in 1992 during UN Conference on Environment and Development. Agenda 21 is an action plan for how to deal with sustainable development issues, and the Declaration of Principles state how nations have agreed to handle issues related to the environment and development (UNGC, 2006a).

Principle seven states that “businesses should support a precautionary approach to environmental challenges”. Precautionary means to action before a problem occurs, thereby preventing a problem

rather than treating it. This involves avoiding undesirable use of resources, ensuring that natural systems are allowed to sustain themselves, and compensating for previous mistakes (KPMG, 2005).

Principle eight states that a business should “undertake initiatives to promote greater environmental responsibility”. This principle is based on chapter 30 of Agenda 21, which specifies specific tasks which businesses have in relation to reaching sustainable development (UNGC, 2006a).

Principle nine states that businesses should “encourage the development and diffusion of environmentally friendly technologies”. This refers to chapter 34 of Agenda 21, which specifies environmentally sound technologies (EST’s), which are more resource efficient and create less waste (UNGC, 2006a).

4.2.2.4 Corruption

Principle ten, dealing with the issues of corruption, was introduced in 2004 and put into force in the end of 2005, and is an addition to the nine original principles. It builds upon the United Nations Convention against Corruption, which was adopted by the UN General Assembly in 2003 (UNGC, 2006a).

Principle ten states that “businesses should work against all forms of corruption, including extortion and bribery”. This includes preventing that these types of activities take place, and also creating programs and policies to confront these issues. Corruption involves abusing power in order to achieve personal gain, both financial and non-financial. Bribery takes place when money or an item is provided in exchange for an advantage or as an incentive to do something wrong or illegal. Extortion takes place when threats are added to the bribery (UNGC, 2006a).

4.2.3 How do the principles deal with the identified CSR issues?

According to the results found in section 3.3, the six main CSR issues are environmental protection, human rights, employee rights and conditions, actions of suppliers, business ethics and community issues. The following section will identify how these issues are dealt with by the GC, and a summary of this is given in Table 4.2.

Table 4.2 - Relationship between CSR issues and the GC

CSR issue	GC principle(s) dealing with issue
Environmental protection	7, 8 and 9
Human rights	1 and 2
Employee rights and conditions	3, 4 and 5 + 1 and 2
Actions of suppliers	1- 10 (parts of all principles)
Business ethics	Some issues covered by principle 9
Community issues	1-10 (parts of all principles)

Environmental protection is dealt with by principles seven, eight and nine, and human rights issues are covered by the two first principles of the GC. When it comes to employees, the rights are incorporated in principles three, four, five and six, which all deal with labor standards. As for working conditions, some of the basic conditions that need to be are covered by the human and labor rights. Beyond this however, there is no specific principle dealing with this issue. The actions of

suppliers are not dealt with by any particular principle, but since it general involves human rights issues, labor issues, environmental concerns and corruption, they can be seen covered by all ten principles. When it comes to business ethics, the only issue dealt with by the GC principles is corruption, and other business ethical issues involving financial integrity are not directly addressed by the principles. Lastly, some community issues are dealt with by the principles, for instance human rights violations and employee rights in the community are protected by principles one through six, and the local environment is protected by principles seven through nine.

4.2.4 The organization of the Global Compact

The Global Compact can be seen as an inter-organizational network, which often is described as networks where autonomous organizations voluntarily unite in order to reach goals which could not have been accomplished individually. In the case of the GC, the UN provides legitimacy and an organizational role, while the different societal participants ensure that change takes place (Ruggie, 2002: 39). The following sections depict the participants in the GC network, and what its major activities are.

4.2.4.1 The participants of the network - the GC stakeholders

The basis of the GC network is the GC Office and six UN Agencies. Furthermore, since the compact's major focus area is the businesses community participating companies are among the most important stakeholders. Other relevant stakeholders are governments, business organizations, labor organizations, academic communities and non-governmental organizations (UNGC, 2006b).

The Global Compact Office

The GC is part of the Secretary General's office, and reports directly to Kofi Annan. The GC office is located at the UN Headquarters in New York, and consists of approximately 14 staff members. A Global Compact Advisory Council has also been established. The purpose of this council is to cooperate with the Secretary General in providing the GC Office with assistance and guidance in areas like strategic planning and integrity (Kell & Levin, 2004: 45). The GC office is responsible for all organizational and facilitating the activities of the GC, secure communications within the network and the different stakeholders, and provides them with updates approximately every two weeks (O'Brien, 2006).

The UN agencies

In addition to the GC office there are, as mentioned, six UN agencies which have a specific function with regards to the GC. With relation to the GC, these six agencies have the same status, but have different tasks and responsibilities. The agencies currently meet four times a year, however the number of meetings per year varies, and is decided upon by the agencies in collaboration with the GC Office (O'Brien, 2006). Four agencies are responsible for protecting the ten principles, namely the Office of the High Commissioner for Human Rights (OHCHR), the International Labour Organization (ILO), the United Nations Environment Programme (UNEP), and the United Nations Office on Drugs and Crime (UNODC) (UNGC, 2005a: 6).

The OHCHR works towards, and supports, a society which is formed by universally accepted human rights standards. Related to the GC, this agency is responsible for principles which are related to human rights (principles one and two). In addition, its job is to provide businesses with information and education, support internal codes of conduct in companies, identify best practices, and secure accountability for human rights violations around the world through joint efforts with businesses, and other relevant organizations, such as local non-governmental organizations. ILO is responsible for the principles involved with labor standards (principles three to six), and plays a major role in network building activities, particularly focusing on creating a relationship between the business community and labor. The environmental principles (seven, eight and nine) are overlooked by UNEP, which contributes to the GC through identifying and raising awareness around major environmental concerns. Lastly, UNODC is responsible for the principle regarding corruption (principle ten) (UNGC, 2006b).

The United Nations Development Programme's (UNDP) participates in the implementation process of the GC, through ensuring the realization of the Global Compact in emerging markets and developing countries. Lastly, the United Nations Industrial Development Organization (UNIDO) contributes to the GC, by ensuring the implementation of the principles in small and medium-sized enterprises (SMEs) (UNGC, 2005a: 6). The GC defines SMEs are companies which have between ten and 250 full-time employees, while "companies" are firms with more than 250 full-time employees (UNGC, 2006b).

The companies

At the time this study is being performed (Spring of 2006), there are a total of 2727 businesses participating in the GC, and out of these there are 1623 large companies¹ and 1104 SMEs². Almost half of the businesses, 1295 to be exact, are situated in Europe, 84 are situated in the United States of America, and 503 are Asian businesses (UNGC, 2006b). Only companies with ten employees or more are allowed to participate in the GC, however smaller companies are urged to follow the principles on an individual bases. If a company wishes to participate in the GC, the Chief Executive Officer must send a letter to Kofi Annan expressing the companies support for the GC. Changes must then be made with regards to the way the company operates, and the principles must be integrated in the strategies of the company. Once the company is participating in the GC, they must promote the ten principles, and as mentioned earlier, submit a COP report (UNGC, 2006c).

Governments

The national governments are important stakeholders for several different reasons. Firstly they are the ones who signed the universally agreed upon conventions which the GC is built upon. Secondly, they provide the GC Office with financial support and advice. And thirdly, in many instances they contribute in the implementing stages of the GC through overseeing the establishment of the country networks (UNGC, 2005a:4).

Business organizations

There are both global and local business organizations participating in the GC. Their major contribution is providing information and expertise on complex issues in the business community

¹ More than 250 full-time employees (UNGC, 2006b)

² Between 10 and 250 full-time employees (UNGC, 2006b)

related to globalization and sustainable development. Some important global business organizations participating in the GC are the World Business Council on Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI) (UNGC, 2006c).

Labor organizations

Also here, there are both global and national organizations participating in the GC. These organizations play an active role in ensuring that universally recognized labor standards are employed at a national level. The International Confederation of Free Trade Union is one of the global participators within this group (UNGC, 2005a: 5).

Academic communities

The academic communities contribute to the GC by performing research to further the knowledge and insight on CSR. In addition, this stakeholder group participates through being responsible for the education of business leaders and providing them with knowledge on CSR (UNGC, 2006c).

Non-governmental organizations

This stakeholder group plays a pivotal role with relation to all focus areas of the GC, namely human rights, labor standards, the environment and anti-corruption. As mentioned earlier, they had an active role during the creation of the GC, and in the advancement of the GC through their expertise, knowledge and reputation to pose critical questions. Amnesty International, Transparency International and Oxfam are some of the larger global participants from the civil society (UNGC, 2006c).

4.2.4.2 The Global Compact activities

The activities of the network are structured in four areas, namely Learning Forums, Global Policy Dialogues, multi-stakeholder projects and national networks (Kell & Levin, 2004: 45).

The learning forums

Through these forums, companies submit case studies on how they have implemented the GC. These are evaluated, and “best practices” are identified. This provides the grounds for comparison, and helps promote good solutions with regards to implementation. It also gives an indication of the status of CSR implementation among different industries, and through this places pressure on companies who have not yet made serious attempts in this area (Fussler, Cramer & van der Vegt, 2004:16). The results of the forums are shared with the other stakeholders and society through the UN Global Compact web site and annual conferences (Kell & Levine, 2004:45).

The global policy dialogues

These dialogues are voluntary meetings, which are organized on a yearly basis, and open for all stakeholders (Kell & Levine, 2004: 45). The goals of the dialogues are to come up with solutions to specific issues related to globalization and corporate citizenship, and the results can be utilized by all stakeholders and the rest of society (Fussler et al, 2004: 16).

Multi-stakeholder projects

These are development projects between businesses and the UN or civil society organizations, which are meant to promote and advance the Millennium Development Goals (Kell & Levine, 2004: 45). These types of projects are often related to health issues, finance, child labor, sustainable development and environmental management (Fussler et al, 2004: 16).

Local networks

These types of networks, often consisting of many different types of stakeholders, are created at local or regional level, and are increasingly becoming the drivers behind the GC. They are smaller and more interactive than both the learning forums and the policy dialogues, and provide an environment where it is easier for participants to take joint action (Kell & Levine, 2004: 49). The networks contribute by assisting the companies with the implementation of the GC principles, the exchange of knowledge by being the regional platform of learning and dialogue, promoting multi-stakeholder projects, finding local or regional solutions to specific issues, and promoting the GC in order to attain new participants (UNGC, 2006c). Yearly global network conferences are organized by the GC office, where representatives from all the networks come together to discuss progress and learn from each others best practices or mistakes. In addition, regional meetings are organized between specific local networks, where more regional specific issues are discussed (UNGC, 2006d). According to Kell and Levine, these networks play a crucial role in creating an “ownership” of the GC, and are very important contributors to the decentralization process needed to make the GC a sustainable and long lasting initiative (Kell & Levine, 2004:50).

4.2.5 Company implementation of the Global Compact

Member companies implement the GC through internal changes, such as altering strategy, management or operation to make positive changes within the company, or through external actions, involving alterations which lead to greater overall societal welfare. This is done through integrating the ten principles in business activities, participating in the GC network activities, and communicating on progress (Kell & Levin, 2004:55).

4.2.5.1 Implementation of the ten GC principles

The implementation of the ten principles varies among companies, depending on their major activities. The section below presents the major actions relevant to each principle provided by the GC Office (UNGC, 2006a). The wording of each principle is provided in Table 4.1, and will therefore not be repeated.

When implementing *principle one*, a company must comply with the Universal Declaration of Human Rights, and develop policies and strategies to ensure this (UNGC, 2006a). It is essential that employees are aware of and understand human rights issues, and that they receive training in this area. The company should then, in collaboration with employees, work towards providing good working conditions. Furthermore, it is important to ensure that subsidiaries, foreign branches and suppliers comply with international human rights standards (KPMG, 2005). Lastly, efforts should be made to protect the local community and sustain economic livelihoods, and the company should

participate in public debate and contribute by influencing situations which can affect its employees, customers or local community (UNGC, 2006a).

In the process of implementing the *second principle*, it is essential that a company has insight into its different operations and activities. It can therefore be wise for a company to perform a risk assessment with regards to human rights violations in countries it does business in and with. It should also seek to identify the functions in the firm where human rights abuses are most likely to happen (UNGC & OHCHR, 2004:23). It can be crucial to gain insight and knowledge through communicating with human rights organizations, and to officially make known the attitude of the company, through publicly and privately condemning any abuse of human rights. Lastly, the company should have clear human rights policies throughout the entire supply chain (UNGC, 2006a).

In order to comply with *principle three*, a company must make certain that all workers have the opportunity to and that there is no fear related to joining labor associations or unions. It must also ensure that collective bargaining is utilized for discussions involving terms and conditions of employment. Lastly, a company must take extra responsibility and care if it is located in areas of the world where labor unions are not as common or not accepted. It is here important that the company contributes to guaranteeing the security of existing unions, and if unions do not exist, that support is given towards the formation of local unions (UNGC, 2006a).

When implementing *principle four*, the firm must ensure that no kind of forced labor is taking place in any of its facilities. In cases where forced labor is identified, the company must remove the workers and provide programs to help them (UNGC, 2006a).

In order to implement the *fifth principle*, mechanisms to identify child workers must be developed by the company. If a child worker is located, it must be removed, and an alternative must be found in order to help the child. A company can for instance support the building of schools or training programs in local communities where it is situated. At the same time, it is important that adult workers are provided with working conditions so that they can avoid having to send their children to work (UNGC, 2006a).

In order to eliminate discrimination, and thereby implement *principle six*, a company should base its recruitment policy purely on skills, experience and qualification. A further approach can be to implement training programs to allow for advancements within the company. It can also be useful to establish an internal complaints mechanism regarding discrimination. With relation to the complaints mechanism, it is important to be aware of any cultural or structural aspects which could prevent employees from utilizing it (UNGC, 2006a).

In the process of implementing *principle seven*, it is important to have in mind that environmental challenges often can be difficult to identify. Therefore, it can be quite useful to utilize methods such as life cycle assessments, environmental risk assessments and environmental impact assessments. Further, a company should have safety margins when for instance setting emission standards, or avoid utilizing products or methods where the impacts they have on the environment are uncertain (UNGC, 2006a).

In order to implement *principle eight*, a company is encouraged to take its part in the responsibility of improving the environment. This can be done through a proactive approach, through utilizing resources more efficiently, utilizing cleaner production technology, and through having a life cycle perspective on products. It can be wise to utilize measurable targets and to adopt certain codes of conduct or similar initiatives. A further recommendation is to implement these standards

and routines in all the company facilities, and also place specific environmental requirements on suppliers (UNGC, 2006a).

In order to implement *principle nine*, both managers and researchers must be included in the process. The use of life cycle assessments and Environmental Technology Assessments can be useful tools to identify sustainable technologies. Cooperation between firms within an industry can contribute to finding solutions to common problems, and recognize “best available technology” within the industry (UNGC, 2006a).

The *tenth principle* should be implemented at three levels, namely internal, external and collective (UNGC, 2006a). At an internal level, a company should create anti-corruption policies, and it can be helpful to utilize principles and guidelines such as ones presented by Transparency International and the International Chamber of Commerce (ICC), two organizations which both have fought against corruption, bribery and extortion for years. At an external level, a firm should communicate its anti-corruption work through its COP, and collectively it should participate in joint industry anti-corruption efforts (UNGC, 2004a).

4.2.5.2 *Participation in GC network activities*

The companies are, in similarity with the other GC participants, encouraged to join all the GC activities. The companies participate by sharing experiences through submitting specific case studies or other documents to the GC website; by participating in discussions and dialogues with other stakeholders; or by engaging in partnerships with either governmental- or non-governmental actors. It has in particular been stressed, both in an evaluation of the GC performed by McKinsey&Company (2004) and in the 2004 GC Leader Summit report, that an increasing focus should be placed on the role and power of the local networks. Decentralization of the power could take some of the pressure off the GC office, so that it could focus more on communications to and among the networks (UNGC, 2004b). Difficulties related to communication were some of the dominant problems discovered in the assessment performed by McKinsey&Company, and the major source of this problem was a lacking capacity at the GC office (McKinsey&Company, 2004:B3). These networks allow for a greater potential of impact at the local level, and as a result of more attention around the GC, local frontrunners can more easily have an influence on laggards. Furthermore, these networks can be quite valuable to companies when implementing the GC principles, and in engaging in learning activities.

The Global Compact office recommends the creation of a steering committee for the network, which should consist of companies and organizations which have a positive reputation in the region. It is also advised to establish a network webpage which can keep stakeholders informed about progress in the network, and allow for communication with the GC Office and stakeholders. Furthermore, it was agreed upon at the second Networks Conference in 2004, that each local network should produce an annual report providing information concerning network activities and initiatives (UNGC, 2006d).

According to JM, the members of the networks decide how they wish to organize the network, and who they wish to have as members. The GC office’s role with relation to the network is to provide simple “housekeeping rules”, entailing for instance the use of the GC logo, while at the same time providing an environment where the networks can evolve. Some networks are built up purely by businesses, while others involve governmental organizations, research institutions and members of

the civil society. The networks also differ with relation to the type of goals they have. Some networks function as peer reviews, where the companies evaluate each others behavior, while others are built up around the exchange of information and sharing of experiences. JM points to both positive and negative aspects of different types of organization. While the one that is built up around peer review places demands on the companies, which often gives results, this type of organization may in some cases become to judgmental. The ones functioning as a communications forum may on the other hand provide a good opportunity to exchange information and find “best practices” but may in some instances lack ambition (Moberg, 2006).

4.2.5.3 Communication on progress

Although the GC initiative is voluntary, participating companies are asked to provide “communications on progress” (COP) reports. The COP reports were introduced in 2003, and are documents describing how companies are implementing the ten principles of the GC in their business activities. The main objective of these reports is to ensure that businesses present evidence of participation in the GC. If companies do not communicate progress for two years in a row, they will be registered as inactive on the GC website (UNGC, 2005a:9). This means that the first COP reports must be submitted by companies within two years of joining the GC.

COP guidelines have been made available to assist the companies in the creation of the reports. According to DO, the main aspect is that the companies inform the GC of what they are doing. This can be done in a simple way or by presenting more complex and detailed documents. Utilizing the Global Reporting Initiative’s Guidelines is seen as one of the best ways of reporting progress, but is not a requirement. The COP reports are not evaluated, but merely meant to function as an information source to the GC Office and other stakeholders of what a company is doing (O’Brien, 2006). The fact that they are not evaluated gives them less legitimacy; hence one can question what the value of these reports really is.

4.3 Relevance to this study

As mentioned, this study will focus on what role and impact the GC, as a normative guideline, has on the telecommunications industry. An assessment will be made of the relevance of the GC during the creation of CSR strategies, the impact of the ten principles on company efforts to deal with CSR issues, and the extent to which the companies participate in GC activities, particularly their creation of COPs and the local networks.

5 THE TELECOMMUNICATIONS INDUSTRY

As mentioned in 1.3.2, it has in this study been decided to focus on the telecommunications industry. The following sections present specific CSR issues related to the industry, how these industry-specific issues are represented in the GC principles, and how the industry in general is relating to the GC. The information presented in this section is meant to map the current situation in the telecommunications industry, in addition to serving as input in the three case studies.

As already mentioned, the telecommunications industry consists of: carrier services, fixed telephony services, mobile telecommunications services, private network services, data transmittal services, other telecommunications services, internet backbone services, internet access services, and other internet telecommunications services (United Nations Department of Economic and Social Affairs Statistics Division, 2004).

5.1 CSR issues in the telecommunications industry

In addition to the general CSR issues presented in section 3.3, every sector or industry, has products, services or other activities which have specific outcomes or effects related to CSR. To evaluate the telecommunications industry, a distinction has been made between “direct negative effects” and “indirect effects”. The first are the negative aspects directly resulting from a telecommunication company’s, or its supply chain’s activities, while the second are the side-effects resulting from the utilization of telecommunications technology which can both be damaging and beneficial to the environment or society.

In order to identify the issues relevant to the telecommunications industry, a large amount of literature and reports have been reviewed relating to CSR issues relevant to the ICT sector. The selection of literature was made with the goal of gaining the broadest and most accurate perspective possible. Therefore the information utilized in the sections below stems from the industry itself, such as European Information Technology Observatory (EITO); the European Telecommunications Network Operators’ Association (ETNO); governmental institutions, such as a report produced for the European Commission, non governmental organizations, like Amnesty International in cooperation with The Prince of Whales International Business Leaders Forum; several scientific papers; and the Global Reporting Initiative’s telecommunications sector supplement. It is therefore important to highlight that the following sections provide information based upon the above-mentioned sources, and that other authors and organizations which are not represented in this section, may have identified other effects.

The following sections identify both the negative CSR effects of telecommunications companies’ activities, and the positive attributes of the industry which may help solve CSR related problems. This will be presented through linking the specific telecommunications issues to the six general CSR categories presented earlier. The specific effects related to telecommunications will be utilized in combination with the general CSR effects when analyzing the three case studies.

5.1.1 The direct negative effects of telecommunications

The direct negative effects are divided into the same six categories as the general CSR issues: environmental protection; human rights; employee rights and conditions; actions of suppliers; business ethics; and community issues. Presenting them in this way links the specific telecommunications issues with the general CSR issues. Table 5.1 gives a summary of the negative effects, and a thorough description of the issues and examples of how they can be dealt with are provided in the sections below.

Table 5.1 - The most probable direct negative effects of telecommunications

Environmental protection	Operations, products and services: <ul style="list-style-type: none"> • Increased energy consumption • Increased emissions • Use of damaging materials • Short product lifecycles
Human rights	Distribution of technology: <ul style="list-style-type: none"> • Increased “digital divide” Access to technology: <ul style="list-style-type: none"> • Can be misused by criminals • Loss of consumer privacy
Employee rights and conditions	
Actions of suppliers	<ul style="list-style-type: none"> • Characteristics of Coltan suppliers
Business ethics	
Community issues	Electromagnetic fields: <ul style="list-style-type: none"> • Health risks Efficiency <ul style="list-style-type: none"> • Reduction in overall employment

5.1.1.1 Environmental protection

As with many other industries, direct negative effects of telecommunication are the resources and energy utilized in relation to operations, products and services. The largest negative environmental impact of telecommunications companies is the high energy consumption and related emissions (ETNO, 2005:7). This is particularly related to the operation of equipment. Many of the telecommunications services require a constant contact with “servers” in order to store and communicate the information, which often require high levels of energy (EITO, 2002: 256). Telecommunications products often have a “stand-by mode”, meaning they are never completely switched off, resulting in constant need for energy (Knast, 2005:13). Efforts to reduce energy consumption, or utilize cleaner and renewable forms of energy are here seen as positive contributions (GRI, 2003:6).

Telecommunications products also utilize certain materials which can be damaging to the environment, for instance batteries in cell phones or materials used in certain cables. These often have high toxic levels and this particularly becomes a problem in the waste phase (EITO, 2002:255). Furthermore, the constant improvements in technology result in short product lives, rapid replacements, and an increased amount of unused products. Promoting recycling systems are seen as positive contributions, and are often the only solution to these problems. Projects where old electronic equipment, such as computers and mobile phones, is collected and either reused or

properly disposed, increases their lifetimes and reduces the overall environmental impact (EITO, 2002:256).

5.1.1.2 Human rights

In addition to several of the products having an impact on the environment, materials used in technology can also have societal impacts. When it comes to human rights in relation to democracy, the issue of the “digital divide” arises. Digital divide refers to the social exclusion which takes place as a result of uneven distribution of technology. This problem occurs between different countries, particularly between poor and rich ones, and also between different societal groups within nations (James & Hills, 2003:10). In many cases contributing to the expansion of the digital divide is considered to be a violation of human rights (Amnesty International & The Prince of Whales International Business Leaders Forum, 2002). Projects related to supplying certain areas or groups of people with connection or equipment can contribute positively to this problem.

There are also issues related to safety in the industry. Internet and other telecommunications technologies are frequently exploited by criminal groups, and by providing access the telecommunication companies have the responsibility to protect their clients from illegal activity. ETNO highlights the importance of creating filters to block potential damaging online information from reaching specific stakeholders, such as children (ETNO, 2005:9). GRI also mentions security aspects related to the availability of information online, for example the importance of protecting business and consumer privacy (GRI, 2003:7).

5.1.1.3 Actions of suppliers

As with most other industries, also with the telecommunications industry, there are negative aspects involved with the supply chain. These can be issues related to violations of human rights, employee rights, environmental degradation or corruption. It is quite difficult however to determine the level of responsibility with regards to a supply chain. An example of a supply chain issue directly relevant to the telecommunications industry is the issue of Coltan (Colombo Tantalite), which is a conductor which is utilized in many electronic products, such as mobile phones. Approximately 80 percent of all Coltan is located in Africa, and the mining and sales often involve great profits, which in many cases results in it being organized by criminal groups, and this is particularly a problem in Congo. Amnesty International has found evidence of forced labor related to the mining of Coltan, and it has also been proven that the profits in many cases are used to fund wars, resulting in violations of human rights (Amnesty International & The Prince of Whales International Business Leaders Forum, 2002). Because of this, many claim that companies must take actions against the use of Congolese Coltan in products. An important aspect which is stressed in a report produced by Global e-Sustainability Initiative (GeSI) is that the people in Congo are dependent upon the mining of Coltan for their livelihoods. The report states that regulating the market rather than banning Congolese Coltan is a better alternative, especially considering the increase in the chances of smuggling which could result from a ban (Hayes & Burge, 2003:38). GeSi has further pointed out that Coltan is used by many different industries, and that it is wrong to place all the blame on the mobile industry (GeSi, 2006). This is just an example of a supply chain issue related to the telecommunications industry, and the direct responsibility of the telecommunications companies can be discussed.

5.1.1.4 Community issues

A growing concern among consumers and society in general are health risks related to electromagnetic fields (EMF) (Arnfolk, 2002: 67). Current research indicates no danger, but according to GRI and other organizations, companies should show awareness of the problem through contributing to research in the area (GRI, 2003: 7).

Another issue is the fact that the increased efficiency due to telecommunication technology can in some cases lead to a reduction in the need for employees (EITO, 2002: 263).

5.1.1.5 Conclusion

The review of the selected literature thus indicates that environmental effects and human rights are the dominant negative CSR-related issues of the telecommunications industry. There are no specific issues within the industry which have an effect on workers rights and conditions and business ethics, so for these issues telecommunications companies will be exposed to the same challenges as other companies. There are also some other issues that could be added here, for instance the effects on society's resource consumption resulting from increases in volumes and production made possible through telecommunications technology. Some of these effects are commented upon in the section below, since they are seen to be the backside of the positive attributes.

5.1.2 The indirect effects of telecommunications

There are also numerous indirect effects related to the industry, both when the technology is utilized by the companies themselves, and when utilized by other industries or sectors. Similar to the direct negative effects, these will be presented in the six CSR categories (see section 3.3). The symbol "+ & -" indicates issues which have both positive and negative aspects, and these will be commented upon below.

Table 5.2 - Indirect effects of telecommunication

Environmental protection	Utilization of telecommunications technology: <ul style="list-style-type: none">• Reduction in travel• Dematerialization• Increased efficiency (+ & -)• Reduction in transportation (+ & -) Access to information: <ul style="list-style-type: none">• Increased awareness of environmental issues
Human rights	Access to information: <ul style="list-style-type: none">• Decreased digital divide
Employee rights and conditions	Utilization of technology: Reduced travel time – employee satisfaction (+ & -)
Actions of suppliers	
Business ethics	
Community issues	Access to information: <ul style="list-style-type: none">• Increased participation in public debate (+ & -)• Improved health care (+ & -)• Improved awareness about health• Improved access and level of education Consumer awareness

5.1.2.1 Environmental protection

Positive environmental effects are often related to reductions in energy consumption and emissions resulting from the utilization of telecommunication technology as a substitute for other more environmentally unfriendly products, processes or services. For instance, replacing traditional meetings with internet, tele- and video-conferencing may reduce traveling among employees, and consequently reduce environmental impacts (James & Hills, 2003:11). The utilization of paper and other materials can also be decreased as a result of online databases and internet-based invoice systems (Knast, 2005: 11). In general telecommunication technology may often contribute to increasing the efficiency of a company or service, hence reducing its immediate environmental impact. It is however important to mention that while these technologies are positive, an increase in efficiency can consequently have rebound effects, leading to increases in production, which in turn can result in damage to the environment (James & Hill, 2003: 12).

Online services can also reduce the environmental impact. Replacing traditional tax-return systems with online tax returns can reduce the need for paper considerably (ETNO & WWF, 2005). E-commerce can also reduce “car-based” shopping, hence reducing emissions and energy consumption related to transportation. To what degree this really is positive however, depends on what the consumers do with the time saved by purchasing online, and whether their actions have negative environmental effects. Further, it is important to have in mind that the goods purchased online must also be delivered, which can have additional negative impacts on the environment. (EITO, 2002:257).

Telecommunications make sharing of information and knowledge easier. This technology can be utilized by governments, businesses, civil society and other institutions to provide easier access to information. If facts and concerns regarding the environment can be more easily accessible, it can lead to increased awareness around these issues; which ultimately could result in a reduction in environmental problems (EITO, 2002:261). It is however important to have in mind that the

technology needed for some of these activities also requires a considerable amount of energy which must be counted for when savings are added up (James & Hills, 2003:11).

5.1.2.2 Human rights

Technology can increase the access to information, which ultimately can lead to decreasing the digital divide and increasing democratization. At the same time, if not made accessible to all, or if restrictions are made to the information made available, beyond illegal information, human rights can be violated. Ensuring access to all is therefore a crucial aspect of this dimension.

5.1.2.3 Employee rights and conditions

Utilization of e-work in a company allows for a reduction in travel time to work, less time spent away from home, and more flexibility regarding working hours, consequently improving employee satisfaction (James & Hills, 2003: 12). At the same time, the loss of a “work environment” can contribute to reducing the morale among the employees (EITO, 2002:269). Norwegian governmental studies (reported by Flydal, 2006) have also shown that the loss of work environment in some cases also can lead to increases in traffic.

5.1.2.4 Community issues

As mentioned in the environmental section, technology can provide access to information which can contribute to increasing the awareness among people. Governmental information can be more easily accessed, increasing the transparency of governments, and making it easier for people to participate in public debate (Knast, 2005:7).

Telecommunications can also contribute to improving specific services, such as health and education. High-tech ICT equipment is often used in hospitals improving the procedures immensely. More relevant for the telecommunications industry however, is the use of technology to improve medical communication. Examples are improvements in the systems dealing with emergency calls and centralized online databases of medical records (EITO, 2002:268). The online databases can improve the efficiency of the medical system, but at the same time it becomes difficult to protect personal information, illustrating the importance of online security (EITO, 2002:267). Health information can also be made more available, ultimately leading to awareness and possibly also improvements in health. The danger here however, is in cases where the information provided is incorrect, or if an unqualified person makes a wrong or insufficient diagnosis (EITO, 2002: 266). Telecommunications technology can also be utilized in educational activities. E-learning and online schooling can provide more efficient learning methods, and can offer schooling to people who are not able to travel to schools (Knast, 2005:8)

The internet can contribute to creating new communities or forums for discussions, information sharing or socializing, and can help create awareness around specific societal issues (EITO, 2002:270). Further, the net has contributed to promoting CSR through promoting accountability, which places pressure on businesses to share information online (EITO, 2002:277).

At a general level, the massive increase in the telecommunications industry has had positive societal impacts through increasing the amount of people employed in the industry (EITO, 2002: 273). Since telecommunications allows people to work from more remote places, it can lead to

reductions in unemployment in rural areas where traveling to cities for work can be difficult (Knast, 2005:9). Simultaneously however, as mentioned with regards to the negative impacts, telecommunications technologies are making certain activities more efficient, hence reducing the need for employees. In addition, telecommunications jobs often require specific skills which can exclude less educated people from the industry (EITO, 2002: 263).

5.1.2.5 Conclusion

While in the previous section it was shown that the environmental effects are among the largest negative effects of telecommunications companies, it becomes evident from this section that this also is the area where telecommunications technology can contribute the most. Telecommunications can also be seen to have a positive impact on the community, especially through increasing the access to information. Although there is no apparent direct effect on employee rights and conditions or business ethics, one could claim that increasing awareness through making information available on these issues, ultimately will contribute to reducing these problems. It has also been made clear that rebound effects, such as increases in the volume of consumption, may outweigh the positive attributes described. Hence, stressing positive attributes without finding ways to handle the rebound effects, may have a negative outcome

5.1.3 Relevance to this study

When reviewing the telecommunications companies and the industry in general, a focus will be placed on how the negative impacts are dealt with, and how the positive effects are being utilizing by the companies to reduce the impacts of their activities. It will be particularly interesting to see whether the industry utilizes its own technology to deal with its negative environmental impact.

5.2 Implementation of the ten principles in the telecommunications industry

Table 5.3 gives a description of how telecommunications companies can implement ten GC principles taking into account general and industry specific CSR issues. It also shows which of the positive attributes of the telecommunications industry can be utilized to promote a specific principle. The information in the table is based upon the Global Compacts Office's recommendations for how the ten GC principles should be implemented by companies (see section 4.2.5.1), with the addition of those telecommunications which were identified as most important in section 5.1.1. The points written in italics are one specific for the telecommunications industry

Table 5.3 - The implementation of the GC principles in the telecommunications industry

	Principle	Actions telecommunications companies should take to support GC principles	Utilization of telecommunications to promote principle
Human Rights	1	<ul style="list-style-type: none"> • Comply with and promote the UDHR • Ensure employee awareness of human rights • Ensure suppliers and subsidiaries comply with international human rights standards • Efforts to protect local community and participate in public debate • <i>Publicly state resentment for human rights violations (Coltan mining or other relevant industry issues)</i> 	<ul style="list-style-type: none"> • Utilize telecommunications technology to increase awareness and promote protection of human rights
	2	<ul style="list-style-type: none"> • Perform risk assessment related to human rights violations • Identify functions in the firm where human rights abuses are most likely to occur • Gain insight through communicating with human rights organizations • Have clear company policy which applies to entire supply chain • <i>Actions to bridge the digital divide</i> • <i>Actions to prevent illegal utilization of technology (internet misuse)</i> • <i>Protection of consumer privacy</i> 	<ul style="list-style-type: none"> • Utilize telecommunications to bridge the digital divide
	3	<ul style="list-style-type: none"> • Ensure that all workers feel safe to join a union • Collective bargaining must be utilized for discussions on employment conditions etc • Extra responsibilities required when unions do not exist 	
Labor standards	4	<ul style="list-style-type: none"> • No forced labor in any facilities or suppliers • If forced labor identified actions must be taken to help 	
	5	<ul style="list-style-type: none"> • Develop mechanisms to identify child workers • If child labor is identified, it must be removed and assistance must be provided • Ensure workers are making enough to avoid having to send children to work 	
	6	<ul style="list-style-type: none"> • Base recruitment on skills, experience and qualifications • Establish internal complaints mechanism 	

Corruption	Environment	7	<ul style="list-style-type: none"> Utilize methods such as life cycle assessments or environmental risk assessment Utilize safety margins and avoid uncertainty <i>Research on Electromagnetic fields</i> <i>Research on Radiation</i> <i>Research on future effects of telecommunication</i> 	<ul style="list-style-type: none"> Use of technology to share information
		8	<ul style="list-style-type: none"> Take a proactive approach Efficient use of resources Utilize cleaner production technology Make standards that are applicable to entire company Place specific environmental requirements on suppliers <i>Reduce energy consumption</i> <i>Find alternatives to damaging materials</i> <i>Increase lifetimes of products</i> 	<ul style="list-style-type: none"> Utilization of telecommunications to reduce emissions related to activities (less travel, dematerialization, increased efficiency, less transportation)
		9	<ul style="list-style-type: none"> Identify sustainable technologies Cooperate with firms in industry to find “best available technology” 	<ul style="list-style-type: none"> Development of telecommunications technologies that can replace more damaging technologies
		10	<ul style="list-style-type: none"> Create internal anti-corruption policies Communicate anti-corruption through COP Participate in joint anti-corruption efforts 	<ul style="list-style-type: none"> Utilization of technology to share information on corruption and ways to tackle the issues

Table 5.3 shows what aspects telecommunications companies should consider when implementing the ten GC principles. It is important to have in mind that not all the aspects of each principle will be directly relevant for the industry. Many of the issues, such as child labor, are most likely to be only relevant as a supply-chain issue. When evaluating the three case studies with relation to how they have implemented the GC, the contents in the table will be utilized as a check list, making comparability of the case studies easier. The case studies will also be examined to identify the degree to which they utilize telecommunications technologies to deal with their negative CSR effects or to promote the GC principles.

5.3 Current status of the Global Compact in the telecommunications industry

At the time the study was carried out, 56 businesses from the telecommunications industry were participating in the Global Compact. Of these, 46 were large companies and 10 were SMEs (Appendix 2 provides more information on the 56 firms) (UNGC, 2006b). 30 of the businesses participating in the GC at the time were located in Europe, and only one was located in the USA. Four³ of the businesses had been GC members since the start of the initiative in 2000, and three⁴ had joined in 2001.

Of the 56 participating companies, only 16 had submitted their COP, whereof four were from South America while the rest were all European firms. There were 13 companies which had missed their deadlines, and which are here registered as “non-communicating” companies. Of these, two of

³ BT Group plc, Deutsche Telekom, France Telecom and LM Ericsson

⁴ Telenor, Telefonica Panama and Mahanagar Telephone Nigam

the companies are Asian; one is from South American; and the remaining 10 are from Europe (see appendix 2).

5.4 Other CSR initiatives within the telecommunications industry

The data provide evidence of numerous industry initiatives. Those that seem to be most relevant for the present study are the Global e-Sustainability Initiative and the European Telecommunications Network Operators' Association.

5.4.1 Global e-Sustainability Initiative (GeSI)

The Global e-Sustainability Initiative (GeSI) was launched in 2001 by a number of ICT companies, with the support of the UNEP and International Telecommunications Union (ITU). The initiative's main objective is to influence the sustainability debate, and all signatory companies must uphold a certain level of environmental and social performance. It further aims to promote technologies and actions which can contribute to sustainable development. Being an industry initiative, it has engaged in activities which are of particular importance to the sustainability debate for the ICT industry. The members of the initiative must commit to certain principles, hereby contributing to the principles of the UN Global Compact. The initiative conducts a wide variety of research relevant to the industry, and allows for information sharing among its members. One example of the work of the initiative is the supply-chain working group, which works on developing instruments and processes to promote the implementation of international standards related to the workplace and the environment. They are currently working on developing a supplier-assessment questionnaire, which will increase CSR awareness among suppliers and provide a measurement tool for the GeSI members when selecting suppliers (GeSi, 2006).

5.4.2 European telecommunications network operators' association (ETNO)

The European Telecommunications Network Operators' Association (ETNO) was established in 1992, and currently has 40 full members. ETNO has the last years shown a growing interest in partaking in initiatives promoting sustainable development. It is a member of GeSI, and in 2004 it introduced a "sustainability charter", which was built upon the ETNO Environmental Charter (ETNO, 2006a). According to ETNO: "CSR is the business contribution to making sustainable development happen, through the proactive management of a company's environmental, social and economic impacts" (ETNO, 2006b). The Sustainability charter consists of eight areas, namely awareness, regulatory compliance, research and development, procurement, accountability, cooperation, management systems, and employee relations (ETNO, 2006b). A more detailed description of the ETNO Sustainability charter is presented in Appendix 3.

6 TELENOR

Telenor originates in the Norwegian Telegraph Administration which was established in 1885. In the 1990's there was a deregulation of the market, and as a result of this, the Norwegian Telecom, as it was called then, was converted from a state owned monopoly into a public corporation. In the end of 2000, the company was partly privatized and listed on Oslo Stock Exchange and NASDAQ (Telenor ASA, 2006a).

The company has three major areas of operation: "mobile operations", consisting of mobile telephone services; "fixed", focusing on fixed landlines; and "broadcast", dealing with all the relevant areas for television broadcasting, from satellites and land antenna systems, to the transmission of television signals and programming and the third (Telenor ASA, 2004: 8). Telenor has its major operations in Norway and the other Nordic countries⁵, but also has operations in nine other countries⁶ within Europe and Asia (Telenor ASA, 2004). In the Nordic countries, all three areas of the business are represented, while in Europe and Asia, the primary focus is placed on the mobile operations (Telenor ASA, 2004:9). Apart from the Nordic operations, Pakistan is the only other country operation which carries the Telenor name (Hypher, 2006).

At the end of 2005, Telenor had 28,500 employees, whereof 11,300 were employed in Norway and the rest in the company's foreign operations (Telenor ASA, 2006o).

The information utilized to answer questions relevant to the Telenor case study is both published information provided by the company and personal interviews and contact. The published information utilized is: annual reports, social reports, the UN Global Compact communication on progress report; and general information available on Telenor's internet pages. The personal interviews were conducted with Olav Hypher (henceforth OH), the acting Vice President of CSR at Telenor, and Einar Flydal (henceforth EF), senior advisor at Telenor.

6.1 How is CSR perceived by Telenor?

The perception of CSR within Telenor will be identified through answering four sub-questions. Since it is quite difficult to assume one vision of CSR for an entire company, particularly considering that the companies selected for this case study are very large. This question and the views of Telenor will therefore be based upon the information sources indicated above, such as company documents, and statements provided by the CSR department through OH.

6.1.1 How does Telenor define CSR?

According to Telenor's Social Report 2004, CSR is seen as a wide concept, and includes assuming different forms of responsibility in all its activities, and towards all its stakeholders (Telenor ASA,

⁵ Norway, Sweden, Denmark and Finland

⁶ Russia, Ukraine, Hungary, Austria, Montenegro, Pakistan, Bangladesh, Thailand and Malaysia

2005a). This broad definition of CSR is meant to ensure the inclusion of as many issues as possible, and it also secures against having to change the definition every time new events take place which can affect the understanding of what CSR should entail. According to OH, Telenor identifies with the definition presented by the World Business Council for Sustainable Development (WBCSD) which is: "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (WBCSD, 2006b). However, it is further stressed that although Telenor supports and can relate to this definition, this is not where the major focus is placed. As Telenor sees it, the main element of CSR relates to identifying what society expects from it as a responsible firm, and to be capable of fulfilling these expectations in a satisfactory way (Hypher, 2006).

The definitions provided by Telenor are quite vague, and as stated by the company, this is done intentionally to ensure against the exclusion of potentially important issues. One can however question whether this vagueness is done to for instance prevent possible criticisms from the company's different stakeholder groups.

As mentioned, Telenor declares a support for WBCSD's definition of CSR, but at the same time, the statement that the main element of CSR is to identify societal expectations, shows a strong similarity with theory of competitive advantage presented by Porter and Kramer (2002). This means a link between Telenor's perspectives, and both the ethical and the instrumental theories. In order to determine which of the theories Telenor resembles the most, an evaluation of the company's motivation, objectives and actions must be performed.

6.1.2 What is Telenor's motivation behind being a CSR company?

According to OH, the main reason for Telenor to be a responsible firm is to secure the long term creation of value, and CSR is in this sense seen as an investment. He refers to three reasons behind Telenor's activities related to CSR, namely a "global perspective", a "business-case perspective", and a more personal, "entity-level perspective". The first perspective involves Telenor's role in society. Having become a large international player, Telenor has been assumed to take on certain responsibilities by its stakeholders related to dealing with global challenges, and has increasingly been asked to cooperate with both governments and civil society organizations dealing with issues such as climate change, corruption and poverty. The business-case refers to keeping in mind the importance of reputation, and the possibility of creating value in the long term if the firm's reputation is maintained. There are great risks associated with not assuming responsibility, and at the same time, there are great possibilities involved with being responsible. This is particularly important in a world where there is a steady growth in the group of investors, consumers and societal groups who prefer the more responsible firms. OH stresses that the most important actors here are the investors and society, and that until now, consumers have been less aware of CSR aspects in telecommunications, but that their consciousness is increasing steadily. Lastly, the "entity" perspective refers to how both managers and employees view themselves with relation to being a "Telenor-person", reflecting back upon issues such as integrity and morale, and the need for employees to feel connected to the views of the company (Hypher, 2006).

If linking Telenor's motivations behind CSR with the analytical perspectives in chapter 1, several links can be drawn. Firstly, one can claim that one of the major drivers behind all three perspectives

is reputation among stakeholders. The global perspective relates to the assumed responsibilities and expectations placed on Telenor by investors, government, civil society and customers; the business case focuses on reputation and risks related to not implementing CSR; and the entity perspective focuses on reputation among employees. Furthermore, risk management and employee satisfaction are highlighted as important aspects by OH. Comparing these aspects with the motivations behind CSR (section 3.2), resemblance can be drawn aspects included in Arthur D. Little's business case (2003). Secondly, the perspective presented by OH relating to the increasing expectancy from stakeholders for Telenor to deal with global issues, can be linked to the external perspective presented in PWC's report (2006), regarding the increasingly important role of market forces. Lastly, OH's perspective dealing with the importance of integrity and morale among employees is an issue which is not addressed by any of the analytical perspectives.

As the sections above describe, linkages can be found to several of the motivational drivers for CSR. There is also resemblance to three of the four CSR theories, namely the instrumental, the political and the ethical, and these three coincide with the three different perspectives presented by OH. The global perspective of assumed responsibility as a large firm can be linked to the political theories; the business case perspective, involving reputation, employee satisfaction and risk, can be linked to the instrumental theories; and there can be argued similarities between the entity-level perspective, involving employee morale, and the ethical theories.

6.1.3 What are Telenor's CSR objectives and strategies?

Telenor's CSR objective is threefold (Telenor ASA, 2006c):

"Telenor's customers shall be confident that the Group runs its operations in an ethically responsible manner"

"Investors expecting high standards of social commitment shall prefer Telenor"

"Telenor's employees shall be proud of the way in which the Group handles its social responsibility"

Telenor states a devotion to fulfilling its corporate social responsibilities in all its activities. The company's CSR strategy is based upon the three core values, namely *dynamic*, *innovative* and *responsible* (see Table 6.1). Telenor strives to be: "dynamic and innovative in the way we assume our responsibilities" and "responsible in our innovation and in the way we conduct our business" (Telenor ASA, 2006c).

Telenor focuses its CSR strategy in three major areas. Firstly, it has an internal focus to ensure its employees positive and safe working conditions, to promote environmental awareness and business ethics in the organization, and to ensure that its staff acts in coherence with its ethical standards when interacting with customers and other stakeholders. Secondly, it places a great emphasis on research and development activities, attempting to find simplifying solutions for its customers, which at the same time can contribute to society as a whole. It wishes to have an innovation process which includes a detailed reflection regarding ethical, societal and environmental issues. Thirdly, a constant focus will be placed on improving the company's social responsibility performance. This will be done through communication with all relevant stakeholders and supporting international commitments towards CSR, such as the UN Global Compact (Telenor ASA, 2006c).

Reviewing Telenor’s three CSR objectives and strategy, it can be claimed that there is placed a major focus on maintaining a good reputation among the three major stakeholder groups, namely its customers, investors and employees. The objectives further place a focus on the importance of showing its stakeholders high levels of ethical values in the company.

Also in this case, one can link the objectives of Telenor to many of the different theories on CSR. The first and the last objectives may be seen to have a great deal of resemblance with the ethical theories, while objective number two relating to investors, seem to fall more in the category of instrumental theories on CSR.

6.1.4 How is CSR incorporated in the overall strategies and goals of Telenor?

Table 6.1 - Telenor's company goals, visions, values and strategy

Goal:	“To create value for shareholders through the serving of customers, employees, partners and the general public interest”
Vision:	“Telenor – ideas that simplify” “Telenor shall be a driving force in renewing, developing and introducing new solutions that simplify our customers’ workday”
Values	<ul style="list-style-type: none"> • Dynamic • Innovative • Responsible
Strategy	“To maintain the company's leading position in Norway and develop profitable international mobile operations in emerging markets”

Source: Telenor (2004:7)

Reviewing Table 6.1, it seems reasonable to claim that with the exception of including “responsible” as one of the company’s three core values, there is no direct reference to CSR or sustainable development in the strategies, goals nor visions of the company. Furthermore, both the goal and strategy of the company place the major focus on creating value for the company’s shareholder. It is important to stress however, that this evaluation is strictly based upon how the text is formulated, and no other background information has been utilized to support this statement.

6.1.5 Summary of the findings

After answering the four sub questions, one may claim that Telenor views maintaining a good reputation among its stakeholders as one of its highest priorities. The company states a support for the WBCSD definition of CSR, implying that its major goal is to contribute to sustainable economic development, to include all stakeholders in the process of achieving this, and to do this in a profitable way. However, there is little in the company’s objectives or strategies to back up this statement. That is not to say that Telenor does not wish to contribute to sustainable development, but rather that the motivation communicated as the drivers for CSR, and hence the ultimate motivation behind the company’s CSR focus, seems to be based on the desire to maintain its reputation as a responsible company.

6.2 How is CSR implemented by Telenor?

The implementation of CSR involves several different aspects, and to capture the broadness of this, five sub questions have been formulated.

Throughout the section, Telenor's implementation of CSR will be compared to the views provided in chapter 1. The CSR issues identified by Telenor will be judged against the general CSR issues presented in section 3.3 and the more specific telecommunications issues recognized in section 5.1. An assessment of Telenor's CSR projects will be conducted with the aim of recognizing the major drivers behind choices of supporting societal issues, and the types of projects chosen by the company, and these findings will be compared to the perspectives of Kotler and Lee presented in section 3.4.

6.2.1 How is CSR incorporated in Telenor as a whole?

It is first and foremost the management of each unit who is responsible for implementing CSR. To assist in this, a corporate support unit has been established, which is in charge of creating combined aims and strategies for the entire Telenor group, as well as support in the implementation processes and assist in the reporting and communications of the CSR related activities (Telenor ASA, 2006e).

With relation to the rest of the staff, CSR has been implemented through an ethical learning program and legally binding mandatory codes of conduct. All managers and employees must go through an ethical "interactive e-learning program", to give them training in how to handle ethical dilemmas in the most appropriate way. This training took place among Norwegian employees and in the other countries in 2005 (Hypher, 2006).

Telenor has signed the European Telecommunications Network Operators' Association (ETNO) sustainability charter (see appendix 3) which covers eight areas which companies should take action when contributing to sustainable development (ETNO, 2006b). In addition, the company has also developed its own "codes of conduct" which apply to the members of the Board of Directors, managers, employees, and others acting behalf of Telenor, such as suppliers (Telenor ASA, 2005b). If there are signs of violation of the codes, this is to be reported to the immediate supervisor or the Compliance Officer (Telenor ASA, 2006d). Telenor has established an Ethical Council which is to maintain a high level of ethical awareness in the company. The Council is represented by people from the entire organization. It does not have any decision-making authority, but provides recommendations to the management on ethical issues related to the company's reputation (Telenor, 2004:35).

Table 6.2 is a summary of the 20 topics of Telenor's Codes of Conduct, and what they include (Telenor ASA, 2006d).

Table 6.2 - Telenor's Codes of Conduct

Category	Description
Human Worth	Supports the Universal Declaration of Human Rights and International Labor Organization's conventions No one should partake or contribute to violations of human rights

Working Environment	Positive and inclusive working environment Respect and have integrity to others No discrimination, harassment or degrading behavior
Health Environment	Promote high levels of satisfaction in the fields of health, safety and environment
Loyalty, impartiality and conflict of interest	Respect employees right to private life and interests but demands openness to groups demands and interests Telenor should not be subordinate to personal gain Avoid, whenever possible, conflicts of interest If conflict of interest arises, supervisor should be notified
Confidentiality	Confidentiality is required by law and written agreement This also applies after terminated employment or contractual relationship
Intellectual property	Intellectual property should be administered and protected in the interest of the group
Property and assets	Property and assets should be safeguarded in an appropriate manner
Nature and environment	Minimize environmental damage and develop, promote and utilize environmentally friendly technology Environmentally friendly solutions should always be chosen
Information that may affect stock price	All information that can influence an investor's decision making process is to go through stock exchange information systems You cannot use inside information for personal gains – no trading in stocks before information is made public
Information, communication	Telenor should be reliable, and maintain high professional and ethical standards Communication with media, public and financial market shall take place in accordance with specific guidelines which satisfy rules and regulations
Expertise and authority	All decisions should be made at the appropriate level in accordance with applicable regulation
Accounting	Accounting must ensure that transactions are correctly registered in accordance with Norwegian law and good accounting practice
Reporting and disclosure	Reporting must comply with laws and regulations
Internal Control	Telenor must have good internal controls that ensure the group's goals and strategies are fulfilled and complied with
Relations with customers, suppliers, competitors and public authorities	Customers shall be met with insight. Personal information shall be protected in accordance with relevant laws Suppliers shall be met impartially and justly. Guidelines are to be utilized when selecting suppliers Public authorities shall be met in appropriate and open manner.
Competition	Telenor seeks fair and open competition in markets Shall not in any circumstances be part of or cause breach of competition regulation
Corruption and bribery	Telenor firmly opposes to any form of corruption Never offer illegal or inappropriate monetary gifts or remuneration in order to achieve advantages
Gifts and business courtesies	Exercise caution in relation to offering or accepting gifts and business courtesies Not accept gifts or remuneration if there is reason to believe it is meant to influence decisions
Money laundering	Telenor opposes all forms of money laundering
Duty, positions and ownership of external business	External work must not affect the working relationship with Telenor, or come in conflict with Telenor's interests
Political Activity	Telenor does not support political parties

Source: Telenor ASA (2006d)

The Codes of Conduct are applicable to all companies or branches where Telenor has the operating control, both in Norway and other countries (Telenor ASA, 2005b).

At a general level, due to the e-learning and the Codes of Conduct, the managers and employees, are aware of the ethical focus Telenor has, and they will also be aware of any large societal campaign the company has. CSR information beyond this is however mostly only found within the CSR department. The activities of this department are frequently published on the company intranet, but due to the vast amount of publications on this page, it tends to become “information overflow”. Telenor is currently developing CSR information which has this in mind, and which specifically has the employees as its target audience (Hypher, 2006).

Reviewing Table 6.2, one can argue that five of the six CSR issues identified in section 3.3 are reflected in Telenor’s codes of conduct. The only issues which are not directly addressed are the societal issues. One could however claim that some of these issues are indirectly affected through for instance ensuring environmental and human rights issues.

6.2.2 How is Telenor’s CSR strategy developed?

The CSR strategy at Telenor is developed by the CSR department and must be presented to the Board of Directors for approval. In the process of developing the company’s CSR strategy, the company’s main strategy is taken into consideration and accounted for in the entire process. First, Telenor seeks to recognize independent CSR focus areas and targets. Once these are identified, a process of recognizing the links between these focus areas and the main strategy is initiated. One of the main drivers behind Telenor’s CSR strategy is the feedback it receives from market analysts, investors, governments and other stakeholders. Particularly the opinions of investors are increasingly important. Telenor for instance utilizes the yearly feedback they receive from Dow Jones Sustainability Index regarding their strengths and weaknesses. This information, together with expectations from other stakeholders, are coupled with issues Telenor itself recognizes as important, and form the foundation of the company’s CSR strategy (Hypher, 2002).

6.2.3 How are CSR projects selected by Telenor?

In the process of identifying and selecting CSR projects, the company currently does not have any official selection criteria, but this is being developed. However, the team that works on these issues has decided upon two conditions which must be fulfilled before selecting a project. First, the project must have some form of relevance to Telenor’s activities, and second it must be in a country that Telenor operates in (Hypher, 2006).

Both criteria can be related to the normative theory provided by Kotler and Lee (2005) (section 3.4). More specifically, Telenor’s first criteria can be directly related to the recommendation that projects should be connected with the company’s objectives, strategies or activities. The company’s second criteria can be associated with two of the recommendations, namely that it should contribute to reaching business goals, and that it should be of importance to the local community. It is however important to emphasize that a project can be of importance to a specific local community without the company necessarily having operations in that country.

6.2.4 What does Telenor view as important CSR issues and how does it deal with them?

According to Telenor, there are a variety of issues resulting from its activities and existence which can be connected to CSR. These issues can be found in relation to ethical issues; the environment; customer safety and health; employees and the working environment Telenor provides; and with relation to the impact Telenor has on society as a whole (Telenor ASA, 2006b). For comparison reasons, it has for this study been decided to present CSR issues for the companies in the same CSR categories as identified in section 3.3. The information provided by Telenor on what it views as important, together with the issues addressed by the Codes of Conduct will therefore be presented in these six categories. Table 6.3 presents a summary of the major CSR issues identified as most important to Telenor and how the company has chosen to deal with them. A more thorough description is provided in the sections below. The actions of Telenor have been categorized into different projects based on the definitions of CSR projects in section 3.4.

Table 6.3 - CSR issues identified and dealt with by Telenor

	CSR issues identified	Actions taken by Telenor	Type of project
Environmental protection	Energy consumption	• Energy efficient office buildings	SRBP
		• Utilization of renewable energy	
	Climate Change	• Tele- and videoconferencing to reduce travel	SRBP
		• Heating with Hydroelectric power	
		• Changes in car fleet	
	Waste	• Agreements with firms who deal with electronic waste	SRBP
• Partnership with Plan Norway and Dangaard for collection of used mobile phones		CP	
Utilization of paper	• Technology solutions to replace paper	SRBP	
Water consumption	• Measuring consumption	SRBP	
Human rights	Digital Divide	• Project with GSM Association	Partly CP
		• Donation to Norwegian Schools	CP
	Internet safety	• Filters for children	SRBP
		• Filters to prevent spam	
		• Actions against illegal PC's	
		• Information to customers	
	• Project with Save the children	CP	
Privacy	• Covered by Norwegian law	Not applicable	
Employee rights and conditions	ILO conventions - employee rights	• Covered by Norwegian law	Not applicable
	Discrimination	• Project "equal opportunities"	SRBP
		• Recruitment of disabled people	
	Cut in staff	• Re-location, training and financial support	SRBP
Reduce absence due to sickness	• Project "including working life"		

Actions of suppliers	Violation of human and employee rights in supply chain	• Suppliers must sign codes of conduct	SRBP
		• Supplier policy	
		• Cooperation with Initiative for Ethical Trade	
Business ethics	Accounting, reporting, discretion related to information about the company, corruption and bribery	• Codes of conduct must be followed	SRBP
		• Compliance officer to ensure against violation	
		• Ethical council	
Community issues	Radiation	• Research and information	SRBP
	Electromagnetic fields	• Research and information	
	Develop products	• Technology which can assist people with reduced functional ability	
	Other societal issues	• See Table 6.4	Different types

SRBP = Socially Responsible Business Practices, CPh = Corporate Philanthropy, CP = Cause Promotion

6.2.4.1 Environmental protection

According to Telenor, the major issues of concern for the company related to environment are energy consumption, emissions relevant to climate change, waste, utilization of paper and water consumption (Telenor ASA, 2006f).

When building new offices in four cities in Norway, the company took environmental considerations in the construction phase, both with relation to the materials used and the waste created, and these choices have resulted in more energy efficient buildings. One example of this is that the energy demand at headquarters in Norway is fulfilled by 50 percent renewable energy, in particular the energy requirements related to air conditioning, heating and cooling, is reduced through the use of heat exchangers using water from the sea (Flydal, 2006).

The major source of greenhouse gas emissions from Telenor comes from traveling, and to reduce work-related travel, Telenor urges its employees to use tele- and video conferences in all situations possible. Compared to other European Telecommunications Network Operators' Association's (ETNO) members, Telenor's total CO₂ emissions are only one seventh of the average. The company has also entered into agreements with suppliers for new cars and vans, which includes the delivery of normal and hybrid vehicles, which is estimated to reduce the negative impact related to its car fleet with up to 15 percent (Telenor ASA, 2006f).

In its work to reduce waste, the company cooperates with companies dealing with recycling of electronic waste. Telenor also participates in a project with the mobile distributor Dangaard and Plan Norway, which promotes the collection of old handsets in Norway. For every handset handed in by consumers, Telenor gives Plan Norway 50 NOK. The funding goes to projects to help poor children around the World. The useable handsets are sent to countries where they are needed, the rest are disposed in approved waste management facilities (Telenor ASA, 2006f). Based on the definitions of CSR projects, and the characteristics of this project, it has been categorized as a "cause promotion" project, in the sense that it promotes recycling among customers. It is important to point out here however, that in many instances these projects have been criticized for contributing to the deterioration and pollution of local communities. This critique is based on the fact that many of the

phones sent to the poor countries often are old handsets which are quite damaging on the environment, and this can be viewed as rich countries dumping their waste on the poor ones (Flydal, 2006).

To reduce the use of paper, efforts have been made to replace the need for paper with technology. Customers are offered the phone directory in different forms than paper, such as online, through text messages or on CD-ROM directories, and at headquarters online sources are promoted in stead of paper versions (Telenor ASA, 2006f). As for the water issue, this has in the past not been a major concern in Norway where water supplies are large. The company has however started to measure its water consumption to map whether there could be any potential concerns related to this (Telenor ASA, 2006f).

As a result of Telenor changing its policies and routines to implement more environmentally friendly ways of conducting its activities, most of the environmental actions taken by Telenor have been categorized as “Socially responsible business practices”. The cooperation with Plan Norway is seen to promote recycling, and has therefore been characterized as a “Cause promotion” project.

6.2.4.2 *Human rights*

Telenor has incorporated the compliance with internationally agreed upon human rights in its codes of conduct (see Table 6.2), and shows support for the Universal Declaration on Human Rights (Telenor ASA, 2005d). The rights which are covered by these however, (see section 3.3) are for Telenor more relevant with regards to the company’s supply chain, and are therefore covered in section 6.2.4.4. According to OH, the two most important CSR issues related to human rights in telecommunications is bridging the digital divide through providing access, and securing a safe internet (Hypher, 2006).

To deal with the issue of the digital divide, Telenor has entered into a project with GSM Association called “connecting the unconnected”, which is a project that focuses on making mobile telephony affordable to people in the developing world. The two major aspects of this project is to make handsets cheaper, which is done in cooperation with some of the largest handset producers in the world, and to reduce tax related to mobile services, which is the part where Telenor has focused its attention (Hypher, 2006). This project has been characterized as “partly cause promotion” due to the fact that it in one way promotes access to telecommunications technology to developing countries, where at the same time, there is also a pure business perspective to the project in the sense that it opens up to new markets for the company. The work Telenor does to reduce the tax on mobile services will benefit the unconnected population, but will at the same time ultimately lead to an increase in the number of customers and revenues for the company. It is important to draw attention to the fact that this project can be directly linked to the main strategy of the company, which is to increase its mobile operations in emerging markets (see Table 6.1).

Providing access is also done through Telenor’s donation to Norwegian schools, which has the aim of contributing to the long term improvement of ICT skills among children in Norway. This “cause promotion” project involves providing Norwegian schools with 7000 PC’s, training programs online or on CD ROM, and in addition, students are invited to play a computer game which seeks to promote awareness around issues of ICT and the global environment (Telenor ASA, 2006j).

Related to internet safety, Telenor has made several different efforts, which all can be seen as “socially responsible business practices”. Firstly, it offers its customers specific filters for children,

which gives parents control of the content the children are viewing online. Secondly, it supplies filters to prevent spam and unwanted information. Thirdly, it takes actions against specific PC's which are misusing the company internet or distributing spam, when such are discovered. Fourthly, it offers its customers information on how to use the internet in a safe and sensible way (Telenor ASA, 2006g). In addition to this, in cooperation with Save the Children, it is partaking in a project which has the aim of protecting children against unwanted content on the internet, and establishing healthy internet habits. This "cause promotion project" raises awareness around the issue of internet safety, through providing parents and children with information on the subject. Telenor contributes to this project with an economic contribution; by providing technical assistance: by providing parents with information; and by facilitating an employee wage deduction scheme (Telenor ASA, 2006j).

Lastly, privacy issues at Telenor are covered by specific Norwegian laws relating to the processing of personal data. The company has also established a "personal security center" which is responsible for internal control of the company's handling of personal information (Telenor, 2006p).

6.2.4.3 Employee rights and conditions

The company's Codes of Conduct (see table 6.2), states support for the International Labour Organization (ILO) convention on employee rights, implying a focus on the four major aspects incorporated in this: freedom of association and right to collective bargaining; elimination of forced labor; abolition of child labor; and elimination of discrimination in the work place (ILO, 2003).

Employee rights are covered by Norwegian law, and are therefore not seen as an issue in the company's Norwegian operations (Hypher, 2006). With regards to employee rights in the company's supply chain, these issues are covered in section 6.2.4.4. Beyond this, Telenor has placed a particular focus on creating a positive, inclusive and respective working environment, which is free of discrimination, and which provides equal opportunities for all (Telenor ASA, 2005d). To work against discrimination, Telenor has focused on several issues. It has for instance initiated a project by the name of "equal opportunities", which places the emphasis on gender equality in the organization. The company has also launched a program for recruiting employees with physical disabilities (Telenor ASA, 2006i).

In common with many other businesses, Telenor has had to cut down costs, ultimately resulting in having to reduce its staff. The company as made an effort to approach this issue through internal re-location, and by providing financial support and training (Telenor ASA, 2006i).

The company wishes to increase satisfaction among employees, and to reduce absence due to sickness (Telenor ASA, 2005d). Telenor has therefore, in partnership with the National Office for Social Insurance in Akershus, initiated the project "Including Working Life", which involves increasing the inclusiveness in the work environment.

All efforts related to Telenor's employee's rights and working conditions are seen to be projects beyond legal requirements which aim to improve the situation of its employees, and have therefore been classified as "Socially responsible business practices".

6.2.4.4 Actions of suppliers

As mentioned, the suppliers must sign the Codes of Conduct and Telenor also has a supplier policy which states the societal and environmental demands all suppliers must relate to. The company takes

the responsibility to overlook and ensure that the specific demands are met by its suppliers, but does not have any control mechanisms; hence the compliance is trusted on the word of the suppliers. This lack of follow-up is explained by OH as being a combination of competency and resource issues, and the company relies on its suppliers to secure control further down the supply chain (Hypher, 2006). Furthermore, Telenor is cooperating with Initiative for Ethical Trade (IEH) which will be contributing to the development of systems to ensure that the products they purchase have been produced without the violation of human or labor rights (Telenor ASA, 2005c). Through its membership in ETNO, Telenor is a member of the Global e-Sustainability Initiative (GeSI). It could be claimed that the company could improve the control of its suppliers if it chooses to utilize the GeSI supply chain groups' supplier tool.

6.2.4.5 *Business ethics*

For Telenor good corporate governance involves “open interaction and cooperation among the company’s owners, the Corporate Assembly, the Board and Group Executive Management, as well as other interested parties⁷”. As a result of being listed on Nasdaq, Telenor has to follow the Sarbanes-Oxley Act (SOX), which involves strict requirements for reporting and disclosure of financial and accounting information (Telenor ASA, 2006l). Beyond these legal requirements, ethical awareness is promoted in the company’s codes of conduct (see table 6.2), and includes issues such as accounting, reporting, discretion related to information about the company, corruption, bribery and money laundering (Telenor ASA, 2006d). To ensure that the codes are not violated, the company has a Compliance Officer who is to be informed if the codes are breached. As mentioned previously, the company has also established an Ethical Council to sustain ethical thinking in the company (Telenor, 2004:35). These initiatives to encourage ethical awareness in the company can be classified as “Socially responsible business practices”.

Another issue related to business ethics stressed by OH, is the growing problem related to corruption. It was stressed however, that this is not in a particular problem within the telecommunications industry itself, but more an issue resulting from the countries Telenor does its business in (Hypher, 2006). Telenor’s membership in Transparency International, a global organization working against corruption, is seen as one action taken by the company to combat corruption. In addition to showing public support for the fight against corruption, this membership provides Telenor with help on how to tackle corruption issues (Telenor ASA, 2006n).

6.2.4.6 *Community issues*

The most important impacts on the community related to Telenor’s activities are health issues related to radiation and electromagnetic fields. The company takes concerns from its customers regarding radiation seriously, and provides information and links on its web page on the subject (Telenor ASA 2006h). Conducting research on health issues is seen as a long term investment to improve the local community, and therefore characterized as “Socially responsible business practices”.

In addition to dealing with societal impacts of its actions, Telenor has initiated several projects to support different societal issues. Table 6.4 gives an overview of these projects, the type of contributions provided by Telenor, and classifications of the types of projects.

⁷ Employees, customers, suppliers, creditors, public authorities and society in general



Table 6.4 – Telenor’s societal projects

Project name and description	Contributions from Telenor	Type
“TV Fund raising Campaign 2003” * Save the children - TV Fund raising campaign for school projects in Cambodia, Nicaragua, Guatemala, Uganda and Ethiopia. Money collected through phones and collection boxes	<ul style="list-style-type: none"> • Supply, set-up & operation of donor phones • Technical solution to recruit people for collection box • Ensured that all contributions were given to the campaign 	CPh
“Donation from surplus SMS to Red Cross”** An unknown invitation to send SMSs to support the children in Beslan resulted in a great increase in SMS traffic	<ul style="list-style-type: none"> • Surplus from increased SMS traffic was donated to the Red Cross (1 million NOK) (resulting from 1.5 million more SMSs than usual) 	CPh
“Nobel Peace Centre” ** Partnership with the Nobel Peace Center - established to promote communication of World Peace	<ul style="list-style-type: none"> • Contribute 14 million NOK over a 4 year period – partly direct funding, partly supplies 	CPh
“Relief operation in Sudan” * Aid work led by Red Cross to help the refugees in Darfur in Sudan. Trucks will bring supplies from Port Sudan to Darfur	<ul style="list-style-type: none"> • 50 000 NOK donated, as one of several Norwegian companies, to support the trucks. 	CPh
Tsunami ** Relief efforts in Thailand after the Tsunami	<ul style="list-style-type: none"> • Economic contributions to Red Cross (RC) • Commercial television spots given to RC • Free calls for customers in affected areas • Emergency phones 	CPh
Pakistan Earthquake ** Relief efforts in Pakistan after the earthquake	<ul style="list-style-type: none"> • Economic donations to Red Cross • Collection of materials • Donation of salaries by employees • vehicles and equipment in affected area • Free phones and emergency phones 	CPh
“Refugee guide project” * Partner with Red Cross’ Refugee Guide project. Provide the refugees with assistance in getting to know Norwegian customs and cultures.	<ul style="list-style-type: none"> • Telenor employees are encouraged to become guides for the refugees 	EV
“Bangladesh orphanage” * Established and operates orphanage	<ul style="list-style-type: none"> • Economic and practical support of staff and orphans 	CPh
“The Telenor Foundation for athletic clubs” * Agreement with the Norwegian Olympic Committee and Confederation of Sports. Aim to promote local education and development initiatives. Projects must include the use of new technology in training, or organizing events	<ul style="list-style-type: none"> • Provides funding to the foundation to give to the “winning” athletic clubs. 	CP
Use of Max Havelaar Coffee * The fair trade coffee brand “Max Havelaar” is used in all the coffee machines at the company headquarters. This coffee brand secures that coffee farmers are treated fairly	<ul style="list-style-type: none"> • Utilizes the fair trade coffee brand in all coffee machines 	CP

Sources: *Telenor ASA (2005j), ** Telenor AS (2005k)

CPh = Corporate Philanthropy, CP = Cause Promotion, EV = Employee volunteering

Evaluating Table 6.4, one can state that there is a general trend at Telenor to utilize corporate philanthropy” when dealing with societal issues. In addition to this, the company has one “employee volunteering” project, namely the refugee project, and two “cause promotion” projects: the Max Havelaar project, which raises awareness around the issues of fair trade; and the Athletics

foundation, which promotes the use of technology. Beyond the ones mentioned in Table 6.4, there are also many projects which are run or initiated by other companies partly owned by Telenor.

It is difficult to recognize any pattern in the selection process of societal issues. One could perhaps claim that there is a general trend directed towards the focus upon peace operations and children. There is however nothing that suggests that this has been consciously chosen, and might just as well be a result of coincidences, and heavy pressure from for instance organizations like the Red Cross.

If comparing the projects to the criteria provided by OH, one can state that the first criterion is fulfilled to a certain degree. In almost all the projects, telecommunications technologies is either promoted by the project or included as part of the donation. The only exceptions are the ones consisting of pure economic donations, namely the relief operations to Sudan and the orphanage in Bangladesh. When it comes to the second criteria, Telenor does not have direct operations in either Africa⁸ or Beslan. It is important to highlight however, that the criteria provided by OH are not official criteria, and based upon reviewing the types of projects chosen by Telenor, it seems as though they are chosen spontaneously, based upon certain events taking place, like for instance with the SMS donation to Beslan.

When comparing Telenor's projects to Kotler and Lee's (2005) normative theory, one can claim that since it is stated that stakeholder opinions are included throughout the process of creating strategies, it can be assumed that these opinions also are included when the company selects societal issues to promote. Furthermore, many of the projects chosen will contribute to reaching business goals. This is particularly relevant for the projects aimed at bridging the digital divide, as they at the same time as providing connection to the "unconnected", ultimately will lead to an increase in market share and customers.

6.2.4.7 Conclusion

When comparing Telenor's identification of CSR issues with the ones from section 3.3, it can be argued that the company has dealt with issues in all six categories. Also when comparing the issues identified by Telenor with the direct CSR issues identified in section 5.1.1, one can claim that there is little fluctuation between the two. The only small discrepancies which can be found are in relation to its suppliers. Beyond making its suppliers sign the Codes of Conduct and a supplier policy, Telenor does not have any control mechanisms to ensure that these are being fulfilled. Furthermore, Telenor has not directly addressed the issue of Coltan mining; however one can question whether this issue actually should be addressed by telecommunications operators beyond ensuring responsibility in their supply chains. In addition, one see the issue of Coltan as already adequately dealt with through the GeSI initiative, which Telenor indirectly is a part of through its membership in ETNO.

When evaluating the initiatives undertaken by Telenor to solve its CSR issues, it can be concluded that the company utilizes telecommunications technology to solve many of its environmental concerns, for instance by utilizing telecommunications technology to reduce travel and decrease the need for paper.

Almost all the efforts Telenor has taken to tackle its negative CSR effects have been identified as "Socially responsible business practices". To promote digital inclusion, internet safety, and recycling,

⁸ The company does however have a satellite net over equator which has been utilized in parts of Africa (Flydal, 2006).

the company has undertaken several “cause promotion projects”. When it comes to the societal projects, it has been determined that the company in general utilizes “corporate philanthropy”. In addition to this, a couple of initiatives have been identified as “cause promotions”, and the company has initiated one “employee volunteering” project.

Lastly, one can see resemblances with several of the recommendations provided by Kotler and Lee (2005). The use of telecommunications is prominent in almost all the projects Telenor has initiated. Stakeholder opinions are included in the process of creating the CSR strategies, and many of the CSR projects will ultimately lead to increases in market shares and customers, hence contributing to business goals.

6.2.5 What types of instruments or guidelines are utilized by Telenor when implementing CSR?

Telenor utilizes several of the different types of CSR instruments identified by Ligteringen & Zadek (2005). Related to normative guidelines, the company is a member of the UN Global Compact, and how the GC is perceived and implemented by the company is discussed in more detail in sections 6.3 and 6.4. Telenor is also a member of ETNO, which also fits the descriptions of normative guidelines provided by Ligteringen & Zadek (2005), and has signed the ETNO sustainability charter (see Appendix 3).

With relation to process guidelines for reporting and communication of CSR issues, Telenor utilizes the Global Reporting Initiatives sustainability guidelines (Hypher, 2002).

6.2.6 Summary of the findings

After having reviewed Telenor’s Codes of Conduct and its CSR projects, one can argue that all six of the CSR issues identified in section 3.3 have been covered. When it comes to specific telecommunications issues, Telenor has identified all but one of the direct negative impacts of the industry (as presented in section 5.1.1). The only issue Telenor has not directly recognized or initiated any project to tackle is the issue surrounding the utilization of Coltan in telecommunications products. The company can be seen to have dealt with this indirectly through the GeSI initiatives and through the fact that suppliers must sign the Codes of Conduct. In addition, as already mentioned, one can question to what extent it should be expected that Telenor addresses this project individually. The company seems to be utilizing telecommunications technology to tackle the negative impacts of its activities. This is particularly relevant with relation to reducing the negative effect the company operations has on the environment and in efforts to bridge the digital divide.

In general, Telenor tackles its negative CSR effects by utilizing “socially responsible business practices”. The company has also utilized “cause promotions” in projects dealing with waste management, bridging the digital divide and internet safety. As for the company’s projects dealing with general societal issues, one can identify a trend within the company to utilize “corporate philanthropy” and “cause promotions”. When selecting societal issues to support, the choices made by Telenor can be seen to directly coincide with several of the recommendations given by Kotler and

Lee (2005), such as including stakeholders' opinions, placing the focus on only a few societal issues and utilizing telecommunications technology in most of its projects.

6.3 How is the UN Global Compact perceived by Telenor?

For Telenor, the Global Compact (GC) is a platform which all CSR activities should be built upon. OH stressed the important function the GC has had in promoting CSR in companies. Firstly, by being a UN initiative which has been strongly advocated by Kofi Annan, it has gained many supporters. Secondly, OH points to the fact that the GC is a rather simple guideline to follow, which can make it easier to use than, at times complicated guidelines coming from for example the Organization for Economic Co-operation and Development, International Labour Organization, the United Nations and the European Union. OH is at the same time slightly critical towards placing too much weight on merely complying with the ten principles. He sees the principles as rather basic and that they do not give companies enough to strive for, and he claims that simply complying with the GC is not enough to be a socially responsible firm. According to OH, the ten principles should be seen as a starting point, rather than as the ultimate goal of CSR (Hypher, 2006).

OH cautions against too much bureaucratization of the GC, as he sees this as a factor which can contribute to destroying the initiative. It is important to maintain that the GC is a company initiative, and if the UN gets too much power, it can become a problem, especially due to the fact that the UN does not have responsibility or authority to place sanctions on international companies (Hypher, 2006).

This does coincide with the view on normative guidelines offered by Ligteringen and Zadek (2005), where these are seen to provide companies with assistance on how they should act responsibly. It does however become clear from OH, that beyond being a platform for CSR activities, the GC does not play any active role in the creation of strategies or planning of projects.

6.4 How is the UN Global Compact utilized by Telenor?

Telenor has been a member of the GC since August 2001, and is among the 14 telecommunications companies who have submitted communication on progress (COP) reports (see Appendix 2). The following sections will provide information on how the COP reports are used by Telenor, how the company has implemented the ten principles, and how it relates to the local networks.

6.4.1 How are COP reports utilized by Telenor?

Telenor's latest COP report was submitted to the GC office in May of 2005 (UNGC, 2005d). Telenor's COP consists of information on the most important CSR events in 2004, and the report is made up of different information which can be found on the company's website. There is made no reference to specific details on how any of the GC principles have been implemented (Telenor ASA, 2005d). No specific guideline was directly utilized when creating the report. However, as mentioned earlier, the Global Reporting Initiative's (GRI) guidelines are utilized in the communication of the companies CSR activities (Hypher, 2006).

6.4.2 How do the CSR activities at Telenor coincide with the ten principles of the GC?

Telenor does not state any direct actions taken in relation to fulfilling the ten principles of the GC. As mentioned, the company does provide a COP, but this provides more general trends and CSR activities, and does not supply any specifics with relation to the principles. To establish how the company relates to the ten principles, it was therefore necessary to review the company's GRI index and evaluating the company's CSR activities in general (section 706.2.4). These linkages are presented in the section below (for the formulation of principles see Table 4.1).

The support for human rights, and compliance with *principle one* can be seen in the company's Codes of Conduct which states a support for the Universal Declaration of Human Rights (UDHR) (see Table 6.2). The employees are also bound to the codes of conduct, and to ensure an understanding of the codes, they must complete an ethical training program as explained earlier (section 6.2.1). Certain of the general societal projects show a general support for human rights, such as the funding of the Nobel Peace centre, which promotes world peace; donations to Red Cross; and relief efforts to Sudan, Thailand and Pakistan (see Table 6.4).

The fact that suppliers also must commit to the company's codes of conduct, ensures that Telenor is not complicit in human rights abuse, thereby meeting the terms of *principle two*. However, as mentioned earlier it is important to point out here, that compliance is trusted upon the word of the suppliers. To help prevent violations of human and labor rights, the company has entered into a relationship with the Initiative for ethical trade. The company has also taken actions to bridge the digital divide, and protect against illegal or unwanted information (see section 6.2.4.2).

The codes of conduct (Table 6.2) support the International Labour Organizations's (ILO) convention, thus also supporting *principles three to six* (see section 4.2.2.2.). A requirement of compliance with these codes by suppliers, are meant to ensure support for these principles throughout the supply chain, covering *principles four and five*. Section 6.2.4.3 provides more specific information on actions the company has undertaken to support these principles. Since employee rights are covered by the codes of conducts, one can assume that any violations of these rights should, in similarity with other breaches of the codes of conduct, be reported to the compliance officer.

Related to having a precautionary approach and supporting *principle seven*, Telenor has established an overview of how its activities and products affect the environment. Telenor also conducts research on radiation and electromagnetic fields to ensure against any possible health risks (Telenor ASA 2006h). Attempts to reduce energy and resource consumption, emissions and waste (see section 6.2.4.1), promotes environmental responsibility and can therefore be linked to *principle eight*. To limit its negative environmental impact, Telenor has created a separate environmental management system. It consists of five steps: Creating an environmental policy, planning the environmental work, implementing and operating the management system, controlling and correcting, and assessing frequently and making changes to strategy if necessary (Telenor ASA, 2006f).

Principle nine is supported through the utilization of telecommunications technologies to replace current, more environmentally damaging ones (see section 5.1.2). Telenor for instance uses tele- and video-conferencing to reduce the need for traveling, and makes efforts to replace the use of paper with online services (section 6.2.4.1). Funding athletic clubs who utilize telecommunications technology can be seen as a support for this principle (Table 6.4). The participation in the Global

Compact Nordic Network and ETNO allows for cooperation with other businesses, both within, and outside the telecommunications industry.

The codes of conduct (Table 6.2) include a section on anti-corruption, which can be linked to *principle ten*. To support the fight against corruption, and to get assistance on the issue, Telenor became a member of Transparency International in 2001. Transparency International is a global organization working against corruption (Telenor ASA, 2006n). In its COP, Telenor states that it is important for the company to be “actively engaged in the fight against corruption” (Telenor ASA, 2005d).

6.4.3 How does Telenor relate to the GC local networks?

Telenor participates in the Global Compact Nordic Network (GCNN) which was established in 2001. There are only members from businesses in the GCNN, which consists of between 45 and 50 transnational companies from the Norway, Sweden, Denmark and Finland. The current focal point for the GCNN is the Confederation of Norwegian Enterprise (NHO), and the network is funded through a membership fee of 500 Euros per year. Each biannual network meeting has one or more of the GC principles as the major topic, and the members exchange information on implementation, and discuss challenges related to the principles. The NHO contact person for the GCNN Vidar Lindefjeld, states that this solution oriented approach works well for the network. Although the GCNN is a pure business network, NGOs and governmental organization relevant to the area of discussion are invited to partake in all of the GCNN meetings. These organizations contribute to the discussions and provide valuable information on relevant topics (Lindefjeld, 2006). According to JM, the GCNN is used as a forum for learning between the companies where they can share experiences and give advice. They do not judge each other, and the network does not place any specific requirements on the companies (Moberg, 2006).

Telenor views the GCNN as a crucial aspect of the GC, since it allows for sharing of information among the companies and contributes to increasing awareness around CSR. OH stresses that knowledge attained through the network, is seen as highly valuable, and has been the input, and provided the basis, for many of the company’s CSR strategies (Hypher, 2006).

6.4.4 Summary of the findings

The COP submitted by Telenor is rather simple, and does not include any specifics on the implementation of the principles. The company does however utilize the Global Reporting initiative’s guidelines, and this is found on the company’s website, which means that Telenor is consistent with the highest type of reporting recommended by the GC Office.

With relation to the implementation of the ten principles, one can claim that in most instances, Telenor has followed the actions telecommunications companies should take to support GC principles as identified in Table 5.3. The company has also in several cases utilized telecommunications to promote the principles.

Telenor participates in the Global Compact Nordic Network (GCNN). This network is built up as a forum for information sharing, and is viewed by Telenor as an important aspect of its support for the GC.

6.5 Conclusion

The Telenor case study has been presented through answering four questions related to how CSR and the Global Compact is perceived and implemented by the company.

Based on the evaluation of the company, one can conclude that Telenor perceives CSR as a broad topic, involving many different aspects. Telenor's perception of CSR seems to have most similarities with the ethical CSR theories and the instrumental ones. This is based on the fact that while the company supports WBCSD's definition of CSR and views stakeholder involvement as very important, at the same time one of the major drivers behind Telenor's focus on CSR seems to be the reputation the company has among its stakeholders of being a responsible firm.

When it comes to implementing CSR, one can argue that the company has identified all the most important areas of CSR, both ones at a general level and ones specifically relevant to the telecommunications industry. In order to tackle these issues, the company has altered its activities or initiated specific projects. The direct negative impacts are generally being dealt with through the utilization of "Socially responsible business practices" and "cause promotions", and in many of the cases telecommunications technology has been utilized in the processes. When it comes to projects initiated by the company to support specific societal issues, the company has in most cases utilized "corporate philanthropy" and "cause promotions", and also here the utilization and promotion of telecommunications is quite common.

As for the role of the GC in Telenor, one can claim that this is rather small. The GC is mainly viewed as a platform which all CSR activities are based upon, however it is not included in processes such as creating strategies or objectives. The GC is viewed as a minimum requirement by the company, and the ten principles should be seen as a starting point and not the goal of CSR. Lastly, Telenor views it as very important that the GC keeps its current form, as a voluntary initiative, and that it is not bureaucratized further.

Telenor became a member of the GC quickly after it was established, and is among the companies who have submitted their communication reports on time. Comparing Telenor to the actions identified as most important for telecommunications companies when implementing the ten GC principles (see Table 5.3), one may claim that Telenor has fulfilled a large amount of these. Furthermore, the company has in several instances utilized telecommunications technology when dealing with CSR issues relevant to the ten principles. Lastly, the company is an active member of the GCNN, and views this as a very important aspect of the GC.

7 BT GROUP PLC

BT group plc has direct connections to the Electric Telegraph Company, which was established in 1846, as the first company to provide electrical communication and telegraph technology outside of the United States. In 1984 the British telecommunications Act was established which made it possible for the company to become privatized, and also opened for competition in the telecommunications industry in Britain, removing British Telecommunications monopoly. The same year the state started selling its shares to the public, first fifty percent, and nine years later, in 1993, it sold its final shares (BT, 2006a).

BT has five major operation areas, BT Retail, BT Wholesale, BT Global Services, BT Exact and Openreach (BT, 2006b). BT Retail provides residential customers and business with communications services and products, such as voice, data, internet and multimedia. BT Wholesale provides network services and solutions to UK communications companies. BT Global Services provides multi-site corporations with communications services and solutions (BT, 2005b). BT Exact is BT's IT and operations unit, which provides customers with different aspects of IT solutions. Lastly, Openreach is a new part of BT, and provides access and backhaul networks to communications and internet providers (BT, 2006b). Until 2001, BT also had mobile operations through its business unit mm02, now known as the company 02 (BT, 2006g).

Through BT Global Services, BT Group plc provides services outside the UK to several countries in Europe⁹, the Asia pacific¹⁰, America, including the US, Canada and Latin America¹¹ and 37 countries in Middle East and Africa, with major hubs in South Africa and Dubai (BT Global Services, 2006).

In 2005, BT had approximately 102,100 employees, where 90,800 were employed in the UK and the rest in its foreign operations (BT, 2005g).

To answer the BT case study, published information by the company was utilized, such as the company's social and environmental report and other information found on the BT's website. In addition, Chris Tuppen (henceforth CT), the head of sustainable development and corporate accountability at BT was interviewed.

7.1 How is CSR perceived by BT?

The following section seeks to identify how CSR is perceived by BT, and this will be done through finding answers to the same four sub questions as in the Telenor case.

⁹ Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxemburg, Portugal, Netherlands, Poland, Slovakia, Spain, Sweden and Switzerland

¹⁰ Australia, China, Hong Kong, India, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand

¹¹ Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Mexico, Peru, Uruguay and Venezuela

7.1.1 How does BT define CSR?

According to BT's social and environmental report, CSR is "how we as a company can contribute to the broader societal goal of sustainable development" (BT, 2005a:6). The company views it as its responsibility to identify the societal and environmental impacts of its activities, and then figure out how to best deal with them. It approaches this by placing a large emphasis on establishing and maintaining a good relationship with its different stakeholders (BT, 2005a:6).

One can see a strong connection between BT's definition of CSR and the one provided by WBCSD since they both see CSR as businesses' contribution to sustainable development. This would mean that one could link BT's views on CSR with the ethical theories on CSR. It is important however to stress that BT has given no official support for this definition, and a deeper evaluation of BT's actions must be made in order to determine the extent of similarity between the two. It is also important to verify whether BT's CSR definition coincides with the company's CSR objectives and drivers.

7.1.2 What is BT's motivation behind being a CSR company?

BT's "business case for CSR" consists of five key areas: *risk management*, where the company has identified seven major risks, namely breach of integrity, climate change, diversity, ethical issues in the supply chain, health and safety, geography of jobs, and privacy; *reputation*, where BT has estimated that CSR accounts for 25 percent of the company's reputation among its customers; *cost reduction*, involving savings from environmental activities; *employee motivation* resulting from CSR activities; and *marketplace innovation*, where the company increasingly is being asked by its stakeholders to address environmental and societal issues (BT, 2005a:11).

Four of these five areas are identical with areas identified by Arthur D. Little (2003) (section 3.2), these being risk management, reputation, employee motivation and market place innovation. Three of these five areas involve expectations from stakeholders, namely reputation, employee motivation, and marketplace innovation; and based upon this one could claim that one of the primary drivers behind BT's CSR focus is maintaining reputation as a responsible company among its stakeholders. Furthermore, BT points to cost reduction as an important reason for taking CSR concerns. Comparing these views to the theoretical views on CSR, one can see a resemblance between BT's motivation and the instrumental CSR theories.

7.1.3 What are BT's CSR objectives and strategies?

BT's major objective as a communications company is "to help everyone benefit from improved communications. Doing this in a responsible way is what our corporate social responsibility (CSR) work is all about" (BT, 2005a:1).

In order to reach this aim, BT's CSR strategy places the focus on three major themes. These are *inclusion*, involving diversity issues and reducing digital divide, *sustainable economics*, relating to the companies contribution in for instance third world countries, and *climate change* (Tuppen, 2006).

When evaluating these three focus areas, there appears to be a link between BT's definition of CSR as contributing to sustainable development, and the company's CSR strategy. The three focus

areas of BT's strategy could furthermore be connected with the three prerequisites stressed by WBCSD for reaching sustainable development (section 3.1.4). *Inclusion* can be coupled with social progress, *sustainable economics* can be related to economic growth, and *climate change* can be linked to ecological balance. If this connection is intentional by BT, one can identify a resemblance between BT's CSR strategy and the ethical theories.

7.1.4 How is CSR incorporated in the overall strategies and goals of BT?

Table 7.1 - BT's company goals, visions, values and strategy

Goal*:	“ Help everyone benefit from improved communications” *
Vision**:	<ul style="list-style-type: none"> • “We do what we say we will do – when we say we will do it – for the price we said” • “We are pro-active and easy to do business with, we care” • “If we don’t keep our promises, we make recovery our number one priority”
Values**:	<ul style="list-style-type: none"> • Trustworthy • Helpful • Straightforward • Inspiring • Heart
Strategy**:	“To build long-term partnerships with our customers. With their support we aim to maximize the potential of our traditional business, through a combination of enhanced quality of service, creative marketing, innovative pricing and cost efficiency. At the same time, we’ll pursue profitable growth by migrating our customers to new wave products and services, such as ICT, broadband, mobility and managed services”.

* (BT, 2005a), ** (BT, 2006f)

Reviewing Table 7.1, one can claim that there is no direct mention of CSR in BT's goals, visions, values or strategy. Some of the company's values such as, *trustworthy* and *straightforward*, can however be seen as important prerequisites for a responsible company, thereby drawing a connection to CSR. It is important to point out however, that it is difficult to evaluate the actual thoughts behind the goals and strategies, when the motivation behind them is not identified.

7.1.5 Summary of the findings

Based upon the company's definition of CSR, combined with its objectives and strategies, it is reasonable to assume that reaching sustainable development is a major part of BT's focus on CSR. Furthermore, the company places great emphasis on including the opinions and interests of stakeholders in its processes, and especially the customers are viewed to be quite essential to the company. This shows similarity between BT's perceptions and the ethical CSR theories. One of the major drivers behind BT's CSR focus appears to be reputation, but the company also emphasizes other issues such as reducing risks and costs. These drivers for CSR show a resemblance with the instrumental CSR theories.

7.2 How is CSR implemented by BT?

In the process of answering this question, comparisons will be made to see if there are any similarities between BT's approach and the perspectives provided in chapter 1. Assessments will be

made with regards to how the CSR issues identified by BT relate to both general CSR issues presented in section 3.3 and the specific CSR issues relevant for the telecommunications industry identified in section 5.1. Evaluations of BT's CSR projects will also be performed in order to identify what types of projects the company utilizes and how it selects societal issues to support, and how this can be linked to Kotler and Lee's (2005) normative theory on CSR.

In order to answer this rather broad and complex question, the same five sub questions as in the Telenor case will be used.

7.2.1 How is CSR incorporated in BT as a whole?

BT has developed its own CSR governance framework, where different bodies have the responsibility for specific aspects of CSR in the company. The Corporate Responsibility team is responsible for coordinating and maintaining the CSR strategy of the company and to promote awareness for CSR among employees (BT, 2006c).

BT has developed a set of business principles called "the way we work", dealing with how the company does its business. These principles must be followed by all employees, agents, suppliers and others representing the company. Non-compliance with the principles will result in dismissal of employees, and in 2005, 132 employees were fired as a result of unethical behavior. The company has established a 24-hour help line to give employees assistance with regards to ethical issues (BT, 2006c). In order to measure the awareness of these business principles and the level of integrity within the company, BT has developed an Ethics Performance Measure (BT, 2006c). Table 7.2 is a summary of the 12 principles which are included in "The way we work" (BT, 2002).

Table 7.2 - BT's "The way we work"

Category	Description
Legal	Act within its law, license obligations and any other regulations
Compete fairly	Compete vigorously but fairly in its markets. Be honest and trustworthy in all dealings.
Inducements	Not offer or accept gifts, hospitality or other inducements which encourage or reward a decision, or engage in any form of bribery. Report and record any incident.
Conflicts	Avoid or declare conflicts of interest that may lead (or be seen to lead) to divided personal loyalties.
Commitments	Ensure that others have confidence in the commitments made on behalf of BT, and that agreements are suitably authorized
Risk	Assess and manage risks to business
Assets	Protect brand, physical, financial and intellectual assets.
Information	Protect the confidentiality of company, employees and customer information.
Communication	Be truthful, helpful and accurate in our communication.
Diversity	Treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form.
Health and Safety	Care for the health and safety of each other, our products and our operations.
Environment	Minimize the potentially harmful effects of our activities on the environment.

(BT, 2002)

Reviewing Table 7.2, one can claim that BT's business principles "the way we work" cover parts of all the six CSR issues identified in section 3.3. Environmental protection is covered by the category environment. If one assumes that the risks referred to in the business principles are the same as mentioned in the company's "CSR business case"¹², one can claim that the business principles also cover CSR issues relating to working conditions, actions of suppliers, business ethics, and community issues involving safety and health. "The way we work" gives no direct reference to human rights or employee rights, but these issues can indirectly be linked to the first category stating legal requirements.

7.2.2 How is BT's CSR strategy developed?

BT's CSR strategy is developed by people from different parts of the company who are engaged in CSR activities. The strategies are created based on a combination of company perspectives and specific stakeholder input (Tuppen, 2006). BT has not conducted a formal stakeholder analysis, but recognizes six groups as the most important, these being customers, employees, suppliers, shareholders, partners and community (BT, 2005). When the preliminary strategies are formed, different groups and people within the company, such as for instance the Chairman of the Board and the CSR Executive Steering Committee, are brought into the process to provide their opinions on the strategies (Tuppen, 2006).

¹² Breach of integrity, climate change, diversity, ethical issues in the supply chain, health and safety, geography of jobs, and privacy (BT, 2005a:11).

7.2.3 How are CSR projects selected by BT?

BT believes that it can have the greatest effect in situations where it can utilize its technology and expertise. This is why the company tends to select projects where it can contribute by for instance providing network, phone lines or technical assistance (BT, 2005j). This resembles one of the recommendations provided by Kotler and Lee (2005), regarding the utilization of company expertise. By reviewing the specific projects chosen by BT, one can identify whether there are any other patterns related to project selection.

7.2.4 What does BT view as important CSR issues and how does it deal with them?

At BT CSR performance is measured through specific indicators which have been developed through stakeholder dialogues, so called “key performance indicators” (KPIs). These KPIs are divided into seven different categories: customer satisfaction; working environment; the relationship with suppliers and how the suppliers perform; contribution to the community; environmental effects of the company; digital inclusion; and integrity involving the ethical performance of the company (BT, 2005a:20). In addition to the seven major risks presented in the “CSR business case” (see section 7.1.2), BT has identified several other controversial issues related to society and environment, which it refers to as “hot topics”. Examples of such issues are privacy issues and personal protection; spam and misuse of the internet to promote crime; and health aspects related to telecommunications technology (BT, 2005a: 21). Lastly, BT has recognized several issues which it sees to be especially challenging for the company in the future, these are climate change, internet scams, payphones, privacy and stress (BT, 2006d). Through a combination of the KPIs, risks, hot topics and critical challenges, the six general CSR categories seem to be covered. Based upon the characteristics provided by Kotler and Lee (2005), BT’s actions of have been categorized into different CSR projects. Table 7.3 shows a summary of the CSR issues identified by BT, and the sections below will discuss these areas in more detail and provide information on how the company has dealt with them.

Table 7.3 - CSR issues identified and dealt with by BT

	CSR issues identified	Actions taken by BT	Type of project
Environmental protection	Climate change	<ul style="list-style-type: none"> • Reduce and change car fleet • Investment in energy management • Utilizing more efficient equipment • Promote work at home to reduce travel • Tele- and videoconferencing to reduce travel 	SRBP
	Waste	<ul style="list-style-type: none"> • Recycling projects • E-business to reduce paper 	SRBP
Human rights	Digital divide	<ul style="list-style-type: none"> • Alliance for digital inclusion • Everybody online 	SRBP
		<ul style="list-style-type: none"> • BT Community Connections • BT Education 	CP
	Internet abuse	<ul style="list-style-type: none"> • Free spam and virus protection • Blocks specific pages • Provides parental control and filters for children 	SRBP
		Privacy	<ul style="list-style-type: none"> • Privacy policy
Employee rights and conditions	Diversity in the workforce	<ul style="list-style-type: none"> • Policy to ensure equality 	SRBP
	Inclusion of people with disabilities	<ul style="list-style-type: none"> • Network for people with disabilities • Work with charities helping disabled 	SRBP
		Ensure healthy and safe environment	<ul style="list-style-type: none"> • Annual plans
		<ul style="list-style-type: none"> • E-business to provide flexibility 	SRBP
Actions of suppliers	Promote CSR standards throughout supply chain	<ul style="list-style-type: none"> • Suppliers must comply with business principles • Suppliers must comply with SWHD • Involved in GeSi supply chain initiative 	SRBP
Business ethics	Transparency in board, openness, and internal control	<ul style="list-style-type: none"> • Follow UK Corporate Governance Code 	SRBP
	Competition, corruption and bribery, and risks	<ul style="list-style-type: none"> • Must follow the business principles “the way we work” 	SRBP
Community issues	Health Concerns related to health concerns and base stations	<ul style="list-style-type: none"> • Minimum safety standards on products and operations 	SRBP
	Other societal issues	<ul style="list-style-type: none"> • See Table 7.4 	Different types

SRBP = Socially Responsible Business Practices, CP = Cause Promotion

7.2.4.1 Environmental protection

BT sees climate change and waste as two of its major focus areas within the environmental category (BT, 2005a:20). To deal with climate change issues, BT has focused on reducing its CO₂ emissions through reducing and changing its transportation fleet, finding alternative fuels and increasing energy efficiency. The latter is particularly important seeing as it is one of Britain’s largest users of electricity, and BT has therefore made investments in energy management, which has resulted in

reduced use of electricity. It has also reduced its energy use through utilizing more efficient equipment and investing in renewable energy (BT, 2005d:2). Lastly, a reduction in employee travel has been reached through the utilization of home offices and tele- and videoconferencing (BT, 2005e:2).

When it comes to waste management, the company has the past years decreased the amount of waste going to landfills, and increased the amount being recycled. It has also initiated several projects to recycle old and unused equipment (BT, 2005d:4). Through the utilization of e-mails, and online billing systems and directories, the company has reduced its paper use (BT, 2005e:2).

BT has developed an environmental management system (EMS) which acts in accordance with ISO14001, which is an international standard for the certification of EMSs. Compliance with this standard means that a company must identify and assess the impacts of its activities, create indicators and targets for how these effects can be reduced, and lastly, the company is obligated to work towards continuous improvements to reduce environmental impacts (BT, 2005d:1).

All of BT's efforts to deal with environmental issues seem to be voluntary changes in business practices with the goal of taking environmental considerations, and have therefore been characterized as "socially responsible business practices".

7.2.4.2 Human rights

The Universal Declaration of Human Rights is utilized to ensure that all BT policies are founded in human dignity. BT sees the best way of ensuring the commitment to human dignity is to increase the positive effect the company's activities can have on human rights. In this approach, BT focuses on four major aspects, namely digital divide, internet abuse, privacy and supply chains (BT, 2005h). In this section the first three will be dealt with, while human rights in the supply chain will be discussed in more detail in section 7.2.4.4.

Digital inclusion is promoted in three ways; by providing its customers with access; by encouraging communications and the social and economic benefits related to this; and by assisting and teaching people to utilize the technology. To promote inclusion, BT is a member of the Alliance for Digital Inclusion (ADI), which is an industry based group that promotes digital inclusion. BT supports Everybodyonline, a program promoting ICT for all members of the community. The project aims to ensure that people restricted by location, economic factors or skills are not excluded from the advantages of technology. BT also has an award program called "BT Community Connections", which is meant to provide local communities with access to the internet, through for instance awarding them with internet-ready PC's. Furthermore, with the aim of improving communications skills, and encourage good corporate citizenship among young people in the UK, the company has initiated "BT Education". Through this project, BT provides schools with: different types of materials; books and DVDs; online learning resources for teachers; students and parents; funds awards and grants for teachers and students; and encourages and funds employee volunteering (BT, 2005i:1).

Issues related to internet abuse is divided in two: problems related to content, meaning one-way communications where illegal content is posted; and those related to contact and misuse of the internet, when two or more people engage over the internet, either in agreement or through harassment (BT, 2005f:2). The company has taken several actions in order to combat these problems. To protect against spam, viruses and hacking, BT offers free spam and virus software to all its

customers (Miller & Wildson, 2003:10). To combat other forms of misuse, BT blocks all pages which are blacklisted by the Internet Watch Foundation (IWF), and also provides filters and parental control mechanisms (BT, 2004).

Privacy is identified as one of the company's major risks, and is included as a hot topic. Privacy issues have been around for a while, but are becoming particularly relevant as a result of online services. BT has specific privacy policy relating to how it protects its customers' personal information (BT, 2005h:1).

Also related to human rights, it seems that BT mainly utilizes "Socially Responsible Business Practice" initiatives. The only two exceptions are the "BT Community Connections" and the "BT Education", which have been identified as "cause promotion" projects since they promote access to technology and knowledge.

7.2.4.3 Employee rights and conditions

BT supports the International Labour Organization's (ILO) Conventions, but according to the information provided by BT, the general issues of labor rights appear to be more relevant with regards to the supply chain, and are therefore discussed in section 7.2.4.4.

Diversity of the workforce is viewed by BT as an important topic. The company has a policy to ensure equality among its employees, in the recruitment-, training, promoting- and payment phase, and it does not tolerate any form of harassment or discrimination. Work is currently being done to make this a standard for all BT operations, independent of the country (BT, 2005g:5). BT makes an effort to include people with disabilities in its workforce, and has established its own network for BT employees with disabilities. The company also participates in different partnerships to promote this issue, such as the charities "Fast-track", which places disabled graduates in employment; and "Back-up", which works with people with spinal injuries. The company also has initiatives related to preventing discrimination related to age, gender and ethnic minorities (BT, 2005g:6).

BT places a great emphasis on ensuring a safe and healthy environment among its employees. This includes producing annual health and safety plans; developing annual reports on these issues; making employees aware of risks; and providing support on these issues (BT, 2005g:9). The utilization of e-business also has a positive impact on the company's employees, providing them with freedom and flexibility, and often saving them time due to reduced travel (BT, 2005e:2)

7.2.4.4 Actions of suppliers

BT seeks to promote CSR standards within the entire supply chain. In addition to having to comply with the BT business principles (as described in Table 7.2) suppliers must comply with BT's supply chain initiative "Sourcing with Human Dignity" (SWHD). This initiative is directed towards human rights and working standards, and has the goal of guaranteeing that suppliers meet internationally agreed upon standards, including Universal Declaration of Human Rights and ILO's Conventions. The SWHD focuses on areas such as child labor, forced labor, cruel treatment, discrimination, freedom of association and collective bargaining, health and safety, wages, working hours and regular employment entitlements. Before becoming a BT supplier, a company must be willing to follow all principles included in the SWHD, complete a risk assessment upon request from BT, and allow BT to complete on-site evaluations at any time (BT, 2005c:1). According to CT, BT places a

great emphasis on ensuring that suppliers comply with the SWHD, and the company has left certain suppliers as a result of nonconformity (Tuppen, 2006). BT is further involved in the Global e-Sustainability Initiative's (GeSI) Supply Chain Working Group, which is explained in detail in section 5.4.1.

7.2.4.5 Business ethics

Due to its registration with the US Securities and Exchange Commission (SEC), BT must follow the rules of the Sarbanes-Oxley Act (SOX) (BT, 2005o). Furthermore, BT is committed to following a high level of corporate standards, and uses UK Corporate Governance codes as a basis. They highlight four aspects: ensuring that the appointment of board members takes place in a transparent way; securing that executive salary is set by an objective committee; having open relationships with shareholders; and ensuring internal controls to secure assets and investments (BT, 2006e). In addition, "the way we work" (Table 7.2) includes several aspects related to business ethics, such as fair competition, corruption, bribery and risks (BT, 2002). On the issue of corruption, CT stresses the distinction between facilitation payment and bribery. The former takes place when the informal system in a country allows for certain fees in order to for a company to get its goods past customs. Bribery however, refers to illegally paying government officials or others to achieve something for the company (Tuppen, 2006).

7.2.4.6 Community issues

With regards to the effects BT has on the community, the company recognizes specific health concerns related to handsets and base stations. All handsets must comply with universal safety standards for exposure to radio frequency, and BT follows the highest industry standards for radio frequency related to base stations (BT, 2005f:4).

BT also funds a variety of societal issues, which cannot be directly linked to effects of its activities. The details and characterizations of these projects are presented in Table 6.4.

Table 7.4 – BT’s societal projects

Project name and description	Contributions from BT	Type
“Tsunami”* The Disasters Emergency Committee (DEC) assisted victims after the Tsunami through fundraising - collecting donations online	<ul style="list-style-type: none"> • Economic donation • Set up efficient systems to handle donations • Hosts website for on-line donation • BT volunteers for the phones • Engineers sent to Asia to help restore telecommunications 	CPh
“Child line”* 24 hour helpline for children which aims to ensure that young people who experience problems talking to people, have someone to talk to	<ul style="list-style-type: none"> • Economic support • Sponsors annual BT ChildLine Awards • Donation of location • Promotions and staff fundraising initiatives • Strategic and technical advice 	CPh
“Children in Need”* BBC Children in Need aims to help children who have been problems such as abuse, poverty and illness. Televised fundraising	<ul style="list-style-type: none"> • Provided and managed network • Provide call centers to take donations 	CPh
“Jeans for Genes”* Funds for research on serious and life-threatening genetic disorders.	<ul style="list-style-type: none"> • Provided and managed network • Provide call centers to take donations 	CPh
“Comic Relief”* Charity set up by comedians who utilize humor to communicate serious issues. Televised fundraising	<ul style="list-style-type: none"> • Provided and managed network • Provide call centers to take donations 	CPh
“Community Network”* Charity which provides teleconferencing facilities to the voluntary sector	<ul style="list-style-type: none"> • Economic support 	CP
“Partnership with IK Software” Aims to make free, simple-to-build websites available to UK charities	<ul style="list-style-type: none"> • Provides network and expertise 	CP
“Arts for all” Aim to make art available for all through online art, information and catalogues, and online learning resources at museum	<ul style="list-style-type: none"> • Provides and manages network • Provides online tools • Sponsors collections 	CP
“BT Volunteers”*** Employees are encouraged to work as volunteers on causes of their choice	<ul style="list-style-type: none"> • Provides time off if considered to be part of personal development 	EV

(BT, 2005j), ** (BT, 2005i), *** (BT, 2005g),

CP = Cause Promotion, CPh =Corporate Philanthropy, EV = Employee volunteering

In most instances, BT utilizes “corporate philanthropy” to deal with different societal issues. The “Arts for all” project promotes the availability of art to more people, and has therefore been characterized as a “cause promotion”. This is also the case for the “community network” and “partnership with IK software”, which both are seen to promote the utilization of technology. The “BT volunteers” fits the criteria of an “employee volunteering” initiative.

As for project selection, it is clear that BT follows the selection process as described in section 7.2.3, focusing on projects where it can utilize its expertise. Furthermore, looking at the type of projects, children seem to be one of BT’s major focus areas. Beyond this, there can not be established any evident connection between the projects selected by BT.

If attempting to compare the projects chosen by BT with the recommendations provided by Kotler and Lee (2005), one can claim that there are certain similarities. Firstly, the company does

utilize telecommunications technology in one way or another in most of its projects, which can be linked to Kotler and Lee's recommendation on utilizing expertise. Secondly, in the company's social and environmental: "our stakeholders have told us that we should support the most needy in society", and this can be linked to the recommendation of including stakeholders' opinions (BT, 2005j). Thirdly, many of the projects seem to have long-term perspectives. Beyond this, there are no evident similarities between the recommendations and BT's choice of projects.

7.2.4.7 Conclusion

Reviewing the CSR issues identified by BT, one can claim that the company has dealt with the majority of both the general CSR issues as well as the industry specific ones. Related to the environment, BT places its major focus on climate change and waste, but within these two, all four areas¹³ identified in Table 5.1 are dealt with. The company does not conduct research on electromagnetic fields, but this can be explained by the fact that BT has sold its mobile operations MM02 (BT, 2005m). The company does not seem to recognize employee redundancy as a major issue of concern, but does have several educational programs to ensure a constant development of its staff (BT, 2005g). Lastly, although the company does not directly address the issue of Coltan, this can be seen dealt with through the Coltan report created by GeSI, especially due to the fact that CT is co-author of the this report. But as previously mentioned, the extent to which this actually should be directly addressed by each individual company can be discussed.

Most of BT's efforts to reduce its direct negative impacts can be categorized as "Socially responsible business practices". In addition, the company utilizes two "cause promotion" initiatives to bridge the digital divide. The projects dealing with societal issues are however mostly "corporate philanthropy", with the exception of three "cause promotion", and one "employee volunteering" initiative. In many of the cases, BT utilizes telecommunications technology to deal with its CSR effects.

Similarities between the actions of BT and the recommendations provided by Kotler and Lee (2005) have also been identified. The company follows its stakeholders' opinions on actions to take and societal issues to support. The company also utilizes telecommunications in nearly all its projects. Lastly, it is reasonable to assume that many of the projects also ultimately will achieve economic business goals for the company, since they in many instance contribute to increasing the company's market share and customer volume.

7.2.5 What types of instruments or guidelines are utilized by BT when implementing CSR?

BT takes use of several types of guidelines. Participates in the Global Compact, and this will be discussed in more detail in sections 7.3 and 7.4. The company is a member of ETNO and a signatory of the ETNO sustainability charter (see Appendix 3), both identified as normative guidelines (Ligeringen and Zadek, 2005). BT is also a member, and currently the chair of the GeSI initiative.

In 2005, BT was certified in accordance with the ISO1401 standard which it utilizes in its environmental management system (BT, 2005n). When creating reports on its CSR activities, BT

¹³ Increases in energy consumption, increases in emissions, the utilization of damaging materials, and the short lifetimes of telecommunications products

utilizes the Global Reporting Initiative and the AA1000 Assurance Standard (BT, 2005n). Both these CSR tools can be recognized as management systems (Ligeringen and Zadek, 2005).

7.2.6 Summary of the findings

Through “the way we work” the company recognizes most of the general CSR aspects of the six CSR issues, however human- and employee rights are not directly mentioned. As for the specific CSR issues for the telecommunications industry, the company has identified and dealt with a large amount of these. Two issues which have not been directly addressed are the Coltan issue and the health concerns related to electromagnetic fields. However, as already mentioned, there are reasonable explanations for not focusing on either of these. The Coltan issue is dealt with indirectly through GeSI, and the electromagnetic fields are not currently relevant to the company, since they do not have mobile operations.

With the exception of two “cause promotions” initiatives to bridge the digital divide, all actions taken by the company to deal with its negative impacts fit the characteristics of “socially responsible business practices. In most of the projects to deal with other societal issues, the company has utilized “corporate philanthropy”, but also here three of the projects can be seen to fit the criteria of “cause promotions”.

There has not been identified any obvious pattern for selecting societal issues to support. It would appear however that the company seeks to utilize telecommunications in its support wherever this is possible. This coincides with the company’s statement that it sees it as most effective to utilize its own expertise.

7.3 How is the UN Global Compact perceived by BT?

BT is one of the company’s that has participated in the GC from the very beginning, and also took part in the bilateral meetings in New York between the businesses and the GC Office, which formed the foundation for the nine original principles (Tuppen, 2004:196). CT states that there are no unique actions which can be contributed to signing the GC, but rather that it has added to the CSR culture in the company (Tuppen, 2004:201). According to CT, the GC is considered to be “part of the wallpaper”, meaning one of a number of things which is part of the company’s CSR activities (Tuppen, 2006).

7.4 How is the UN Global Compact utilized by BT?

The following section will evaluate how BT utilizes the GC in terms of the company’s communication on progress reports, how it has implemented the ten principles, and how it relates to the GC local networks.

7.4.1 How are COP reports utilized by BT?

BT’s last COP was submitted to the GC Office in August of 2005 (UNGC, 2006e). The COP is built up as an index for where specific details on how the company has dealt with the principles can be

found in the Company's Social and Environmental report (BT, 2005k). According to CT, it is important that companies communicate what they are doing, but he stresses that sustainability reports should be produced regardless of membership in the GC. He argues that the sustainability reports should be a sufficient way of communicating on progress and that an additional COP report should not be necessary (Tuppen, 2006).

7.4.2 How do the CSR activities at BT coincide with the ten principles of the GC?

According to CT, BT is quite comfortable with the principles of the GC, especially since they were consistent with the values of the company from the beginning (Tuppen, 2006).

With relation to supporting *principle one* of the GC, the company utilizes the Universal Declaration on Human Rights (UDHR) to guarantee against violations of human dignity in its activities, however this is not stated in the company's business principles. To ensure awareness of the principles among employees, the UDHR are made available on the company's intranet (BT, 2005h).

To avoid contributing to human rights violations, and support *principle two*, BT secures human rights throughout its supply chain with its initiative "Sourcing with Human Dignity" (SWHD) and through its involvement in the GeSI supply chain network (see section 7.2.4.4). Further more, as previously described, the company has made several efforts to bridge the digital divide, protect against internet abuse, and secure customer privacy (section 7.2.4.2). Examples of projects undertaken by BT which support this principle are: the "community connections program"; "BT education"; and participation in "Everybodyonline" (section 7.2.4.2).

The company states support for the ILO convention and through this supports principles *three to six*. These principles are further secured throughout the supply chain through the SWHD and GeSI (section 7.2.4.4). BT has initiated several projects to prevent discrimination thereby supporting *principle six*, and in addition promotes the inclusion of disabled in its workforce (section 7.2.4.3).

The company's environmental management system (EMS) ensures a precautionary approach to environmental issues, and supports *principle seven* (see section 7.2.4.1). BT also has a precautionary approach towards health issues through research, and by ensuring compliance with the highest industry standards (section 7.2.4.6).

The company's EMS is also an important factor in its work towards supporting *principle eight*. The company promotes environmental responsibility through initiatives to reduce energy consumption, increase recycling and reduce the use of materials (section 7.2.4.1).

BT also supports *principle 9* through utilizing e-business as a replacement for more damaging activities and products, for instance by using e-mails, online billing systems and directories to reduce paper usage (section 7.2.4.1). The community network project and the partnership with IK Software can be seen as directly supporting this initiative (Table 7.4).

The tenth principle is supported through a separate section of company's business principles "the way we work" which deals with the category "inducements", which includes the issue of corruption (see Table 7.2).

7.4.3 How does BT relate to the GC local networks?

BT was member of the UK Local network until recently, when, due to reasons not provided by BT, they chose to leave the network (Tuppen, 2006).

The UK network was launched in 2003, and consists today of 33 UK companies (UNGC, 2006d). According to Jonas Moberg at the GC office, the UK Network is a pure business network, meaning there are no other organizations that are members of the network. The members have built the network up as a peer-review network, where they evaluate each others performance with regards to the GC and CSR, with a particular focus on assessing the different companies COP reports. There are several of the members that are against this type of formation, and this could possibly be one of the reasons for why BT decided to pull out of the network (Moberg, 2006). As already mentioned, CT does not see it as necessary to produce separate COP reports. Furthermore, CT sees more value in being a member of the GeSI initiative, since this provides exchange of information within the industry and not at a country level. CT explains this choice through the fact that the telecommunications industry is organized by product line and not according to countries, resulting in few differences based upon location (Tuppen, 2006).

7.4.4 Summary of the findings

The COP report submitted by BT is based upon the company's Social and Environmental report, and in stead of providing specific examples of what has been done with regards to the specific principles, the company provides references to different parts of the report which deals with the contents of the principles. The company also utilizes the GRI, and can thus be seen to fulfill the top recommendations provided by the GC Office on how to present the COP.

If comparing the implementation of the GC principles with the identified actions in Table 5.3, it seems as though most of the aspects are taken into account by BT. Telecommunications technology has also been utilized in several cases by the company to promote the principles.

When it comes to the GC local networks, BT has recently backed out of the UK network. Due to the fact that no clear reasons for this were provided, one can only speculate why the company chose to do this. The most probable reason seems to be conflicts related to the peer review of the COP reports. However, this is only an assumption, and should not be placed any focus upon.

7.5 Conclusion

As with the previous case study, the BT study has been presented through answering four questions, involving how CSR is perceived and implemented in BT, and how the company views and utilizes the global compact.

With regards to how the company perceives CSR, one can claim that there is most similarity between the company's views and the ethical and instrumental theories. The company seeks to contribute to reaching sustainable development, and at the same time reputation among stakeholders seems to be one of the most important motivations for the company behind implementing CSR.

The issue of how BT implements CSR was answered through five sub questions. Based on business principles and the projects initiated by BT, one can claim that the company in general has

identified and addressed the most relevant general CSR issues, as well as the more specific issues relevant to the industry. In most instances the company's actions to tackle specific CSR issues have been seen to match the characteristics of "socially responsible business practices", in two cases related to bridging the digital divide, the company's actions have been identified as "cause promotions". When dealing with specific societal issues, with the exception of three "cause promotions", the projects have been identified as "corporate philanthropy". There was not identified any specific conscious pattern related to how the company selects societal issues to support.

BT has participated in the GC from the very beginning, and sees it as an initiative which adds to the CSR culture in the company. The GC is perceived as one of many factors included in the CSR activities of the company. The company is among the 14 telecommunications companies which have submitted COP reports. Although the company has not followed each principle rigorously, it seems to have implemented most of the aspects relevant for the telecommunications industry. However, due to reasons not provided, the company has left its local network, hence this aspect of implementing the GC is not fulfilled.

8 DEUTSCHE TELEKOM

The postal system, post bank and telecommunications system were all gathered in one company up until 1990, when they, as a result of the telecommunications reform, were divided in three. The telecommunications section then became Deutsche Bundespost Telekom (Deutsche Telekom, 2006d). In 1996 the company was privatized and became Deutsche Telekom (Wikipedia, 2006). Four years later, in 2000, the company was structured in three divisions; T-com, focusing on fixed lines; T-mobile, being responsible for all mobile communications; and T-online, with internet as its focal point. T-systems, a division which deals with information technology and telecommunications solutions, was launched in 2001 (Deutsche Telekom, 2006d).

In addition to the operations in Germany, Deutsche Telekom can be found in 20 other countries in Europe¹⁴, four countries in Asia¹⁵, the USA, Canada, Brazil and South Africa. In almost all the countries, Deutsche Telekom has control of the majority of the company shares, and in most cases the company owns 100 percent (Deutsche Telekom, 2006e).

In 2005, Deutsche Telekom had approximately 244,000 employees, where about 167,000 of these were employed in Germany and the rest in the company's foreign operations (Deutsche Telekom, 2005d).

Information needed to answer the Deutsche Telekom case study, was obtained through published information provided by the company, such as annual reports, Human Resources and Sustainability Reports, and other information provided by the company. In addition, two interviews were conducted with Reiner Lemke (henceforth RL), who is the Sustainability Manager of Deutsche Telekom.

8.1 How is CSR perceived by Deutsche Telekom?

An attempt to identify how Deutsche Telekom perceives CSR will be made through answering four sub questions.

8.1.1 How does Deutsche Telekom define CSR?

According to RL, Deutsche Telekom links CSR to sustainability, and its definition of CSR is “the voluntary contribution that serves to realize our vision of helping to socially and ecologically shape our society. We want to achieve this by involving our stakeholders as partners” (Lemke, 2006c).

With corporate sustainability the company makes reference to the definition created during the Earth Summit 1992 in Rio de Janeiro, which claims an equal view on economic, social and ecological aspects. Corporate sustainability can be seen as “an economic activity that follows such a vision, and should satisfy today's needs without endangering the security of future generations to

¹⁴ Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, France, Hungary, Italy, Macedonia, Montenegro, Netherlands, Poland, Portugal, Russia, Slovakia, Spain, Switzerland, Turkey, United Kingdom.

¹⁵ Hong Kong, India, Japan, Singapore

meet their own needs and without disregarding the demands of poorer nations for more affluence” (Lemke, 2006c).

The company sees sustainability as the only way of being successful in the long term, and that it can create economic profit by increasing its value among stakeholders and by improving the image of the company (Deutsche Telekom, 2006c).

With this definition, the company’s views can be associated with those of the WBCSD. The company also refers to image building of the company, which could imply a view directed more towards Porter and Kramer’s (2002) theory related to implementing CSR to obtain competitive advantage. This implies a link between the perspectives of Deutsche Telekom and both ethical and instrumental theories. Before drawing this conclusion however, it is important to get a broader perception of the company’s views, and therefore more aspects should be considered, such as the company’s motivation and its objectives and strategies.

8.1.2 What is Deutsche Telekom’s motivation behind being a CSR company?

According to RL, the motivations behind Deutsche Telekom’s choice of being a CSR company have changed over time. Originally, the company engaged in CSR activities to improve its reputation, which at that time was quite bad. It was decided by the Board of Management that it was necessary to improve the value of the company shares. This decision was based upon a report regarding company value, published by the consulting agency PriceWaterhouseCoopers (2006). This report claimed that a company’s brand value is based 50 percent upon book value, and 50 percent upon the reputation of the company.

Today, it is important for a company to be identified as a sustainable company, and CSR is seen as an investment for the future. RL stresses three issues which are of particular relevance for Deutsche Telekom. Firstly, CSR is seen as important for the Board of Directors, and considered to be an important aspect of making money in the long-term. Secondly, the way a company is perceived by investors is becoming very important, especially considering how CSR issues increasingly are included in investment decisions. Thirdly, it is important with relation to entering new markets, since more and more national governments are looking at the CSR performance of a company before providing it with a license to operate (Lemke, 2006b).

RL states a shift in drivers for CSR, from being a wish to improve the company’s reputation to a wish to be perceived as a sustainable company. When reviewing the three perspectives provided by RL however, it is reasonable to assume that reputation still is one of the major motivations behind the company’s focus on CSR. The first two issues stressed by RL are related to the reputation among investors, while the third is related to reputation among governments. In addition, all three perspectives involve value creation within the company, either in the form of long term investment, securing investor funding, or securing new market shares. All these aspects point to a connection with instrumental CSR theories.

8.1.3 What are Deutsche Telekom's CSR objectives and strategies?

Deutsche Telekom's CSR goal is "to become a sustainable company in a sustainable society". In order to reach this aim, the company has developed a sustainability triangle which is presented in Table 8.1 (Deutsche Telekom, 2005a:8).

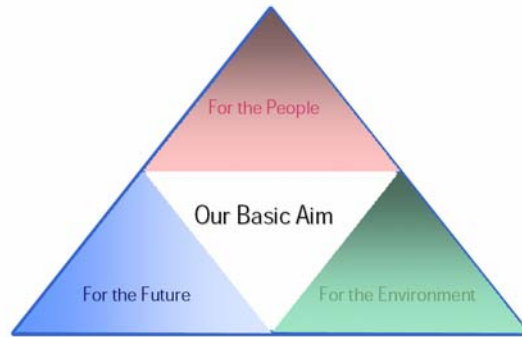


Figure 8.1 - Deutsche Telekom's sustainability triangle
Source: Deutsche Telekom (2006c)

The triangle consists of eight strategic guidelines which are incorporated in the four headings of the triangle (Deutsche Telekom, 2006c).

Table 8.1 - Deutsche Telekom's 8 strategic guidelines

Our basic Aim	<ul style="list-style-type: none"> To be economically successful and to enhance trust through honesty and transparency To assess the social consequences of our actions
For the people	<ul style="list-style-type: none"> To implement the requirements of the Global Compact To respect the differences between peoples and cultures
For the environment	<ul style="list-style-type: none"> To promote ecological resource efficiency and climate protection To reduce environmental impacts
For the future	<ul style="list-style-type: none"> To develop sustainable services and practice the application thereof To further develop the work environment and the knowledge society, and to overcome the Digital Divide

(Deutsche Telekom, 2006c)

The CSR objective of the company relates to the CSR definition provided by the company, and both of these are supported by the eight strategic guidelines. The strategic guidelines can also be seen to support the definition of sustainability utilized by Deutsche Telekom, where both future and current generations are accounted for. The strategic guidelines can also be seen to have similarities with the ethical CSR theories.

8.1.4 How is CSR incorporated in the overall strategies and goals of Deutsche Telekom?

Table 8.2 - Deutsche Telekom's company goals, visions, values and strategy

Goal:*	"to effectively position ourselves as the leading service provider in the multimedia market"
Vision:**	"As the leading services company in the telecommunications and information technology industry, we network society for a better future. With top quality, efficiency and innovation, to the benefit of our customers. In every respect."
Values:**	T-SPIRIT: <ul style="list-style-type: none"> • Superior value • Passion for Customers • Innovation • Respect • Integrity • Top Excellence
Strategy:**	Major focus on growth and value enhancement

* (Deutsche Telekom, 2005d), **Deutsche Telekom (2006h)

With the exception of two of the values at Deutsche Telekom (respect and integrity), the company's overall goals, visions, values and strategy have little reference to CSR. The company does have a visions of networking for a better future, which depending on the definition of a better future, could be linked to CSR.

8.1.5 Summary of the findings

Deutsche Telekom's definition of CSR, which states the aim of contributing to sustainable development, can be seen resemble the one of WBCSD the most. This view is backed by the company's CSR objectives and strategy. This would imply a resemblance to the ethical theories. At the same time, reputation has been identified as one of the primary drivers of CSR, linking the views of Deutsche Telekom to the instrumental CSR theories.

8.2 How is CSR implemented by Deutsche Telekom?

As with the two previous case studies, this question will be answered through the utilization of six sub questions. Furthermore, the identified CSR issues within the company will be evaluated against the six categories of general CSR issues, as well as the industry specific issues. An evaluation will also be made of the company's procedure for selecting societal issues to support and the type of projects it has chosen to utilize, through comparing it to the normative CSR theory presented in section 3.4.

8.2.1 How is CSR incorporated in Deutsche Telekom as a whole?

Deutsche Telekom sees sustainable corporate governance as very important, and wishes to ensure a common approach within the entire group related to all its activities, products and services. It has therefore implemented a Social Charter which is applicable to the group as a whole, and must be

followed by all employees, suppliers and other actors who deal on behalf of the company (Deutsche Telekom, 2005a:16). A summary of the Social Charter’s nine principles are presented in Table 8.3.

Table 8.3 - Deutsche Telekom's Social Charter

Principle	Description
1	Acknowledge and respect the cultural, social, political and legal diversity of all nations and societies. Committed to protect internationally applicable human rights
2	Recognize fundamental right to freedom of association and right to collective bargaining within scope of national regulation In favor of cooperating with legitimate democratic employee representation in an open and trusting manner based on social dialogue with the aim of achieving a fair balance of interests
3	In favor of prohibiting any and all kinds of forced labor
4	Committed to abolishment of child labor and guarantees that minimum employment age is observed by the company in compliance with specific national regulation
5	Rejects any form of discrimination in the workplace. In favor of promoting equal opportunities and diversity of all employees, taking into account legal and cultural aspects
6	Right to reasonable compensation for work on the basis of a contract which is in line with national labor market, stipulating minimum wages guaranteed by law
7	Respect national regulation on working hours and on regular paid vacation
8	Supports development of skills in the interest of both the employee and company. This is to ensure high level of performance and service. At the same time the company emphasizes a personal responsibility of employees to maintain and improve their employability
9	Protection and safety of employees is a major concern. Minimum requirement is the compliance with standards applicable in the respective countries, and further development should be supported to improve working environment.

(Deutsche Telekom, 2006a)

The Social Charter reflects the values and enables a harmonization of different types of standards, both international ones, such as the UN Global Compact, ILO standards and OECD, and group specific social standards. The Charter contributes to increasing the transparency of the company’s actions (Deutsche Telekom, 2004:14).

In addition to following the social charter, all employees must follow specific “codes of conduct”. These were developed to ensure that all of its activities are ethical, correct and exemplary (Deutsche Telekom, 2005a: 13). Table 8.4 shows a summary of the company’s codes of conduct (Deutsche Telekom, 2006b).

Table 8.4 - Deutsche Telekom's Codes of Conduct

Category	Description
Law and Ethics	Deutsche Telekom abides by the law, and expects its partners to do the same National and international legal framework applies to all activities Respect the cultural and ethical values of the country in which the activities are taking place Committed to good corporate governance through for example the Sarbanes-Oxley Act and the German Corporate Governance Code
Superior Value	<i>Value enhancement and profitability</i> – strive for profitable growth while respecting the environment and society <i>Sustainability</i> – the Group complies with global awareness that economic, social and environmental issues should be treated equally, considers long term effects of actions and takes responsibility for future generations <i>Protection of corporate assets</i> – protects tangible and intangible assets for the benefit of stakeholders and society
Passion for customers	Takes every opportunity to offer products and services of highest quality Partnership with customers is based on integrity, open dialogue and activities that consistently focus on customer needs
Innovation	<i>Creativity</i> – open for new creative ideas and support suggestions from employees, and use experiences to advance innovation <i>Social Development</i> – the group assumes the responsibility for setting trends and enhancing peoples quality of life by means of innovation and new technology
Respect	<i>Cooperation with employees</i> – success of company is determined by the employees. The company provides an environment which opens up new professional and personal perspectives. The company assumes social responsibility and promotes employability among employees. <i>Diversity</i> – acknowledges, appreciates and incorporates the characteristics of all individual stakeholders, in accordance with corporate values and brand. The Group encourages cultural and personal diversity for higher quality <i>Cooperation with Social Partners</i> – the Group is committed to cooperating with a democratically elected employee representative in an open and trusting manner, to respond constructively and aim at a fair balance of interests.
Integrity	<i>Data protection</i> – protect the data and personal information of employees, customers and shareholders by keeping it strictly confidential. Guarantees this worldwide through uniform standards <i>Dealing with conflicts of interest</i> – employees must separate personal interest with those of the company. Employees are forbidden to influence decision makers, provide unauthorized information or give recommendations on stock trades. <i>Money laundering</i> – the company supports all measures against money laundering. <i>Donations</i> – all donations must comply with applicable law. <i>Cooperation with third parties</i> - information relevant to share prices is to be made available to all shareholders in accordance with legal provisions.

(Deutsche Telekom, 2006b)

These Codes of Conduct are applicable to all employees, including Board of Management and senior management, in all countries where the company has the majority of the shares. It is the responsibility of senior executives to inform their employees of the codes of conduct. If there is any doubt regarding how to behave, the senior executives together with the Human Resource Department are responsible for finding appropriate action. Any violation of the codes should, after consultation with a supervisor, be reported to the company's Ethicsline (Deutsche Telekom, 2006).

Reviewing Deutsche Telekom's Social charter and its codes of conduct, it appears that all the general CSR categories, except for community issues, have been identified. The Social charter covers

human rights issues and employee rights and conditions. These two categories can also be identified in the codes of conduct, which in addition covers the areas of environmental protection and business ethics. The action of suppliers, are covered through the fact that both the Social Charter and the codes of conduct must be signed and followed by all suppliers.

8.2.2 How is Deutsche Telekom's CSR strategy developed?

As presented in Table 8.1, eight strategic guidelines for CSR are developed for Deutsche Telekom as a whole, and these function as a framework for creating strategies at the entity levels¹⁶. The CSR strategy for the entire group is developed by selected people at the Deutsche Telekom headquarters. Different individuals from the different entities in the company, who work on CSR related issues, are invited to internal workshops to discuss what should be included in the strategies. RL highlights that in order to increase the feeling of responsibility, it is important to include the responsible people at as early a stage as possible. Different stakeholders' opinions are included in this process through inviting them to workshops. Information and feedback from investor and rating companies are utilized to locate what has been missing from the company's previous CSR strategies. The company also seeks professional feedback, and therefore often utilizes the UK-based consultancy SustainAbility to receive input on what they think should be included in the strategy. When the different opinions are collected, they are compared in order to find the most important aspects. As a final step, the strategy must be approved by the Board of Managers. Once the strategy is accepted, the business units create specific CSR strategies based on this framework, and with assistance from the CSR department, are required to define specific targets. These targets must also be approved by the Board of Managers. RL stresses that in order to make the strategies efficient, the targets must be reasonable but at the same time give the units something to strive for (Lemke, 2006b).

8.2.3 How are CSR projects selected by Deutsche Telekom?

Deutsche Telekom does not have any selection criteria per se, but requires that all projects must be in a country where the company has some form of operation. When it wishes to initiate a project, it is important for the company to know what the local needs are, and therefore seeks to include local governments from the beginning. It also makes an effort to include the marketing department which can contribute to making the projects relevant to different stakeholders, and ensure against them being "old fashion" (Lemke, 2006a).

These project requirements correspond with two recommendations presented by Kotler and Lee (2005), involving the importance of projects in local communities and the contribution to business goals.

¹⁶ T-com, T-mobile, T-online and T-systems

8.2.4 What does Deutsche Telekom view as important CSR issues and how does it deal with them?

In order to measure its sustainability performance, Deutsche Telekom has developed specific sustainability indicators, divided into economic, ecological, social, and integrated (Deutsche Telekom, 2005a:51). These indicators, together with other issues stressed by Deutsche Telekom, are combined and presented in the same six categories as in the two previous case studies, to make them more easily comparable. Table 8.5 shows the most important CSR issues identified by Deutsche Telekom, and the actions taken by the company to deal with them. A more thorough description is provided in the sections below.

Table 8.5 - CSR issues identified and dealt with by Deutsche Telekom

	CSR issues identified	Actions taken by Deutsche Telekom	Type of project
Environmental protection	Climate change	• Air Condition Solution Management	SRBP
		• Reduce and change car fleet	
		• System to reduce impacts of employee travel	CP
		• Participation in “Green Goal”	
	Waste management	• Purchasing agreements with return options	SRBP
		• Focus on e-business alternatives	
• “Tree not Bill”		CRM	
• Mobile phone recycling project		CP	
Human Rights	The digital divide	• Discounts to low-income and disabled	SRBP
		• T@school initiative	CP
		• eSlovakia initiative	CP
		• ICT training for elderly people	CP
	Internet abuse	• Co- founder of association which promotes voluntary self-control of multimedia	SRBP
		• Hotline for parents	
		• Spam and virus filters	
		• Filters to protect children	
Privacy	• Privacy code of conduct	SRBP	
Employee Rights and conditions	Issues covered by ILO	• Social charter	SRBP
	Diversity and equal opportunities	• Promotion of women	SRBP
		• Inclusion of disabled	
	Development of employees	• Telekom Training	SRBP
	Increase satisfaction	• Flexible working hours	SRBP
		• Day care	
Health and safety	• In-house health campaign	SRBP	
Employee redundancy	• Re-location, training and early retirement	SRBP	
	• New CEO value drivers		
Actions of suppliers	Promote CSR issues in the supply chain	• Suppliers must comply with the Social Charter	SRBP
		• GeSi Supply Chain initiative	
	Coltan	• Individual statement	SRBP
		• GeSi Supply Chain initiative	

Business Ethics	Ethics and integrity	<ul style="list-style-type: none"> Codes of conduct 	SRBP
	Corruption	<ul style="list-style-type: none"> Transparency and openness Cooperation with Transparency International 	SRBP
Community issues	Electromagnetic fields	<ul style="list-style-type: none"> First to set voluntary standard 	SRBP
		<ul style="list-style-type: none"> Individual and objective research on subject 	
	Mobile phones	<ul style="list-style-type: none"> Provides radiation information 	
		<ul style="list-style-type: none"> Funds research 	
	Other societal causes	<ul style="list-style-type: none"> See Table 8.6 	Different types

SRBP = Socially responsible business practice, CP = Cause Promotion, CRM = Cause Related Marketing

8.2.4.1 Environmental protection

Deutsche Telekom's major indicators related to environment are CO₂ emissions relevant to climate change, and waste management (Deutsche Telekom, 2005a:53). The company has four primary environmental targets: to reduce the impact current and new products and services have on the environment; to reduce CO₂ emissions; to increase efficiency; and to increase the awareness around resource efficient and climate friendly products among both customers and employees (Deutsche Telekom, 2005a:52).

According to RL, climate change is seen as one of the most important issues for the company, and two people are employed full time to work on this issue. Further, to improve energy efficiency and reduce CO₂ emissions, the company has established a subsidiary, Air Condition Solution Management, which purchases and distributes energy to different parts of Deutsche Telekom. This makes it easier to measure targets, and the different entities become more aware of the amount of energy they are utilizing (Lemke, 2006a). To reduce the impact coming from its car fleet, the company has made policies which promote more energy efficient vehicles, natural gas-powered vehicles, and participation in projects to test alternative systems (Deutsche Telekom, 2005a:33). The company is also introducing a system which is to be utilized by employees in connection with business related travels. This system identifies the most environmentally friendly way to travel, and the traveling employee's department must then pay for the CO₂ emissions caused by the travel. Utilization of tele- and video- conferencing has also resulted in a reduction in the need to travel and reduced environmental impacts related to this (Lemke, 2006a). These initiatives all seem to share the characteristics of "Socially responsible business practices". Despite these actions, Deutsche Telekom's CO₂ emissions have increased the past years. This is explained by poor information from energy suppliers on energy mix (Deutsche Telekom, 2005a:51).

Deutsche Telekom is also participating in "Green Goal", a project initiated by several businesses in relation with the World Cup 2006. This initiative aims to compensate for the emissions created during the world cup through financing environmental protection projects in developing countries. They are also contributing to ensuring that environmental concerns are taken during the cup, through for instance offering free public transportation with tickets (FIFA, 2006). This initiative is seen to match many of the characteristics of a "cause promotion".

When it comes to waste management, the company focuses on recycling and reuse of its products. In many instances, its purchasing agreements include return options, and they also place an

emphasis on avoiding currently banned materials, or materials which are predicted banned in the future. The group's total recycling rate was 88 percent in 2005 (Deutsche Telekom, 2005a:34). A focus on dematerialization, less use of paper, and e-business systems such as online billing, has also had positive impacts related to reduction in waste (Lemke, 2006a). These initiatives are understood as changes in business behavior to improve environmental conditions, and are therefore defined as "Socially responsible business practices".

To reduce the utilization of paper, the company has initiated the project "Tree not Bill", which encourages people to use online billing systems. The project also contributes to planting new trees, and for every bill paid online by customers, Deutsche Telekom donates one euro to reforestation projects (Lemke, 2006d). This initiative shares the characteristics of "Cause Related Marketing" initiatives. Deutsche Telekom has also initiated a project to promote the recycling of mobile phones. For every handset handed in by customers, the company donates five euros to the German Environmental Aid organization (Lemke, 2006d). As this project promotes recycling of cell phones, it has been characterized as a "cause promotion", however, as in the Telenor case, the actual benefit of this is dependent on what happens with the cell phones. No information is provided on whether the phones are recycled as new products or if they are sent to poor countries.

8.2.4.2 *Human rights*

One of Deutsche Telekom's strategic guidelines is to implement the requirements of the Global Compact, and universally recognized human rights. This implies a group wide support for the Universal Declaration of Human Rights. There are certain issues related to human rights that Deutsche Telekom places a particular emphasis on. Bridging the digital divide is included as a strategic guideline for the company (see Table 8.1). There is also placed a focus on the responsible use of internet related to online abuse (Deutsche Telekom, 2005a:40). Lastly, there is placed a focus on privacy issues (Deutsche Telekom, 2004:59).

The digital divide is dealt with through projects which consist of providing people with access to technology (Deutsche Telekom, 2005a:10). Deutsche Telekom sees it as important to ensure that different societal groups have access to technology, and therefore offer special discounts to low-income or disabled people (Deutsche Telekom, 2006f). The company also has a project to promote young people's internet skills. Through the T@school initiative, the company provides German schools with PC's, free internet access and coverage of operational expenses. A similar project has been initiated in Slovakia, through the project eSlovakia, Deutsche Telekom has provided Slovakian schools with free internet and access (Deutsche Telekom, 2006f). Lastly, the company sees it as important to improve the ICT skills of older people, and therefore offers training courses to middle-aged and elderly people (Deutsche Telekom, 2005a:41).

Deutsche Telekom sees it as very important to protect its customers, especially children, against specific content, both online and via mobile phones. The company is co-founder of an association which promotes voluntary self-control of multimedia, and has in addition signed the "code of conduct of mobile operators" in Germany, for the protection of minors from unsuitable mobile content (Deutsche Telekom, 2005a:40). Further, the company has set up a hotline for parents to help reveal negative features on their children's phones. The company also offers free virus and spam protection to its customers, and filters to avoid specific web sites (Lemke, 2006a). In addition, T-

Mobile has introduced free software to protect children against specific online pages (T-Online, 2006).

To deal with privacy issues, the company has developed a “privacy code of conduct”, which is meant to ensure the protection of private information throughout the company (Deutsche Telekom, 2004:59).

With the exception of three of the projects initiated to promote technology and bridge the digital divide, namely the two school projects and training of elderly people in ICT skills, all the actions initiated by the company related to human rights are seen as changes in business behavior to contribute to society, and thus characterized as “Socially responsible business practices”.

8.2.4.3 *Employee rights and conditions*

The Social charter addresses all four aspects of the International Labour Organization (ILO) convention¹⁷ (see Table 8.3). The company further places a great emphasis on diversity and equal opportunities, training possibilities, the level of work commitment and satisfaction, and health and safety (Deutsche Telekom, 2005a:53).

With relation to diversity and equality, Deutsche Telekom works on the inclusion of women, through programs such as “Mentoring for Female Managers” which promotes women in senior management (Deutsche Telekom, 2005a:23). It also has programs to include more people with disabilities in its work force, and has exceeded its five percent employment quota for disabled people, with more than two percent (Deutsche Telekom, 2005a:24). To develop and encourage employees, Deutsche Telekom has a separate unit, Telekom Training, which deals with both in-house and external training (Deutsche Telekom, 2005a:22).

Deutsche Telekom focuses on increasing satisfaction among employees and improving safety and health. In addition, there is placed an emphasis on finding solutions to redundant employees which are a result of increases in efficiency (Lemke, 2006a). To increase satisfaction among employees, the company provides different types of support to encourage a work/life balance. Examples are allowing for flexible working hours and in some cases providing day care for employees with children (Deutsche Telekom, 2005a:25). To ensure the safety and health of its employees, the company has initiated an in-house health management campaign, “fit for life – fit for work”, which is meant to ensure a healthy work environment, raise awareness of different work-related health issues, and provide recreational facilities (Deutsche Telekom, 2005a:26). Lastly, to tackle the issue of employee redundancy, the company has specific projects to avoid creating unemployment, such as re-location, training, and early retirement. To ensure the follow-up of these projects, the company is currently creating new value drivers for the salary of management and CEO, where they seek to include issues such as employee satisfaction and education of employees who are leaving (Lemke, 2006a).

¹⁷ Freedom of association and right to collective bargaining; elimination of forced labor; abolition of child labor; and elimination of discrimination in the work place (ILO, 2003)

8.2.4.4 *Actions of suppliers*

With relation to suppliers, the major issue involves whether they are complying with specific CSR standards, including environmental and societal aspects. In addition, RL stresses the importance and attention around the topic of Coltan (Lemke, 2006a).

All suppliers of Deutsche Telekom must comply with the Social Charter (see Table 8.3) and the standards which are developed by the GeSI Supply Chain working group. The company plays an active role in ensuring compliance throughout its supply chain. According to RL, it is not enough that the suppliers claim they are complying with specific CSR standards, and the company therefore controls its suppliers. This process is now becoming easier as a result of the new tool developed by GeSI (see section 5.4.1) (Lemke, 2006a).

Deutsche Telekom recognizes the issues related to Coltan, and has produced a separate statement on their views on the issue. The company tackles the Coltan issue by ensuring that suppliers actively deal with the problem, by encouraging the use of alternatives, and supports the report produced by GeSI (see section 5.4.1) in trying to find a long lasting solution (Deutsche Telekom, 2005b).

8.2.4.5 *Business ethics*

Ethics are covered by the company's codes of conduct where it states a dedication to good corporate governance through the Sarbanes-Oxley Act (SOX) and the German Corporate Governance Code. Integrity is also highlighted by the codes of conduct, where particularly money laundering, confidentiality and data protection, and information regarding share prices is stressed (Table 8.4).

Related to the issue of corruption, RL stresses the difficulties involved with conducting business in certain countries, where specific fees are charged in order to make things happen. The company often does not see any alternative other than to pay these fees, and has chosen to deal with this by being open about the payments. In its work against corruption, the company works with Transparency International¹⁸. RL stresses the importance of a tool to control and monitor these types of payments, and the need for a much clearer internal code related to corruption (Lemke, 2006a).

8.2.4.6 *Community issues*

Deutsche Telekom acknowledges that there is a growing concern related to the effect Electromagnetic Fields (EMF) and mobile phones have on health. To deal with these concerns, the company was, in 2004, the first company to set voluntary standards for handling of EMFs. As part of its EMF policy, the company conducts its own research on the subject, in addition to supporting independent studies (Deutsche Telekom, 2005a:35). The company does not see any potential risk related to radiation from mobile phones, however to reassure its customers, the company places radiation information on all its mobile phones, and also conducts and funds research on the topic (Lemke, 2006a).

In similarity with the other companies, Deutsche Telekom supports several societal issues. Table 8.6 gives an overview of these, and based upon the characteristics of the projects, and the contributions provided by Deutsche Telekom, they have been classified as different types of CSR projects.

¹⁸ A Global organization working against corruption

Table 8.6 - Deutsche Telekom's societal projects

Project name and description	Contributions from Deutsche Telekom	Type
“Doctors for the third World” ** Relief organization which seeks to provide the 3. world with medical assistance and know-how through western doctors	<ul style="list-style-type: none"> • Financial support • Information and communications infrastructure 	CPh
“Crisis Counseling service” ** Crisis counseling services run by the Protestant and Catholic Churches in Germany. Aims to help people with problems or in critical situations, and provide spiritual guidance or counseling	<ul style="list-style-type: none"> • Enables no-charge use of toll free numbers • Covers costs with phone line • Provides new technology 	CPh
“Child, youth and parent telephone hotline” ** Free hotline for young people in distress and emergency situations. Now also offers hotline for parents	<ul style="list-style-type: none"> • Economic contributions • Equipment • Technical services • Maintenance of network • Advertisement 	CPh
“ZNS – Hannelore Kohl Foundation” * Foundation to support accident victims with central nervous damage.	<ul style="list-style-type: none"> • Covers phone costs • Provides members with latest telecom technology 	CPh
“Christiane Herzog Foundation” * Organizes events to entertain and make it easier for children suffering from mucoviscidosis.	<ul style="list-style-type: none"> • Economic donations 	CPh
“Schools for Africa” ** UNICEF project which seeks to provide children in Africa with an education (2 million children in 6 countries)	<ul style="list-style-type: none"> • 3000 Euros for every T-Mobile team win 	CPh

*(Lemke, 2006d), **(Deutsche Telekom, 2006f)

CP = Cause Promotion, CPh =Corporate Philanthropy, EV = Employee volunteering

As seen from Table 8.6, all of Deutsche Telekom's societal projects are pure contributions, either economical or non-monetary, and have therefore been characterized as “corporate philanthropy”. Deutsche Telekom also encourages its employees to do voluntary work, but based on the information provided by the company this does not seem to be compensated, and is therefore not considered to be a CSR initiative.

With regards to the type of societal issues Deutsche Telekom has chosen to focus on, one can see a clear focus on vulnerable people and children. All the projects involve support to poor people in the third world, accident victims or people suffering from diseases, or children. One can here see a similarity to Kotler and Lee's (2005) recommendation of choosing only a few societal causes to focus upon. The company has also in many of the projects utilized telecommunications technology as part of its contribution. This also resembles one of the recommendations provided by Kotler and Lee, namely to utilize company expertise.

8.2.4.7 Conclusion

Reviewing the section above, it can be claimed that Deutsche Telekom covers all six of the general CSR issues (section 3.3), and all the specific telecommunications issues (section 5.1). Through its two major focus areas, climate change and waste, Deutsche Telekom covers the major environmental

issues identified for the telecommunications industry. With relation to human rights issues, it is important to point out that Deutsche Telekom provides a separate statement on Coltan.

Most of the actions taken by Deutsche Telekom have been characterized as “socially responsible business practices” since the initiatives are seen as changes in activities to reduce the negative impact the company has on the environment. In addition to this, the involvement in the “Green Goal” and the mobile recycling projects are all characterized as “cause promotions” since they are seen to promote more environmentally friendly behavior, and the same applies to the school projects, as they are seen to promote the use of technology. Furthermore, the company has utilized “cause related marketing” to promote the utilization of its online billing system. All the projects dealing with societal issues are “corporate philanthropy” projects. In many of the initiatives, telecommunications technology has been used to deal with the negative impacts of the company’s activities.

Since Deutsche Telekom does not have any specific selection criteria, it is difficult to evaluate it on this issue. It is clear however, that the company does follow its one criteria of initiating projects in countries where it has operations. Furthermore, in many of the cases, the projects that are initiated are directed towards fulfilling business goals as well as contributing to positive societal changes. Many of the projects will ultimately also lead to increases in the company’s customers and markets shares.

One can see some similarities with the normative theory on CSR provided by Kotler and Lee (2005). Firstly, the company utilizes telecommunications technology in many of its projects. Secondly, the social issues are concentrated on a few societal issues. Thirdly, as the stakeholders are included in many parts of the process of creating the CSR strategies of the company, it is reasonable to assume that their opinions also have been included when deciding how to deal with negative impacts, and in the process of selecting which societal issues to support. And lastly, many of the projects will also contribute to increasing the company’s market share; hence ultimately contribute to business goals.

8.2.5 What types of instruments or guidelines are utilized by Deutsche Telekom when implementing CSR?

Deutsche Telekom supports the Global Compact, and the company’s perception and utilization of this guideline will be discussed in more detail in sections 8.3 and 8.4. Deutsche Telekom is also a member of European Telecommunications Network Operators’ Association (ETNO), and supports the ETNO Sustainability Charter (see appendix 3). Both identified as normative frameworks, if utilizing the characteristics provided by Ligteringer and Zadek (2005). In addition, the company utilizes the process guideline, the Global Reporting Initiative’s (GRI) sustainability guidelines when reporting and communicating CSR activities (Deutsche Telekom, 2005a).

8.2.6 Summary of the findings

Reviewing the sections above, it seems reasonable to claim that all the identified CSR issues, both the general ones and specific direct negative effects of the telecommunications industry (section 5.1.1), have been recognized and dealt with by Deutsche Telekom. Furthermore, in most cases the company seems to utilize “socially responsible business practices” to tackle the negative impact of its

activities, and “corporate philanthropy” projects to deal with different societal issues. There are also several cases of “cause promotions”, where the company promotes environmental friendly behavior and digital inclusion.

Comparing the projects to the recommendations provided by Kotler and Lee (2005), the actions of Deutsche Telekom can be seen to have similarities with four of these recommendations, namely that it: uses telecommunications technology; only focuses on a few societal issues; includes stakeholders’ opinions in the selection of projects; and selects projects that contribute to achieving business goals.

8.3 How is the UN Global Compact perceived by Deutsche Telekom?

For Deutsche Telekom, GC is an overriding factor of all its CSR work, and is seen as an umbrella for all sustainability initiatives. The GC creates a global framework for all the company’s activities related to social and environmental issues (Lemke, 2006b). RL particularly stresses the fact that the GC is the only initiative that the CEO has signed; making the board of directors directly responsible. He also points out that the fact that Kofi Annan himself has taken such a strong role in the GC, and that this increases its legitimacy further (Lemke, 2006a). The UN has a strong position in Germany, and this also contributes to increasing the legitimacy and power of the GC (Lemke, 2006b).

8.4 How is the UN Global Compact utilized by Deutsche Telekom

Deutsche Telekom has been a member of the GC from the very beginning, and participated in the meetings which created the foundation for the GC (Lemke, 2006b). As previously mentioned, Deutsche Telekom’s CSR strategy consists of eight strategic guidelines, where one is to implement the GC (see Table 8.1). The GC can therefore be considered to be a central part of Deutsche Telekom’s CSR activities. It will in the following sections also be evaluated how the company utilizes the communications on progress reports, how it implements the principles of the GC, and how the company relates to its local network.

8.4.1 How are COP reports utilized by Deutsche Telekom?

The latest COP update from Deutsche Telekom was submitted in June of 2005 (see appendix 2). The COP contains specific examples of actions undertaken by the company in support of the principles of the GC. The company utilizes the GRI’s guidelines for reporting, and has specifically made reference to this in its COP (Deutsche Telekom, 2005c).

8.4.2 How do the CSR activities at Deutsche Telekom coincide with the ten principles of the GC?

At Deutsche Telekom, “Global Compact’s ten principles are a binding framework of values, a framework that defines our management decisions” (Deutsche Telekom, 2005a:3).

Support for human rights, and the *first principle* of the GC, is provided in the company's strategic guidelines. Awareness for human rights and other sustainability issues is raised among employees and other stakeholders during the yearly Sustainability day (Deutsche Telekom, 2006c). The company has a separate document stating its opinion with relation to the Coltan mining (section 8.2.4.2).

To ensure that it is not complicit in human rights abuse and thereby support *principle two*, all Deutsche Telekom's suppliers must sign the Social charter and follow requirements stated by the GeSI supply chain working group (see section 8.2.4.4). In addition, the company has made efforts towards bridging the digital divide, protecting against internet abuse, and has also created a separate "privacy code of conduct" (see section 8.2.4.2). Projects directly related to supporting this principle are the T@school initiative and the eSlovakia project (see section 8.2.4.2)

Through the Social Charter the company supports the ILO conventions, hence also supporting *principles three to six*. Also here, Deutsche Telekom's involvement in the GeSI supply chain network ensures that these are maintained throughout the supply chain. With relation to *principle six*, the company places a particular focus on the inclusion of women and disabled (section 8.2.4.3).

The fact that Deutsche Telekom performs research on electromagnetic fields and radiation, despite current findings which do not reveal any danger, can be seen as an act of precaution, hence a support of *principle 7*. Furthermore, despite not having found any evidence of danger, Deutsche Telekom provides information on radiation levels of its handsets (see section 8.2.4.6).

The company has also initiated several projects to reduce the effect the company has on climate change and to reduce the production of waste. This indicates environmental responsibility and a promotion of *principle eight*. Other examples of efforts to promote environmental responsibility are: establishing of Air Condition Solution Management; the system to reduce employee travel; the "tree not bill" project; and the participation in "Green Goal" (see section 8.2.4.1).

The utilization of e-business to replace more damaging activities such as transportation can be regarded as a form of support for *principle nine*, which encourages the development of more environmentally friendly technology.

With relation to dealing with corruption and *principle ten*, the company seeks to be as open as possible in relation to paying irregular fees. After corruption was added as a principle, the company's codes of conduct were altered to include this issue, making it something all employees, managers and suppliers must relate to (Deutsche Telekom, 2005c). The cooperation with Transparency International is also seen to promote this principle.

8.4.3 How does Deutsche Telekom relate to the GC local networks?

Deutsche Telekom is part of the German GC Network, which was established in 2001, and is organized by Gesellschaft für Technische Zusammenarbeit (GTZ) on behalf of the Federal Ministry of Economic Development and Cooperation (BMZ). As of May 2006, the network consisted of 67 companies, in addition to representatives from ministries and public institutions, labor organizations, research organizations and NGOs. During the network meetings the members discuss the GC principles and other subjects relevant to CSR in German (GTZ, 2006).

According to RL the German network functions very well. The UN is a highly recognized institution in Germany with a very good reputation. RL thinks that the, already mentioned, high

status of the UN in Germany is one of the major reasons behind the focus on the German GC network, and behind the fact that businesses see it as important to fulfill the requirements of the ten principles (Lemke, 2006b).

8.4.4 Summary of the findings

The GC is an important aspect of Deutsche Telekom's CSR activities. The company submits a quite detailed COP report, and makes direct reference to the GRI guidelines, which coincides with the recommendations provided by the GC Office. It is reasonable to state that the company's CSR activities coincide with the suggested actions for implementing the ten principles of the GC in the telecommunications industry (see Table 5.3). Furthermore, as already established, the company utilizes telecommunications technology to deal with many of its issues.

As a result of the UN being so popular in Germany, the GC has a high status among German companies. Therefore, also the GC local German network is seen to play a significant role to Deutsche Telekom.

8.5 Conclusion

Similarly to the two previous cases, the Deutsche Telekom case study has been described with the help of four questions related to how the company perceives and implements CSR and the GC.

After evaluating Deutsche Telekom's definition of CSR, its drivers behind CSR, and its objectives and strategies, it was established that the company's perceptions can be linked to a combination of instrumental and ethical CSR theories. The company defines CSR as its contribution to sustainable development, and supports this through its strategies and objectives. At the same time, it seems as though, in addition to contributing to sustainable development, one of the major reasons for the company to focus on CSR is the wish to maintain a good reputation among the company's many stakeholders.

Based upon the review of the company, it is also reasonable to claim that all the identified CSR issues, both general and the direct negative effects of telecommunications were dealt with by the company. These were mainly tackled through actions identified as "socially responsible business practices", in addition to some "cause promotions", promoting environmentally friendly behavior and digital inclusion. The societal projects initiated by the company were all recognized as "corporate philanthropy".

There was also determined some resemblance between the choice of projects at Deutsche Telekom and the recommendations provided by Kotler and Lee (2005), such as the inclusion of stakeholder opinions, the use of telecommunications, a focus on only a few projects, and the selection of projects which also contribute to increasing the company's market share.

The UN has a high status in Germany, and this is reflected in the way Deutsche Telekom views the GC. It has a very high status in the company, and is directly included in its CSR strategy. The detail level of the company's COP is rather high, and gives reference to specific actions taken to support the principles. It can further be claimed that most of the suggestions presented in Table 5.3 related to how the ten principles should be dealt with by telecommunications companies, can be

recognized in the company's CSR activities and initiatives. Lastly, the company plays an active role in its local network, and views this as highly relevant to the company.

9 ANALYSIS AND CONCLUSIONS

In the following section, an analysis will be carried out based upon the results of the case studies on Telenor, BT Group plc, and Deutsche Telekom. The comparative analysis seeks to identify how three of the “frontrunners”¹⁹ for CSR within the telecommunications industry perceive and implement CSR, and how they relate to the UN Global compact. An attempt will be made to discover and explain both similarities and differences between the three companies. The goal of the study was to compare as similar cases as possible, and the three companies were selected on the basis of specific selection criteria: they had to be CSR frontrunners; had to participate in the GC; and had to be large multinational companies with their base in Europe. In addition to this, it was later recognized that all three companies were converted from state owned telecommunications companies to private firms around the same time. Although the three companies do vary quite a bit in size, particularly if comparing Deutsche Telekom’s 244,000 employees, to Telenor’s 28,500. However, it is important to stress that Telenor is one of Norway’s largest and most international companies, thus making the two comparable.

In addition to mapping the views and actions of the three companies, efforts have been made throughout the case studies, to find links between the findings of the studies and the analytic perspectives presented in chapter 1. In this analysis these relations will be examined and compared, and attempts will be made to identify whether there exists any specific patterns or trends within the telecommunications industry.

This section is meant to answer research question four, and will be presented through answering the sub-questions related to this research question.

9.1 How is CSR perceived by the three selected companies and how can this be linked to the analytical perspectives?

When seeking to identify the perceptions of the three companies, they were evaluated based upon their definition of CSR; their motivations behind CSR; their CSR objectives and strategies; and on how CSR is incorporated in the companies’ general strategies, objectives, visions, and values. Similarities and differences between the companies will first be identified, and these will then be linked to the analytical perspectives.

9.1.1 How is CSR perceived in the three companies?

In their definitions of CSR, all three companies refer to the goal of sustainable development. However, the degree to which this is focused upon, and the way it is backed up by the companies’ CSR objectives and strategies, varies between the three. Telenor for instance, expresses support for

¹⁹ Based on their presence on the Dow Jones Sustainability Index and the FTSE4Good Index (see **Feil! Fant ikke referansekinden.** for more details)

the WBCSD's definition of CSR²⁰. Beyond this however, there is little mention of sustainable development in the company's strategies or objectives. BT's CSR definition clearly states a focus on sustainable development and the company includes sustainable economics as one of its strategic focus areas for CSR. There is however, no mention of sustainable development in the company's CSR objective. Deutsche Telekom's definition of CSR is directly linked to sustainable development, and this is also the only company which includes the goal of sustainability in its CSR objective and strategic guidelines.

All three companies stress the importance of maintaining a good reputation among their stakeholders as being a sustainable company, and this has been identified as one of the most important drivers for CSR for all three companies. Other motivations behind CSR mentioned by the three companies are long-term value creation, employee satisfaction and risk management.

Furthermore, it was revealed that there is not stated any direct reference to CSR in any of the companies' general strategies, objectives, visions, and values was there. It is important to point out however, that this does not necessarily mean that CSR is not considered when creating the general goals and strategies of the companies, but could rather be explained by the fact that these strategies and objectives are formulated by people from for instance marketing departments, where CSR issues not yet have become a major focus area.

As seen, although there are similarities between the three companies, the CSR objectives and strategies of the three companies vary quite a bit. Telenor focuses on *reputation* as a socially responsible company; BT focuses on *providing technology in a responsible way*; and Deutsche Telekom focuses on its *role as being a sustainable company*.

Summed up, the major goals of CSR and the motivations behind it are similar for the three companies. However, related to the goals and strategies of the companies, there is a rather high degree of variation.

9.1.2 How can these perceptions be linked to analytical perspectives on CSR?

Reviewing the profiles of the three companies, connections can be made to the four groups of theories on CSR, and to the perspectives on what motivates companies to engage in CSR activities. Firstly, as mentioned, all three companies make reference to sustainable development and stakeholder inclusion in their definitions of CSR. If comparing these views to the four groups of theories on CSR, the highest degree of resemblance can be found with relation to the ethical theories (see section 3.1.4), which focus on morally correct behavior. At the same time however, when reviewing the major drivers behind implementing CSR, all three companies seem to place a great deal of importance on maintaining a good reputation among different stakeholders, in addition to long-term value creation, risk management and employee satisfaction. These are all three major aspects presented by, among others, Arthur D. Little (2002) in the business case for CSR. Furthermore, these views can be linked to the view of Porter and Kramer (2002), which is a variant of the instrumental CSR theories (see section 3.1.1), and which states that CSR is used by companies to gain competitive advantage. In the case of the three case companies, the competitive advantage would be gained through improved reputation among stakeholders, for instance through: investments

²⁰ "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life" (WBCSD, 2006b)

from socially conscious investors; increased market support from ethically conscious customers; and more satisfied employees.

As shown, the perceptions of the three cases can be linked to both ethical theories, mainly connected to the way the companies define CSR, and to the instrumental theories, related to the companies' motivations for CSR. In the Telenor case, resemblances were also made between the motivations for CSR and the political theories on CSR, such as view of Davis (1967), who claims that the social responsibility of a firm is equal to the social power it has.

These connections show that the selected companies cannot be linked to any *one* theory of CSR, and that their perceptions rather must be explained by a combination of different types of theories. Furthermore, it could be derived from this that, while companies seek to support ethical views and contribute to sustainable development, the ultimate reason for why companies engage in CSR is rooted in business perspectives such as, reputation, long term investments, and risk management.

Another interesting aspect to look at is the fact that the study has not identified any aspects of CSR in any of the general objectives or strategies of the three companies, which means that none of the three companies have implemented CSR into their general strategic management. This is particularly interesting due to the fact that all three companies seem to view CSR as a tool to gain competitive advantage, hence one could expect a clearer strategic focus related to this issue.

9.2 How is CSR implemented in the three selected companies and how can this be linked to the analytical perspectives?

When comparing how the three cases implement CSR, a high degree of similarity was identified between the companies, both related to the CSR issues which were identified as the most important and with relation to the way these issues were tackled by the companies. The case studies also showed a great deal of resemblance and conformity with the analytical perspectives related to important CSR issues and how these should be dealt with. This could indicate a rather advanced level of CSR implementation within the three selected companies. The identified CSR issues in the companies are presented in Table 9.1, and more specific details on these issues and other findings related to the implementation of CSR in the three companies, are presented in the section below.

Table 9.1 – CSR issues identified in the three companies

CSR issues	Major Aspects relevant for telecommunications	Issues identified by Telenor	Issues identified by BT	Issues identified by Deutsche Telekom
Env. protection	<ul style="list-style-type: none"> ○ Increases in energy consumption and emissions ○ Waste – short life cycles 	<ul style="list-style-type: none"> ○ Energy consumption ○ Climate change ○ Waste ○ Utilization of paper ○ Water consumption 	<ul style="list-style-type: none"> ○ Climate change ○ Waste 	<ul style="list-style-type: none"> ○ Climate change ○ Waste
Human rights	<ul style="list-style-type: none"> ○ Digital divide ○ Internet safety ○ Loss of consumer privacy 	<ul style="list-style-type: none"> ○ Digital divide ○ Internet safety ○ Privacy 	<ul style="list-style-type: none"> ○ Digital divide ○ Internet safety ○ Privacy 	<ul style="list-style-type: none"> ○ Digital divide ○ Internet safety ○ Privacy
Employee rights and conditions		<ul style="list-style-type: none"> ○ Issues covered by ILO convention ○ Discrimination ○ Cut in staff ○ Reduce absence due to sickness 	<ul style="list-style-type: none"> ○ Diversity of workforce ○ Inclusion of people with disabilities ○ Ensure healthy and safe environment 	<ul style="list-style-type: none"> ○ Issues covered by ILO convention ○ Diversity and equal opportunities ○ Development of employees ○ Increased satisfaction ○ Health and safety ○ Employee redundancy
Actions of suppliers	<ul style="list-style-type: none"> ○ Suppliers - Coltan 	<ul style="list-style-type: none"> ○ Violation of human and employee rights in supply chain 	<ul style="list-style-type: none"> ○ Promote CSR standards throughout supply chain 	<ul style="list-style-type: none"> ○ Promote CSR issues in the supply chain ○ Coltan
Business ethics		<ul style="list-style-type: none"> ○ Accounting, reporting, discretion related to information about the company, corruption 	<ul style="list-style-type: none"> ○ Transparency, openness and internal control ○ Competition, corruption and bribery 	<ul style="list-style-type: none"> ○ Ethics and integrity ○ Corruption
Community issues	<ul style="list-style-type: none"> ○ Health risks related to electromagnetic fields ○ Reduction in overall employment 	<ul style="list-style-type: none"> ○ Radiation ○ Electromagnetic fields ○ Develop products 	<ul style="list-style-type: none"> ○ Health concerns related to handsets and base stations 	<ul style="list-style-type: none"> ○ Electromagnetic fields ○ Mobile phones

To start with, when reviewing Table 9.2, and assessing which CSR issues the three companies have focused upon, it can be stated that all three companies have identified a substantial part of the CSR issues identified as the most important by this study. The companies have recognized issues in all the six general categories of CSR (sections 3.3), and have also identified most of the issues characterized as “negative impacts” of telecommunications activities (section 5.1.1).

The major *environmental* CSR issues identified by the three companies are climate change and waste. In most cases they have all tackled these issues by altering their actions and becoming more sustainable, and their projects have therefore been identified as “Socially responsible business practices”. When it comes to reducing the negative impact they have on climate change, the companies have all promoted energy efficiency. Telenor has built new energy efficient office

buildings which for example utilize sea water for heating and cooling purposes. BT has introduced an environmental management system which focuses on more energy efficient equipment. Deutsche Telekom has established a separate unit within the company which purchases energy for the entire company. Furthermore, the three companies have all taken action to make their car fleets less damaging, and to reduce traveling among their employees through promoting home offices and the use of tele- and video conferencing. Related to waste management, all three companies focus on reducing the utilization of paper through promoting the use of technology; and all three have recycling projects for mobile phones and other electronic equipment. In addition to this, Telenor and Deutsche Telekom have instigated “cause promotion” projects which encourage consumers to recycle their old mobile phones.

As for *human rights*, all three companies have highlighted the same three issues as were identified in section 5.1.1, namely digital divide, internet safety, and privacy. To decrease digital exclusion, the companies have focused on providing access to different societal groups. A particular focus has been placed on making technology available to children, and through educational projects identified as “cause promotions”, the companies have provided schools with access to technology, equipment and learning materials. When it comes to internet safety, children are recognized as being the most vulnerable group, and customers are therefore offered filters to block specific pages, and provided with information on how to prevent internet abuse. All companies also provide filters and protection against spam and viruses. Lastly, when it comes to privacy issues, BT and Deutsche Telekom have both created specific codes of conduct to deal with these issues, while Telenor follows specific national regulations related to the processing of personal data, and have established a separate department which is responsible for the internal control related to handling personal information.

Considering the type of operation of the three companies and their countries of origin, issues related to *employee rights* are primarily a problem in these companies’ foreign operations and supply chains. Also with relation to the *conditions of the work place*, similarities can be identified. They all focus on discrimination issues, and on promoting the inclusion of disabled and women in their work force. All three companies also focus upon increasing the satisfaction among employees by promoting flexible working conditions, such as the possibility to work from home.

As mentioned, securing employee rights are mostly relevant to the *companies supply chains* and foreign operations, and this is also applicable for human rights violations. All three companies require their suppliers to sign and follow specific business principles which cover issues such as human- and employee rights. The major differences between the companies are related to the follow-up routines. The company that seems to have the strictest control mechanism is BT, who through its project, sourcing with human dignity (SWHD), requires that its suppliers allow BT to perform checks of their plants. Failure to pass these controls has resulted in BT leaving certain suppliers. Deutsche Telekom also stresses the importance of controls; however the company also admits that this has been difficult. The participation in the GeSI supply chain initiative, which also BT takes part in, could make this procedure easier. Telenor on the other hand does not perform any controls of its suppliers, and this is for the most part explained by the company to be a result of lacking resources and competency. A solution to the problem could therefore perhaps be for the company to become a more active member of GeSI, and participate in its supply chain initiative (as the company currently only is a member of the GeSI initiative through its membership in ETNO).

Related to business ethics, all three companies are registered on the NASDAQ, and are therefore obligated to follow the Sarbanes-Oxley Act (SOX) (Mayer, Brown, Rowe & Maw, 2002). The companies furthermore cover business ethics issues through their business principles and codes of conduct. The issue of corruption is highlighted by all the companies as a problem in many of the countries where they do business. Beyond stating a support against corruption and seeking to be as open as possible, there has not been identified any specific projects within the three companies which are aimed at fighting corruption. The only exceptions could be Telenor's and Deutsche Telekom's partnership with Transparency International.

All three companies recognize that health issues are a major concern among customers and society in general. Telenor and Deutsche Telekom support research on electromagnetic fields. BT has not taken any actions related to this issue, but this is explained by the fact that the company sold its mobile operations MM02 in 2001. All three companies have also initiated projects to deal with different societal issues. In general these have had characteristics similar to "corporate philanthropy" and "cause promotion" projects, and it was discovered that in a majority of their projects the companies utilized telecommunications technologies.

An aspect that none of the companies seem to have recognized or dealt with are the rebound effects related to the use of telecommunications technology. This was discussed in section 5.1.2, and involves issues such as the negative effects resulting from increases in efficiency and consumption due to use of telecommunications technology; and decreases in life cycles of products, due to rapid technological developments, which ultimately increase the amounts of waste dramatically. It is clear that although all three companies focus on improving their energy efficiency and reducing their waste, the increases in use of telecommunications can in all probability result in rebound effects which ultimately can negate the positive reductions the companies have achieved. Identifying the actors who can and should take the responsibility for tackling these rebound effects is, however, quite difficult, especially since the problem in many instances can be blamed on an increasing consumer society. The thesis has not tried to address these issues directly, but merely wishes to highlight them as a topic of importance related to the future of the telecommunications industry and issues which there should be placed particular attention on.

Concluding, when looking at the issues addressed by the companies, it is interesting to see how all three companies in general identify the same issues, and cope with them in the same way. This could be expected for the industry specific issues, however, the companies also seem to deal with the general CSR issues in similar ways. Furthermore, they all seem to utilize telecommunications technology to tackle many of their major CSR issues. Examples of these similarities are: tackling climate change by reducing travel and paper through the utilization of telecommunications; reducing the digital divide, by promoting access to more people, particularly focusing on children; internet safety, by providing filters; and employee satisfaction, by promoting home offices.

9.3 How is the GC perceived by the three selected companies?

All three companies view the UN Global Compact as an important, but not as the only, aspect of CSR. Based on the companies' statements, it is reasonable to assume that there is a rather high degree of divergence between them related to the amount of power they give the GC. According to OH at Telenor, the GC is seen as a platform for CSR, and is considered to provide only minimum

requirements companies should comply with related to CSR. OH points to two major strengths of the GC: that it is initiated by the UN and that it is a rather simple network to follow. BT sees the GC as part of the CSR “wallpaper” (background). CT from BT points out that it was easy for the company to decide to participate in the GC, since the company already saw the contents of the principles as part of its values. Lastly, Deutsche Telekom sees the GC as an overriding factor for all its CSR work, an umbrella for all its sustainability initiatives. Based upon these statements, it is considered reasonable to state that out of the three companies, the GC has the most authority and power within Deutsche Telekom. This statement has also supported in the evaluation of how the companies have implemented the GC, and these findings will be discussed in more detail in the section below.

9.4 How is the GC utilized by the three selected companies?

In theory, the GC guideline could play many different roles, and have a variety of effects on the companies. As a normative guideline, the GC is, according to Ligteringen and Zadek (2005), meant to provide companies with guidance with relation to what is considered to be good or acceptable performance levels. After reviewing the three cases, one can state that the perception and implementation of CSR does coincide with the principles of the GC. However when it comes to the direct utilization of the GC as a tool, a degree of divergence has been identified between the three companies. In order to assess how the companies utilize the GC, they were evaluated with relation to how they in general seem to implement the GC; how they relate to submitting communications on progress (COP) reports; how their CSR initiatives reflect the ten principles of the GC; and how they relate to the GC networks. The following section will seek to identify and explain similarities and differences in the ways the three companies have approached these issues.

Deutsche Telekom is the only company who has included the GC directly in its CSR strategic guidelines. The two other companies state support for the guideline in their sustainability reports and in other information provided by the companies, but they have not mentioned or implemented the GC in any of their CSR strategies. If the guideline had been mentioned in the strategies, it would most probably also be included more directly in decision making processes. This inclusion can be seen in Deutsche Telekom, since the company has direct projects which are aimed at specific principles of the GC.

With relation to the COP reports, all three companies have submitted reports, but the level of detail of these reports differs slightly. Both BT and Telenor provide information on different CSR activities they have undertaken the last year. BT is slightly more detailed than Telenor, as it provides direct links between each principle and relevant CSR actions. Deutsche Telekom provides specific information on actions and projects undertaken relevant to specific principles. This can also be seen as a result of the company implementing the GC in its strategies.

As for the implementation of the ten principles, it can at a general level be stated that all three companies have taken actions with regards to the ten principles. Table 9.2 shows how the ten principles are reflected in the actions of the three companies. The list is based upon the actions identified in section 5.2 as being the most important for telecommunications companies to undertake when implementing the GC principles. The points written in italics are the ones that are specific for the telecommunications industry.

Table 9.2 - CSR initiatives in the three companies which can be linked to the GC principles

	Principle	Actions	Telenor	BT	Deutsche Telekom
Human Rights	1	<ul style="list-style-type: none"> Comply with and promote the Universal Declaration of Human Rights 	Support for UDHR stated in codes of conduct (CoC)	Yes – but not stated in principles	Yes – through strategic guidelines and social charter
		<ul style="list-style-type: none"> Ensure employee awareness – good working conditions 	Through ethical training program and CoC	UDHR made available on Intranet	Yes – sustainability day
		<ul style="list-style-type: none"> Ensure suppliers and subsidiaries comply with international human rights standards 	Through CoC but no follow up	Through GeSI	Through GeSI
		<ul style="list-style-type: none"> Efforts to protect local community and participate in public debate 	Unknown	Unknown	unknown
		<ul style="list-style-type: none"> <i>Publicly state resentment for human rights violations regarding Coltan</i> 	Indirectly through ETNO through GeSI	Through GeSI	Through GeSI
	2	<ul style="list-style-type: none"> Perform risk assessment related to human rights violations 	Unknown	Through SWHD and GeSI	Through GeSI
		<ul style="list-style-type: none"> Identify functions in the firm where human rights abuses are most likely to occur 	Unknown	Unknown	Unknown
		<ul style="list-style-type: none"> Gain insight through communicating with human rights organizations 	Yes - Initiative for ethical trade	Unknown	Unknown
		<ul style="list-style-type: none"> Have clear company policy which applies to entire supply chain 	In CoC – but no follow up of suppliers	not mentioned in “the way we work+ SWHD	GeSI and Social Charter
		<ul style="list-style-type: none"> <i>Actions to bridge the digital divide</i> 	Several	Several	Several
		<ul style="list-style-type: none"> <i>Actions to prevent illegal utilization of technology (internet misuse)</i> 	Several	Several	Several
		<ul style="list-style-type: none"> <i>Protection of consumer privacy</i> 	Only through law	Yes	Yes
	<ul style="list-style-type: none"> <i>Ensure that purchased Coltan is not mined illegally</i> 	Refer to GeSI report	Refer to GeSI report	Refer to GeSI report	

Environment	3	<ul style="list-style-type: none"> Ensure that all workers feel safe to join a union 	Yes – by law	Yes	Through Social Charter
		<ul style="list-style-type: none"> Collective bargaining must be utilized for discussions on employment conditions etc 	Yes – by law	Yes	Through Social Charter
		<ul style="list-style-type: none"> Extra responsibilities required when unions do not exist 	Unknown	Unknown	Unknown
	4	<ul style="list-style-type: none"> No forced labor in any facilities or suppliers 	See supplier relations	Through SWHD	Through Social Charter
		<ul style="list-style-type: none"> If forced labor identified actions must be taken to help 	State that support this	Through SWHD	Through Social Charter
		<ul style="list-style-type: none"> Surveillance of Colton Mining 	Only through GeSI	Only through GeSI	Separate statement and GeSI
	5	<ul style="list-style-type: none"> Develop mechanisms to identify child workers 	State that do this through commitment to ILO	Through SWHD	Through Social Charter
		<ul style="list-style-type: none"> If child labor is identified, it must be removed and assistance must be provided 	State that do this through commitment to ILO	Through SWHD	Through Social Charter
		<ul style="list-style-type: none"> Ensure workers are making enough to avoid having to send children to work 	Unknown	Unknown	Unknown
	6	<ul style="list-style-type: none"> Base recruitment on skills, experience and qualifications 	Yes – disabled and women	Yes – disabled and women	Through Social Charter
		<ul style="list-style-type: none"> Establish internal complaints mechanism 	Compliance officer (CoC)	24-hour helpline	Ethicsline
	7	<ul style="list-style-type: none"> Utilize methods such as life cycle assessments or environmental risk assessment 	Yes - have identified effects of activities	EMS – built on ISO 14001 – requires this	Unknown
		<ul style="list-style-type: none"> Utilize safety margins and avoid uncertainty 	Yes	EMS	Yes
		<ul style="list-style-type: none"> Research on Electromagnetic fields 	Yes	No- not relevant	Yes
		<ul style="list-style-type: none"> Research on Radiation 	Yes		States levels of radiation in phones
		<ul style="list-style-type: none"> Research on future effects of telecommunication 		Yes- independent study as hot-topic	
	8	<ul style="list-style-type: none"> Take a proactive approach 	Yes - EMS	Yes - EMS	Yes
		<ul style="list-style-type: none"> Efficient use of resources 	Yes	Yes	Yes
		<ul style="list-style-type: none"> Utilize cleaner production technology 	Yes	Yes	Yes
		<ul style="list-style-type: none"> Make standards that are applicable to entire company 	Yes -	Yes –EMS plus through the way we work	Check EMS also here!
		<ul style="list-style-type: none"> Place specific environmental requirements on suppliers 	Yes –no follow up	Yes SWHD, the way we work and GeSI	Yes GeSI
		<ul style="list-style-type: none"> Reduce energy consumption 	Yes	Yes	Yes
		<ul style="list-style-type: none"> Find alternatives to damaging materials 			
		<ul style="list-style-type: none"> Increase lifetimes of products 	Yes – several initiatives	Yes – several initiatives	Yes – several initiatives
	9	<ul style="list-style-type: none"> Identify sustainable technologies 	Yes	Yes	
		<ul style="list-style-type: none"> Cooperate with firms in industry to find “best available technology” 	Yes – through ETNO and GCNN	Yes through GeSI and ETNO	Yes – through GeSI and German Network

Corruption	10	• Create internal anti-corruption policies	Yes - CoC	Yes - the way we work	Codes of conduct
		• Communicate anti-corruption through COP	Yes – corruption mentioned	Yes	yes
		• Participate in joint anti-corruption efforts	Yes – Transparency international	Unknown	Unknown

Looking at Table 9.2, it can be claimed that the companies have undertaken most of the actions identified in section 5.2 as being the most relevant for the industry. In several cases, information has not been obtained which would either confirm or invalidate whether the actions have been undertaken, and these instances have been marked as unknown. Also in the case of implementing the GC, there are many similarities between the three companies. There are several instances where it can be claimed that BT and Deutsche Telekom have taken more actions than Telenor. However an interesting aspect to point out related to this is that in most of these cases, these actions can be attributed to their involvement in the GeSI initiative, hence Telenor could solve several of the issues it is not tackling through becoming a more active member of the GeSI.

The issue of the local networks is also a fascinating aspect of the evaluation. The local networks are meant to allow companies in specific countries or geographical regions, share experiences and assist each other in the implementation of the Global Compact. The structures of these networks vary, and are dependent upon the wishes of the participating companies. From the case study, it was revealed that the perception of these networks differed quite a bit among the three companies. While Telenor and Deutsche Telekom both state that they see the local networks as one of the major strengths and benefits of their involvement with the GC, BT has actually left its local network. The reason for the company leaving was not provided, and only speculations can be given. One explanation could seem to be involved with the structure of the British network. Compared to the Nordic and German Networks, which are built up as an information sharing network, the British network is built up around peer-reviews of the companies' COP reports. CT indicated that BT was quite negative towards having to strict requirements around the COP reports, and this could therefore be one reason for the company leaving its network.

Another important aspect to point out is the fact that, although Deutsche Telekom is more proactive in its support for the GC, in the sense that it includes it in its CSR strategic guidelines, only a few differences have between the companies related to the implementation of the GC have been identified. The structure of the COP reports is one of these differences. Deutsche Telekom does provide a slightly more detailed report than the two other companies, and link projects more directly to the GC. However, most of this information *can* be found for the two other companies, when reviewing their sustainability reports. When it comes to actions of the companies which can be related to the ten principles of the GC, there are very few differences. Although perhaps the link between company actions and a specific GC principle in some cases is stated more directly by Deutsche Telekom, when evaluating the three companies' actions, as presented in Table 9.2, there are few differences between the three companies.

Summarized, the GC plays a rather small direct role when it comes to implementing CSR, especially in Telenor and BT. However, when analyzing the activities of the companies, and comparing them to the major aspects of the GC, many links can be found, indicating a more indirect use of the guideline. One explanation to this could be based in the perceptions of the GC within the tree companies. Deutsche Telekom views the GC as an overriding factor of CSR, and has also

included the GC more directly in all its processes. BT, sees it as part of a CSR “wallpaper”, while Telenor described it as a platform, and although these two companies can be seen to comply with all the aspects of the of the GC, they both do not see it as a major aspect of their work related to CSR.

9.5 What can be perceived as the major strengths and weaknesses of the GC initiative in light of the telecommunications companies

Based upon the statements made by the three companies, and conclusions drawn from how the GC seems to function, it seems as though one of the GC’s major strengths as seen by the three companies, is the GC’s origin in the United Nations. Particularly the role of Kofi Annan is stressed by the companies as being a major driver for the initiative. This aspect is also highlighted by the GC Office. Considering that Kofi Annan is in his final period as Secretary General of the UN, one can question what will happen to this initiative when he no longer is Secretary General. The companies further stress the voluntary nature of the initiative, and how it is important that it keeps its current form.

Furthermore, as particularly pointed out by Telenor, the GC is viewed as not being ambitious enough in its aims. This statement also applies to BT, who claims that one of the reasons for joining the initiative was that the company already shared the same values as the GC. It is important to point out here however, that the fact that only “frontrunner” companies were utilized in the case study could have a major impact on this view, and that if companies who have not come as far as these three companies in implementing CSR were asked, they might give a completely different response to this question.

When it comes to local network activities, these can be seen as both positive and negative. As mentioned, Telenor and Deutsche Telekom view these as very useful, while BT left its network. In relation to this, BT stressed that the GeSI initiative was much more useful to the company. This statement has its foundation in the fact that BT views industry-specific issues as more crucial for the telecommunications industry than country-specific issues. The GeSI initiative, consisting of only companies from same industry, therefore became more valuable than the GC local network which has members from different kinds of industries.

9.6 How can the findings in this study be utilized by other companies?

Since the companies utilized in the study are CSR frontrunners within their industry, the findings in the study can be utilized by other telecommunications companies who have not come as far in their implementation of CSR. This is particularly relevant regarding the issues of implementation, both of CSR and of the Global Compact.

The study provides telecommunications companies with a list of issues they should focus upon, which are specific for the industry with relation to CSR. As Table 9.1 shows, there is a great resemblance between the CSR issues identified in the study (see 3.3 and 5.1.1) and by the companies. Because of this, these can be viewed as the most important CSR issues related to this industry, and can thus be utilized as a check-list for other telecommunications companies when identifying CSR issues. Furthermore, the study shows that there were great similarities related to the actions taken by

the companies to tackle these issues, and these can therefore also be utilized by companies who seek to improve their CSR performance.

Furthermore, it has become clear from the study that the GC in general serves as a foundation for CSR activities, rather than a major tool in the process of implementation. One could however discuss whether it would be a more useful tool for companies who have not come as far as the three selected companies in terms of CSR, and that the GC in these instances could play a more important role in the formation of CSR strategies, and in the process of identifying and tackling CSR issues. Personally I see certain aspects of the GC as having greater potential among companies who are in their initial stages of implementing CSR. Furthermore, it seems that one of the greatest potential for all companies participating in the GC is the possibility to cooperate, both with other firms, and with other stakeholders.

9.7 What could be changed by the three companies?

At a general level, as already mentioned, the three companies show an advanced level of CSR implementation. The issues they identify as most important coincide with the ones previously identified in the study, which were based upon different reports, from many different sources, such as governmental institutions, non-governmental institutions, and the industry itself.

One important aspect that should be stressed, and which applies to all three companies, is the fact that none of them have implemented CSR in their general strategies. As this study has shown, much of the motivation behind CSR is linked to competitive advantages, yet the companies have not yet managed to raise the status of CSR to a crucial strategic management issue. As already pointed out, although the companies' major driver for CSR is reputation, it is clear that all the companies have identified that they have a role with relation to contributing to sustainable development. If one believes in the point emphasized by WBCSD in its definition of CSR, relating to how companies' actions to contribute to reducing the problems related to poverty, globalization and climate change must be profitable in order to be sustainable, one can conclude that if CSR is incorporated at a higher strategic level, the chances of profitability increases, thus also the probability that the companies will contribute more to sustainable development.

9.8 What is the next step for telecommunications?

After evaluating specific information on the telecommunications industry, and reviewing three of the "frontrunners" for CSR within this industry, it has become clear that one of the most interesting aspects of this industry, and at the same time also the most challenging one, is with relation to its indirect effects. On one side, there are a large number of potential benefits, both related to the environment and to society. Simultaneously there is a great deal of potential negative impacts. The major positive impacts related to telecommunications technology, is the potential positive environmental impact it has when utilizing it as a replacement for other, more damaging, materials, activities and processes. A very unique aspect of this is the fact that this positive potential can be utilized both by the industry itself and by other industries. At the same time, these positive effects can be cancelled out if negative rebound effects are greater, for instance related to increases in

consumption. Finding ways to cope with this issue is an area that definitely will require a great deal of research in the future.

Another major challenge for the industry is access to technology. It is reasonable to state, that a crucial aspect related to ensuring that globalization does not stagnate, and that the developing world continues to develop, is providing everyone with access to telecommunications. The digital divide was identified by all three companies as a major issue of concern, and is being dealt with by them all, both through individual projects, and through for instance industry initiatives like GeSI. Relevant to the digital divide, is that issue that companies in many instances meet problems related to local governments when seeking to provide access. This was made clear through Telenor's project with GSM Association, where they sought to make mobile telephony affordable to people in the developing world. A major difficulty the company faced in this project was that local governments were placing taxes on the services. Corruption was also pointed out by all three companies as a major issue of concern when seeking to provide connection in developing countries. One potential solution to these problems would be to integrate other stakeholders in these projects, for instance NGOs or governmental institutions. One possibility could here be to utilize the GeSI initiative as a basis, which through its support from the UNEP and its membership in the UN Global Compact, already has substantial backing from the United Nations. Managing to include the local governments at an early stage, could also possibly allow for a cooperation which ultimately could result in win-win situations. Forming these types of inter-stakeholder relationships could have great potentials, but further research is required to find the most optimal solution for all parties involved.

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11 APPENDICES

Appendix 1: Interview protocols

Global Compact – Interview with Denise O’Brien:

1. The creation of the Global Compact and the ten principles – Are there any internal documents (archive?) on the creation of the GC?
2. What is the current administrative status of the GC with the UN?
3. Is there a specific time-frame for the existence of the GC?
4. Are there any documents/descriptive overview of the development of the 10 principles?
5. Are there specific guidelines/frameworks for how businesses should incorporate the principles in their strategies, culture and day-to-day operations?
6. Are there different/specific guidelines for different industries?
7. My own interest is principally in the telecommunications sector? Are there any special initiatives for this sector?
8. Are there any guidelines as to how the GC should relate to other sets of CSR standards: for example the OECD guidelines and GRI?
9. How are the COPs dealt with by the GC office?
10. Does the GC secretariat have any contacts with representatives of firms or corporations (as consultants or advisors)?
11. As for the networks
 - How are they coordinated by the GC headquarters? How is the contact between the local networks and the six UN agencies and the GC office?
 - Are they built up around geographical location or are there also networks for different business sectors consisting of companies from around the world?
12. What is your opinion on utilizing CSR to reach sustainable development?
13. How do you feel that the GC is incorporating SD in its principles?
14. What do you personally feel is the most fruitful way to promote great corporate social responsibility in transnational firms?
15. What do you view as the two or three greatest obstacles to a more successful implementation of the GC?

Global Compact – Interview with Jonas Moberg:

1. What are differences between the different local networks?
2. What is the GC Office’s role with relation to these networks?
3. What can explain BT’s leaving of its network?

Telenor – Interview with Olav Hypher

1. At a general level – where does CSR come in at Telenor – before or after the strategy is created?
2. What is Telenor’s definition of CSR?
3. What is the motivation behind being a CSR firm?
4. How is CSR implemented in the company as a whole?
5. How does Telenor relate to its suppliers?
6. How do employees at Telenor relate to CSR?
7. What does Telenor view as important CSR issues for the Telecommunications industry?

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8. How are different CSR projects selected?
 9. General comments on the UN Global Compact?
 10. What could be done better?

BT – Interview with Chris Tuppen:

1. What are the CSR strategies of BT?
2. How are these CSR strategies created?
3. Who participates in creating these strategies?
4. What is viewed as the most important CSR issues by BT for the telecommunications industry?
5. How does BT relate to corruption?
6. What is the role of the GC in BT?
7. What are BT's views on COP reports?
8. What is the role of the British local network in the GC?

Deutsche Telekom 1st interview with Reiner Lemke:

1. How has CSR evolved in Deutsche Telekom?
2. What is Deutsche Telekom's definition of CSR?
3. How are CSR strategies created at Deutsche Telekom?
4. How does Deutsche Telekom relate to its suppliers?
5. What are identified as major CSR issues at Deutsche Telekom related to the telecommunications industry?
6. How does BT related to corruption?
7. How are projects selected?

Deutsche Telekom – follow-up interview with Reiner Lemke:

1. How are the CSR strategies created?
2. What is Deutsche Telekom's motivation behind being a CSR company?
3. Why did Deutsche Telekom sign up to the GC?
4. How does the German GC network work?

Appendix 2: Telecommunications companies participating in the Global Compact

	Company	Country	Joined	COP Status
Europe	BT Group plc	United Kingdom	2000	Last update: 08.2005
	Deutsche Telekom AG	Germany	2000	Last update: 06. 2006
	France Telecom	France	2000	Last update: 02. 2006
	LM Ericsson	Sweden	2000	Last update: 06. 2005
	Telenor	Norway	2001	Last update: 05. 2005
	Lattelekom	Latvia	2002	Non-communicating
	Telecom Italia	Italy	2002	Last update: 08. 2005
	Telefónica SA	Spain	2002	Last update: 07. 2005
	JSC "Murmanelectrosviaz"	Russian Federation	2002	Non-communicating
	Moscow City Telephone Network	Russian Federation	2002	Non-communicating
	MTK Companies Group	Russian Federation	2002	Non-communicating
	Svyazinvest JSC	Russian Federation	2002	Non-communicating
	TECNOCOM, Telecomunicaciones y Energía, S.A.	Spain	2002	Non-communicating
	BT Ignite	Spain	2002	Non-communicating
	Telecom Georgia	Georgia	2003	Non-communicating
	Bouygues Telecom	France	2003	Last update: 05. 2005
	Alcatel	France	2003	Last update: 05. 2005
	Sonofon	Denmark	2003	Last update: 11. 2005
	Portugal Telecom	Portugal	2004	Last update: 04. 2006
	Neuf Telecom	France	2004	Non-communicating
	Euskaltel	Spain	2005	Deadline: 2007
	Albtelecom SH.A	Albania	2005	Deadline: 2007
	AB "Lietuvos Telekomas"	Lithuania	2005	Deadline: 2007
Atenea Comunicacion*	Spain	2005	Deadline: 2007	
Dasto*	Macedonia, The Former Yugoslav Republic of	2005	Deadline: 2007	
UAB Ericsson Lietuva*	Lithuania	2005	Deadline: 2007	
Telekomunikacja Polska S.A.	Poland	2006	Last update: 05. 2006	
Kyivstar	Ukraine	2006	Deadline: 2008	
BLOOMING Technologies Sp. z.o.o. *	Poland	2006	Deadline: 2008	
APL France*	France	2006	Deadline: 2008	
USA	Ajilon Communications	United States of America	2005	Deadline: 2007
M-E	ECI Telecom Ltd	ISRAEL	2002	Non-communicating
South - America	Telefoncia Panama	Panama	2001	Non-communicating
	Telecom Argentina S.A.	Argentina	2004	Last update: 05. 2006
	Telefonica de Argentina S.A.	Argentina	2004	Deadline: 2006
	Tele Celular Sul Participacoes S.A. (TIM Sul)	Brazil	2004	Deadline: 2006
	BASE 365 - Bs. As. Sistemas de Seguridad y Emergencias S.R.L.*	Argentina	2004	Last update: 02. 2006
	Globalfono Investment*	Argentina	2004	Last update: 10. 2005
	Claro - BCP S/A	Brazil	2005	Last update: 08.2005
Empresa de Telecomunicaciones de	Colombia	2005	Deadline: 2007	

	Pereira S.A. E.S.P			
	Colombia Telecomunicaciones S.A. E.S.P.	Colombia	2005	Deadline: 2007
	ETB - Empresa de Telecomunicaciones de Bogota	Colombia	2005	Deadline: 2007
	Metropolitana de Telecomunicaciones S.A. *	Colombia	2005	Deadline: 2007
	Cable & Wireless Panama S.A	Panama	2006	Deadline: 2008
	Grupo Fidanque	Panama	2006	Deadline: 2008
	Satelites Mexicanos, S.A. de C.V. *	Mexico	2006	Deadline: 2008
	Servicios Conmutados de Telefonía Pública S.A. de C.V. *	Mexico	2006	Deadline: 2008
Asia	Mahanagar Telephone Nigam Ltd.	India	2001	Non-communicating
	Fujian Electronics and Information Group Co., Ltd.	China	2004	Non-communicating
	China United Telecommunications Corporation	China	2004	Deadline: 2006
	Huawei Technologies Co. Ltd.	China	2004	Deadline: 2006
	MobiCom Corporation	Mongolia	2006	Deadline: 2008
	PT Indosat Tbk	Indonesia	2006	Deadline: 2008
	PT. Excelcomindo Pratama Tbk.	Indonesia	2006	Deadline: 2008
Africa	MTN Nigeria Communications Ltd.	Nigeria	2006	Deadline: 2008
	Safaricom Limited	Kenya	2006	Deadline: 2008

Source: (UNGC, 2006b).

* = SME's – less than 250 full time employees

Appendix 3: ETNO Sustainability Charter

Category	Description
Awareness	Acknowledge all relevant environmental, social and economic impacts of products and services, both positive and negative. Build CSR aspects into company communications and training programs
Regulatory compliance	Achieve full compliance with legal requirements, and where appropriate exceed them.
Research and development	Support research and development into the contributions that new telecommunications products and services can make to sustainable development
Procurement	Implement efficient management of resources, energy-use, waste, emissions reductions, environmentally friendly process, and product requirements. Eliminate the use of hazardous materials; observation of human rights and labor conditions
Accountability	Make available to all stakeholders' material data, case-study examples and information about our environmental, social and economic performance, as accountability and transparency are key elements of CSR. Maintain an inclusive approach to stakeholder relationships in order to reflect their aspirations and needs in our business activities.
Cooperation	Co-operate constructively with governments, customers, industry partners, civil society and international organizations when investigating, developing and promoting the benefits that information and communications technologies generate for sustainable development.
Management systems	Offer a statement of business principles, an environmental policy, the appointment of a management board member with specific CSR responsibilities, and a manager(s) with designated responsibility for coordinating programs of continuous sustainability improvement. To implement management systems that support development of appropriate and well-structured programs on environmental protection, labor conditions, occupational health and safety and social accountability.
Employee relations	To create work environments that promote the work-life balance, professional development, diversity and health and safety; maintaining a highly motivated and productive workforce.

Source: ETNO (2006b).