Governing Corporate Social Responsibility: An Assessment of the Contribution of the UN Global Compact to CSR Strategies in the Telecommunications Industry

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ABSTRACT. CSR has become an important element in the business strategy of a growing number of companies worldwide. A large number of initiatives have been developed that aim to support companies in developing, implementing, and communicating about CSR. The Global Compact (GC), initiated by the United Nations, stands out. Since its launch in 2000, it has grown to about 2900 companies and 3800 members in total. The GC combines several mechanisms to support CSR strategies: normative principles, networks for learning and co-operation, and communication and transparency about CSR activities. However, up to now only a few empirical evaluations of the contribution of the GC to CSR strategies have been conducted that however have not differentiated between different types of companies (regarding type of industry or regarding the maturity of CSR). This paper aims to partly fill this knowledge gap by a case study examination of three frontrunner companies in the telecommunications industry. The results show that the GC is only one of the many initiatives that these companies employ in shaping, implementing, and reporting about their CSR strategies, and that its role is at most modest. There are two important reasons. One is that many of the CSR issues that these companies deal with are industry specific and are hence addressed in specific networks. The second reason is that the GC principles are perceived as minimum requirements that do not provide many incentives to the three case study companies to perform better. A differentiation of norms for GC members is expected to enhance the contribution of the GC to CSR strategy employment, not only for frontrunner companies but as well for other categories of companies.

KEY WORDS: Corporate Social Responsibility (CSR), United Nations Global Compact, telecommunications industry, business strategy, governance

Introduction

CSR and mechanisms promoting CSR

Although the concept of Corporate Social Responsibility dates back to the 1950s, it has in the last 10–15 years become increasingly important in the business strategies of a growing number of companies worldwide (Caroll, 1999). There are no agreed upon definitions of what CSR entails (and some authors even claim that there should not be one), but generally CSR is understood to include actions of companies that address social and environmental concerns beyond what is required by law (Doh and Guay, 2006; McWilliams and Siegel, 2001; van Marrewijk, 2003). CSR has various drivers, both external and internal. In many cases it is primarily a response to the growing demands of citizens and NGOs, used by companies to maintain their legitimacy and avoid bad publicity (see for instance Utting, 2005, for a discussion). There are also internal drivers for CSR, such as shareholders (e.g. Monks et al., 2004) or (potential) employees (Ruggie, 2001) (for an overview of theoretical approaches to CSR, see Garriga and Melé, 2004; for a discussion of the dynamics in CSR issues, including motives, see Waddock, 2004).

Various initiatives aimed at facilitating, promoting, and enhancing CSR have been implemented, based on different approaches. Some of these initiatives centre around monitoring and benchmarking social and environmental performance of companies,

adding to the transparency of CSR strategies of companies and providing an incentive to perform better. Other initiatives aim to facilitate CSR strategy development and implementation through information provision, knowledge sharing, or co-operation. Finally, there are initiatives for promoting CSR through (legal) norms. Their initiators are found in all three domains in society (i.e. state, market, and civil society). Three well-known market initiatives are the Dow Jones Sustainability Group Index, the FTSE4Good Index, and the World Business Council for Sustainable Development (see Hemming et al., 2004; Knoepfel, 2001; Timberlake, 2002, for a discussion of these initiatives). Companies and interest groups have also, in some cases in co-operation with NGOs, developed guidelines for assisting companies in shaping their CSR strategies (see Ligteringen and Zadek, 2005, for some examples). In addition, partnerships have been formed between market and civil society actors to develop or implement specific aspects of CSR strategies (e.g. Alston and Roberts, 1999; Hartman and Stafford, 1997; Heap, 2000; Stafford et al., 2000; WEMOS, 2004). State actors aim at promoting and enhancing CSR by means of the traditional instruments of rules and norms (or threatening with stricter ones) and subsidies (e.g. Dummett, 2006). However, this approach has proven to be less effective in the case of transnational companies that cannot easily be held to national regulations. For this category of companies (although not exclusively), CSR promoting initiatives have been implemented by international institutions, such as the UN, ILO, and the OECD. Instead of regulations, these institutions increasingly rely on voluntary initiatives. Many of these have demonstrated implementation problems regarding monitoring, accountability, and enforcement (Kell, 2005; Vormedal, 2005). The Global Compact (GC) initiated by the United Nations however seems to be more fruitful. The GC basically takes two approaches. Firstly, it prescribes a set of 10 norms for CSR related to human rights, labour, the environment, and anti-corruption, as guidelines for CSR (see Table I). The norms are drawn from the Universal Declaration of Human Rights, the Fundamental Principles on Rights at Work from the International Labour Organisation, the Rio Declaration on Environment and Development, and The United Nations Convention Against Corruption (UNGC, 2006a).[1] Secondly, the GC offers platforms for companies and NGOs to discuss issues related to CSR development and implementation, and through interaction and co-operation, these actors can learn from each other's experiences.[2] Since its launch on July 26, 2000, the GC has grown to some 3800 participants, of which more than 2900 are companies from 100 countries (UNGC, 2007b).

TABLE I

The 10 GC principles

Area	Principles
Human rights	• Businesses should support and respect the protection of internationally proclaimed human rights; and
	• make sure that they are not complicit in human rights abuses.
Labour conditions	• Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	• the elimination of all forms of forced and compulsory labour;
	• the effective abolition of child labour; and
	• the elimination of discrimination in respect of employment and occupation.
Environment	• Businesses should support a precautionary approach to environmental challenges;
	• undertake initiatives to promote greater environmental responsibility; and
	• encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	• Businesses should work against all forms of corruption, including extortion and bribery.

Source: UNGC (2006a).

Focus and objective of this paper

Although several academic papers have been published on the GC, little empirical evidence has been presented about the contribution of the GC to the promotion of CSR (see also Cetindamar and Husoy, 2007). The few empirical analyses available on this topic are rather generic, and do not specify the impact of the GC to companies from distinct industries or companies that differ regarding the maturity of their CSR strategies. Frontrunning companies appear to have different needs as regards support for further developing CSR strategies than companies that lag behind (e.g. Runhaar et al., 2006). This paper aims to contribute to a better understanding of the impact of the GC to corporate CSR strategies by examining how the GC has been used in the telecommunications industry. To do this, empirical evidence is necessary, which was obtained through case studies of three European telecommunications companies that operate worldwide, and that are considered to be CSR frontrunners in the industry. The telecommunications industry was considered interesting for several reasons. One, in the academic CSR literature the industry has been under exposed,[3] despite the fact that this industry produces substantial social and environmental impacts (e.g. related to the short life cycles of equipment and the 'digital divide'; see section "CSR issues and strategies in the telecommunications industry" of this paper). The industry is also interesting due to its recent growth and innovation (think of telecommunication services such as internet and mobile telephony with high penetration rates). Finally, CSR has become an important issue in this industry, reflected by the fact that as of December 2006, nine telecommunications companies were represented in the Dow Jones Sustainability Index (DJSI, 2006) and, as of March 2007, 65 companies participating in the GC (UNGC, 2007b).

This paper has the following structure. Section "The UN Global Compact: performance and potential benefits" discusses literature on the GC and reported impacts. In section "CSR issues and strategies in the telecommunications industry", we will discuss the main CSR issues in the telecommunications industry, as well as how CSR is perceived and dealt with by the three companies examined. The contribution of the GC in the development and implementation of CSR strategies is dealt with in section "Contribution of the UN Global Compact to CSR strategies of the three case study companies". And finally, conclusions and a discussion follow in section "Conclusions and discussion".

The UN Global Compact: performance and potential benefits

The GC: some backgrounds

The GC is an international voluntary network-based initiative consisting of participants from companies, NGOs, governments, academic institutions, and other stakeholder groups. In part, it is a voluntary initiative because of three reasons: a lack of support for more authoritative regulations, negative experiences with previous attempts to regulate transnational companies through codes of conduct, and a lack of capacity at the UN to monitor and enforce compliance. Yet a voluntary approach also is considered to have two specific benefits. One, the need to operationalise the 10 universal principles implies trial and error and mutual learning from experiences, also in the context of a highly dynamic environment. This makes it impossible to define ex ante operationalised criteria and hence requires more flexible and less hierarchical governance strategies. Two, it is believed that a voluntary approach may enhance CSR above levels that could be negotiated upon in the case of a regulatory framework, among other things due to the stimulation of dialogue and learning (Kell, 2005; Ruggie, 2001). In similarity with other voluntary initiatives, it is recognised that companies participating in the GC not always will act on a philanthropic basis, and that there always is a risk of 'bluewashing' attached to it, meaning that the company's goal is to positively influence its image through association with the UN, rather than bringing CSR at a higher level. The GC seeks to reduce this risk, and to increase the transparency of participating companies, by requiring that they deliver annual "Communication on Progress" (CoP) reports to maintain membership. These reports were introduced in 2003, and document how the companies are implementing the 10 principles of the GC in their business activities. These CoP reports can be considered an enforcement mechanism in the GC.

The GC is unique in several aspects. Firstly, it aims to overcome the weaknesses of existing international conventions that aim to promote CSR (see above). Secondly, it has a broad scope: it not only aims to offer transparency by monitoring and publishing companies' progress regarding their CSR strategies, but offers a platform for learning as well. Thirdly, in the light of other non-legal mechanisms for promoting and governing CSR, many consider it the "largest and most ambitious institution of this kind" (Vormedal, 2005, p. 9). This statement is supported by the large number of actors participating in the GC.

Performance of the GC

In the academic literature, the GC has been discussed in various ways. Some authors discuss the GC in the context of shifting strategies for governing corporate behaviour, i.e. the shift from hierarchical approaches to more voluntary and consensual approaches, and from national to more international governance arrangements (e.g. Gouldson and Bebbington, 2007; Kohna, 2004; Kuper, 2004; Whitehouse, 2003). Other authors discuss expected outcomes of the GC. Since its launch in 2000, the GC has attracted positive judgements and high expectations as well as criticism

and scepticism. Critical comments and pessimistic expectations in particular originate from NGOs who have feared that companies may abuse the UN's reputation to improve their image without doing anything new. These NGOs have also criticised the lack of transparency related to companies' compliance with the 10 GC principles (e.g. Hemphill, 2005; Hughes et al., 2001; Ruggie, 2001). There are only a few (academic) empirical evaluations of the contribution of the GC to CSR. A survey by McKinsey and Company (2004) provides a more detailed overview of impacts of the GC. This study found that the GC has not triggered many companies to start developing CSR strategies, but rather that it has had a facilitating and accelerating role with regards to existing CSR strategies.[4] There did however appear to be a difference between OECD and non-OECD participants. For the latter the GC was often the first meeting with CSR initiatives. This group also saw the opportunity to becoming more familiar with CSR issues, as a major motivation for joining the GC (see Figure 1). A study by Cetindamar and Husoy (2007) examined the motives for participants of the GC to join this initiative and the resulting impacts of GC membership. The authors revealed that the main motives for joining the GC were: to be part of sustainable development efforts, to be a good citizen, to improve corporate image, and to distinguish themselves from
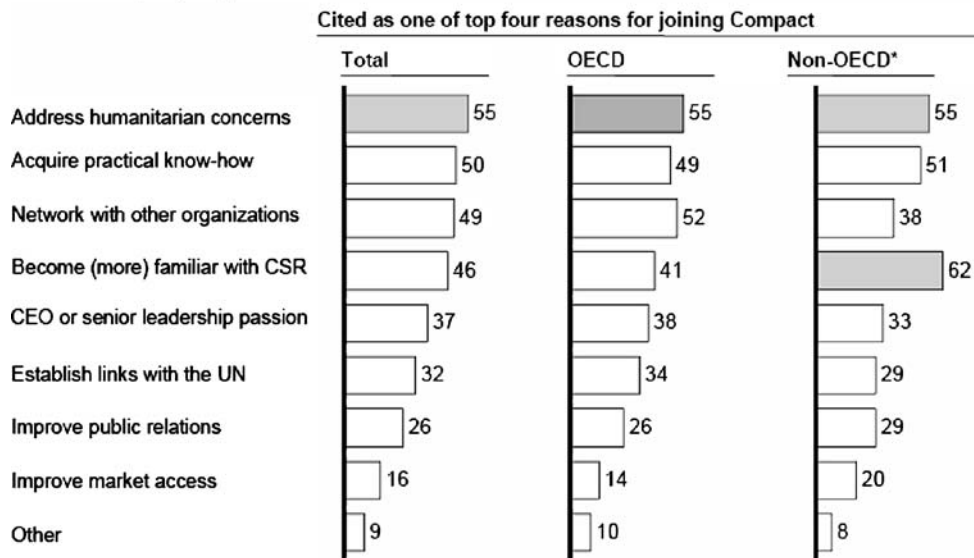

Figure 1. Companies' motives to join the Global Compact. *Source*: McKinsey and Company (2004, p. 5).

other companies. One of the remarkable findings was that "all companies indicate that being a UNGC participant completely influences their sustainable development efforts" (Cetindamar and Husoy, 2007, p. 10). Participation in the GC was found to have mainly contributed to the former three objectives that were envisaged when joining the GC. It however is unclear how these effects have manifested themselves. Another finding of this study is that GC membership has led to better network opportunities (Cetindamar and Husoy, 2007).

An empirical study by Vormedal (2005) concerns learning processes among companies triggered by GC participation. The author concludes that the various mechanisms for learning available through the GC such as 'best practices' (i.e. case studies of how companies have incorporated the 10 GC principles into CSR strategies), the CoP reports, conferences, and dialogues with other companies, NGOs, UN officials, and governments at various geographical levels, have produced different forms of learning. Vormedal observes that little use has been made of the various case studies and examples, mainly due to their abstract and context-free character. In contrast, the local networks[5] have been attended rather frequently and respondents indicate that meetings have been fruitful, as the more intense and small-scale interactions allowed them to learn from each others' experiences about how to develop and implement CRS strategies (Vormedal, 2005).[6] In her analysis, Vormedal (2005) does not make an explicit link to the content of learning, particularly in relation to the 10 GC principles. Furthermore, no analysis is made as to whether or not learning processes vary between companies from different industries, countries, etc. and the way in which meaning is given to specific CSR issues.

Concluding: potential contributions and benefits of the GC

From the discussion above, it appears that the GC can contribute to CSR development and implementation in various ways. First, it can lead to the incorporation of the 10 normative principles for CSR. Second, the GC may induce learning processes where companies can share experiences that they can use to further shape (rather than initiate) their CSR strategies. Third, the interactions may give rise to co-operation between companies, or between companies and other stakeholders, regarding the formulation and implementation of CSR strategies. Fourth, the GC can be used for PR purposes, both in positive ways, by making CSR efforts more transparent, or in negative ways, such as bluewashing. It is to be expected that the way(s) in which the GC is actually utilised by companies, depend(s) on company- and context-specific factors.

CSR issues and strategies in the telecommunications industry[7]

The telecommunications industry is a rather diverse industry, consisting of companies providing carrier services, private network services, fixed telephony services, mobile, and other (internet) telecommunications services, data transmittal services, and internet access and backbone services (UNSD, 2004). For this study we examined three multinational telecommunications companies. When choosing these three companies, a set of four selection criteria were utilised. Firstly, the companies had to be CSR frontrunners within their industry, as these companies can be expected to have the most explicit CSR strategies. To determine this, the Dow Jones Sustainability Index and the FTSE4Good Index were utilised. Secondly, the companies had to be participants of the UNGC. Thirdly, the companies had to have their main basis on the same continent. It was therefore decided to utilise European companies, as they were dominating on the sustainability indexes, and also because studies performed by McKinsey and Company (2004), and PricewaterhouseCoopers (2002), show that in general, (multinational) companies in Europe are more involved in CSR reporting and in GC participation than U.S. companies. Fourthly, the selected companies had to be multinational companies with operations in both developed and developing countries. Four companies fulfilled these criteria, of which for practical reasons eventually three were examined, these being Norway-based Telenor, German-based Deutsche Telekom, and UK-based British Telecom.

The information on the CSR performance and CSR strategies of the three companies were collected from multiple sources. For all three cases, documents provided by the companies were reviewed. These

consisted of annual reports, sustainability reports, COP reports, and personal interviews with central CSR representatives from the three companies. After the information provided by the three companies was reviewed, verification was seen as necessary to ensure objectivity. This was done by analysing other sources such as information produced by various NGOs, as well as media resources.

Main CSR issues in the telecommunications industry

In addition to general CSR issues, that are relevant to all industries, there are also quite a few that are sector specific (Fox et al., 2002). In this section we will present the main CSR issues for the telecommunications industry, as reported in the literature (e.g. Plepys, 2002).[8] Distinction is made between direct CSR issues (that follow from the production and distribution of telecommunications services) and indirect CSR issues (that follow from their use). Data sources used to identify these indirect and direct CSR issues include academic literature, as well as reports and documents from companies, industry interest groups, NGOs, the GC, and others (see Lafferty, 2006). The results are summarised in Table II. When analysing these issues, it can be concluded that most of the specific issues relevant to

TABLE II

Direct and indirect impacts of the telecommunications industry in the light of the GC principles[★]

	Direct effects	Indirect effects
Human rights	• Public fears health risks related to electromagnetic fields (radiation) • Local and regional conflicts in Africa centre in part around control of resources such as Coltan (Colombo Tantalite)[★★]	• 'Digital divide': uneven access to telecommunications services • Potential misuse for criminal purposes • Loss of consumer privacy • *Increased access to information* • *Increased opportunities for participation in public debates* • *New opportunities for (distance) education*
Labour conditions	–	• Unemployment due to efficiency improvements caused by telecommunications technology • Reduced employee satisfaction due to reduced contact with colleagues (in the case of telework) • *Employee satisfaction due to reduced travel and more flexible working hours*
Environment	• (Illegal) Coltan (Colombo Tantalite) mining (in Africa) is a major threat to wildlife[★★] • Energy consumption/emissions • Use of damaging materials (e.g. batteries, cables with toxics) • Waste due to short product lifecycles	• Energy consumption/emissions • Waste due to short product lifecycles • Increase in travel (e.g. due to global B2B and B2C e-commerce) • *Reduction in travel (e.g. video conferencing, telework)* • *Dematerialisation (e.g. less physical mail due to email)* • *Increased awareness of environmental concerns due to increased access to information*
Anti-corruption	–	–

[★] Negative impacts; in *italics* positive impacts.
[★★] Coltan is a metallic ore used for producing conductors for electronic products, such as mobile phones and computers (see Hayes and Burge (2003) for a discussion of problems related to Coltan mining). *Source*: Lafferty (2006, pp. 45–49).

the 10 principles of the GC are primarily indirect of nature and comprise both positive and negative impacts. This raises important normative issues related to the extent to which companies can be held accountable for these indirect effects, and whether compensation between positive and negative impacts is justifiable?

Characterisation of CSR strategies of the three telecommunications companies

As mentioned, the information provided by the three companies, was cross checked with other sources to ensure an objective view. The CSR strategies of the three companies (what they say they do) was assessed and compared to what they actually do. Table III displays the major aspects of the CSR strategies of the three case study companies, as well as the instruments utilised by the companies to implement CSR strategies within the areas of human rights, labour conditions, environment, and anti-corruption. The strategies, as well as the motives for engaging in CSR, are remarkably similar. CSR is mainly employed as a defensive strategy, for safeguarding reputation and satisfying employees and other stakeholders. When looking at how CSR objectives are operationalised and projects selected, it appears that only BT employs explicit criteria. However, it seems that all three companies aim to make maximal use of their own products and services when implementing CSR projects through providing telecommunications equipment, services, and knowledge. It was also revealed that some of the CSR projects, in particular the environmentally oriented ones, often also involve financial benefits to the companies (e.g. energy conservation).

The CSR strategies cover all the themes from the Global Compact and most of the CSR issues reported in the literature (see Tables I and II). Human rights and environmental issues related to the use of coltan is however only explicitly mentioned by Deutsche Telekom, but the measures proposed are not very concrete and thus difficult to monitor. With regards to the indirect effects, most negative impacts summarised in Table III are addressed. All three companies fund or run projects that aim to reduce digital divide issues. Yet, in the case of BT and Deutsche Telekom most of these projects are implemented in the West-European countries where they have their main basis; hence, digital divide issues in a North–South perspective are only addressed marginally. Indirect impacts that are not addressed by any of the companies include unemployment due to efficiency improvements as a consequence of telecommunications technology, reduced employee satisfaction due to telework, and increased traffic volumes as a consequence of e-business and e-commerce technologies. However, these impacts seem to be beyond the control of telecommunications companies. In addition, the exact direction of these effects (positive or negative) is not always certain; with regards to e-business and e-commerce applications for instance, both traffic conserving and traffic generating effects are found, the balance of which is unknown yet (Plepys, 2002; Runhaar, 2002).

Apart from coverage of the main CSR issues from the GC and the more industry-specific issues identified in the literature, the CSR strategies of the three companies can be assessed against their coverage of the supply chain. The outcomes of such an assessment however are not unambiguous. All three companies place specific CSR requirements on their suppliers, the main divergence between the three lies in their follow-up routines (see Table III).

Contribution of the UN Global Compact to CSR strategies of the three case study companies

In the previous section we concluded that the GC principles are covered by the CSR strategies of the three case study companies. The question then is the extent to which this can be attributed to the GC. In this section we will analyse the contribution that the GC has had on the CSR strategies of the three telecommunications companies by reviewing the four ways identified in section "The UN Global Compact: performance and potential benefits", in which the GC can support CSR strategy development: by offering normative guidelines through the 10 GC principles, by creating learning processes in local networks, by promoting co-operation with other companies or stakeholders, and by adding to the transparency of CSR strategies. The basis of our analysis is the statement made by the CSR managers that we interviewed at each of the three companies.

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TABLE III
Characterisation of the three case companies and their CSR strategies

	Telenor	British Telecom (BT)	Deutsche Telekom (DT)
Background information			
Main activities	• Fixed and mobile telephone services • Broadcasting services	• Fixed telephone services • Internet, multimedia, private network, and other services • Access and services related to (backbone) infrastructure	• Fixed and mobile telephony • Internet services • Other telecommunications services
Geographical area of operations	• Europe, Asia	• Europe, Asia, N and S America, Middle East, Africa	• Europe, Asia, N and S America, Africa
CSR strategies			
Major aspects of CSR strategies	• Internal focus to ensure employee focus on work safety, environmental issues • Research and development • Improving CSR performance through contact with relevant stakeholders and supporting international commitments	• Inclusion – diversity issues and reducing digital divide • Sustainable Economics – contribution in third world countries • Climate change	• Economically successful and to enhance trust through honesty and transparency • Assess social consequences of actions • Implement requirement of GC • Respect differences • Promote ecological resource efficiency and climate protection • Reduce environmental impacts • Develop sustainable services • Develop the work environment and the knowledge society, and to overcome the Digital Divide
Main drivers of CSR	• Reputation • Employee satisfaction	• Reputation • Employee satisfaction • Cost reductions	• Reputation • Demands from investors • Demands from governments (preconditions for licenses)
CSR objectives explicit and made available?	• Yes, but in rather general terms (codes of conduct)	• Yes, but in rather general terms (codes of conduct)	• Yes, but mostly in rather general terms and in codes of conduct
Criteria for operationalising CSR objectives	• No explicit criteria for selecting projects that contribute to the CSR objectives	• Projects selected on the basis of a list of main risks and controversial issues, and attempt to make maximal use of own technology and expertise	• Only explicit criterion is that projects must be in a country of operation

TABLE III
continued

	Telenor	British Telecom (BT)	Deutsche Telekom (DT)
CSR objectives cover the 10 GC principles?	• Yes	• Yes	• Yes
CSR objectives applied in all countries of operation?	• Yes in all countries were Telenor has operating control	• Yes	• Yes
Suppliers held to CSR objectives?	• Yes (codes of conduct and supplier policy) • No monitoring/enforcement	• Yes (codes of conduct), mainly regarding labour Conditions • Monitoring by BT and enforcement	• Yes (codes of conduct), mainly regarding labour conditions • Monitoring by DT and enforcement
Instruments to implement CSR strategies a. Human rights	• Reduction of digital divide: – Reducing price of mobile phones in developing countries by a lobby for lower taxes and cheaper equipment – Provide PCs and training to schools • Protecting against internet abuse: – Spam-, age-, and other filters – Actions against misuse of internet • Health issues: – Research and public information about health risks of radiation	• Reduction of digital divide: – Provides PCs and training to schools and local communities – Other various projects (e.g. "alliance for digital inclusion" and "everybody online") • Protection against internet abuse: – Spam-, age-, and other filters – Actions against illegal use of the internet • Health issues: – Follows high industry standards for radio frequency • General promotion of human rights: – Aid after disasters (money, telephones, other) – Projects to support children with problems	• Reduction of digital divide: – Special offers to low-income or disabled – ICT training for elderly people – Provide PCs, internet access, and training to schools • Protection against internet abuse: – Spam-, age-, and other filters – "Privacy code of conduct" • Health issues: – Research and public information about health risks of radiation – Voluntary standards for radiation • General promotion of human rights: – Relief efforts and other projects – Projects that aim to help children with problems – Encourages suppliers to deal with Coltan problem and use of alternative

TABLE III
continued

	Telenor	British Telecom (BT)	Deutsche Telekom (DT)
	• General promotion of human rights – Aid after disasters (money, telephones, other) – Codes of conduct for employees – Sponsor peace initiatives and relief efforts – Support of Fair Trade initiatives		
b. Labour conditions	• Promotes gender equality within company (e.g. recruiting processes). • Recruits disabled people	• Promotes diversity in work force (age, gender, ethic minorities) • Prevents discrimination (e.g. equal pay) • Recruits disabled people • Ambition to apply these principles in all countries of operation	• Promote diversity in work force (age, gender, ethic minorities) • Prevent discrimination (e.g. equal pay) • Recruit disabled people
c. Environment	• Energy conservation (also re. traffic fleet) • Water conservation • Sustainable sourcing (energy, coffee) • Paper conservation (paperless office) • Traffic management, e.g. through teleconferencing • Waste management (incl. collection of used mobile phones)	• Energy conservation (also re. traffic fleet) • Sustainable sourcing (energy) • Paper conservation (paperless office) • Traffic management, e.g. through teleconferencing and telework • Waste management (incl. more recycling)	• Energy conservation (also re. traffic fleet) • Paper conservation (paperless office) • Traffic management (teleconferencing and info on environmentally friendly modes of travel) • Waste management (incl. collection of used mobile phones and recycling) • Financing environmental protection projects • Encourages suppliers to deal with Coltan problem and use of alternatives

TABLE III
continued

	Telenor	British Telecom (BT)	Deutsche Telekom (DT)
d. Anti-corruption	• Codes of conduct for employees • Supports international anti-corruption organization	• Codes of conduct for employees	• Codes of conduct for employees • Supports international anti-corruption organization • Openness about payments in countries with corrupt administrations
Use of the GC			
How is the GC perceived by the companies	• GC seen as a platform for CSR, but provides only min requirements for CSR • Two major strengths of the GC that it is initiated by the UN and a rather simple network to follow	• Was easy to participate since BT already saw the contents of the principles as part of its values	• GC is an overriding factor for all its CSR work • GC is an umbrella for all its sustainability initiatives
GC included in CSR strategies	• Used as guideline for sustainability reports	• Used as guideline for sustainability reports	• GC included directly in CSR strategic guidelines
COP reports	• Submitted report, but only provides information on different CSR activities	• Submitted report, provides information on CSR activities and links them to the principles	• Submitted report and provides specific information on actions and projects undertaken relevant to specific principles.
Local networks	• See local network as one of GC's major strengths	• Has left its local network	• See local network as one of GC's major strengths

Source: interviews and additional company data, in: Lafferty (2006).

Normative guidelines

Only for Deutsche Telekom, is implementation of GC included as an explicit CSR objective. In addition, Deutsche Telekom has used the 10 GC principles as a framework for developing its CSR strategy (although it does not derive specific criteria from the 10 principles for selecting projects). Both BT and Telenor claim that the 10 GC principles do not differ from the values that they already had adopted in their CSR strategies prior to joining the GC. For instance, they both already explicitly supported the principles of the UN Universal Declaration on Human Rights. These two companies also consider the GC principles as minimum norms, and their ambition is to do more than what the 10 principles suggest. For them, meeting the GC principles is therefore neither much effort, nor provides an impetus to do better. This is in line with the study by Cetindamar and Husoy (2007), who concluded that GC participation does not really contribute to distinguishing companies from others.

It should be noted that the GC principles are not the only principles the three case study companies adhere to. The companies have also signed the European Telecommunications Network Operators' Association's (ETNO) sustainability charter (introduced in 2004), comprising labour, social, and environmental principles (see Table IV). The principles from this charter however largely overlap with the GC principles and reporting requirements (CoP's).

Learning in local networks

All three companies have been active in local GC networks. Both Telenor and Deutsche Telekom are very positive to the networks and consider them one of the major strengths and benefits of the GC. This is more or less in line with the study of Vormedal (2005), discussed in section "The UN Global Compact: performance and potential benefits". To Telenor and Deutsche Telekom, the networks function as a platform for discussing the 10 GC principles and other CSR issues, and for reflecting upon and learning from experiences of peer companies. It should be noted that the frequency of meetings is relatively low: once a year or once every 2 years. BT was less enthusiastic about the local network in which it participated but recently left. This negative view seems to be related to the functioning of this particular network. In contrast to the networks in which the other two companies are active, the network of the third company focuses on critical peer review and assessment of CoP reports, rather than on interaction and mutual learning.

The local networks however are not the most important networks in which the three case study companies participate for sharing experiences and building knowledge on CSR. More important to all three is the so-called Global e-Sustainability Initiative (GeSI, launched in 2001), which is a global partnership of ICT companies, including telecommunications providers and producers of mobile phones. GeSI is supported by the UN Environment Programme and the International Telecommunication Union. GeSI's mission is "to influence the sustainability debate, inform the public of its members' voluntary actions to improve their sustainability performance, and prompt information and communicate technologies that foster sustainable development" (GeSI, 2007). In contrast to the GC local networks, in GeSI companies meet and interact with companies from the same industry, which according to the interviewees in all three companies is more informative than the GC networks since companies from the same industry encounter similar issues.

Co-operating in local networks

All three companies have primarily used the local networks for sharing experiences and reflecting upon these, less for initiating partnerships to operationalise and implement specific CSR actions. Such initiatives are mainly found outside the GC networks. For more specific actions, co-operative activities have been started with organisations such as Transparency International, the Initiative for Ethical Trade, and relief organisations. When it comes to industry-specific issues, these are dealt with in networks such as GeSI (which has done research on the Coltan issue, for example, and provided its members with information on how to deal with this); the Internet Watch Foundation (providing records of blacklisted websites, so that these can be blocked by internet service providers); and more general initiatives that aim to reduce digital divide.

TABLE IV

The 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 programmes.
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 labour 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 to reflect their aspirations and needs in our business activities.
Co-operation	Co-operate constructively with governments, customers, industry partners, civil society, and international organisations 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 programmes of continuous sustainability improvement. To implement management systems that support development of appropriate and well-structured programmes on environmental protection, labour 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 (2006).

Transparency

A precondition for maintaining membership with the GC is the delivery of CoP reports. All three companies have met this condition, but for Telenor and BT these were mainly summaries of other CSR performance reports. All three companies state that reports similar to the CoP's are or would have been produced irrespective of GC membership. When drafting their reports, they do not so much follow the GC guidelines but rather use other tools for reporting and communicating CSR activities, such as the Global Reporting Initiatives' sustainability guidelines (created through a partnership between United Nations Environmental Programme and the Coalition for Environmentally Responsible Economies), and the AA1000 Assurance Standard (developed by AccountAbility). Both these tools provide checklists of what should be included in a company report. They are viewed as 'process guidelines' which provide companies with assistance on how to measure and communicate their performance to other actors in society (Ligteringen and Zadek, 2005). Again, it is important to view the GC as only one of the CSR mechanisms available to companies and to try to assess its particular strengths and weaknesses in this light. Contrary to what Cetindamar and Husoy (2007) found, the GC was not perceived to have contributed to a better image. This may point to a context specificity of this potential impact of the GC.

Conclusions

The analysis thus indicates that, for the three tele-communications companies examined, the GC is only one of many initiatives that contribute towards the development and communication of CSR. In addition, the GC's role seems to be relatively marginal, since the GC does not provide industry-specific input or resources (in terms of either knowledge or partners). It is also clear that the 10 GC principles are seen as reflecting relatively minimum norms, and do not, therefore, provide an effective impetus to perform better on specific dimensions of practice. In this respect the role of the GC for the three telecommunications companies examined has been more modest than what Gouldson and Bebbington (2007) and McKinsey and Company (2004) reported. At the same time it is clear that the requirements for maintaining 'good standing' with the GC (in terms of adhering to the 10 principles and reporting on this), and costs related to these, are relatively easy to bear.

Conclusions and discussion

Contribution of GC: theory versus practice

The aim of the paper has been to get a better understanding of how the GC is used in practice by companies that are members of the GC, and what role the GC has played in their CSR strategies. We have focused on the telecommunications industry since this is a sector that has thus far received relatively little attention in the academic literature. In addition we selected frontrunning companies as case study companies, as we expected the role of the GC to be different for this category of companies.

We have identified four possible ways in which the GC can be used in CSR strategy development and implementation: (1) adoption of the normative guidelines; (2) participatory learning in GC-based local networks; (3) structured partnerships with other companies or stakeholders for implementing specific aspects of CSR; and (4) a pro-active attitude to reporting and communicating CSR. As we indicated in the previous section, the three case study companies stated that they only marginally used these opportunities. Learning in networks

appeared to be the most important contribution of the GC. With regards to the GC's impact on CSR strategies, no direct evidence could be found, and other networks and guidelines proved to have more influence in this respect.

Our findings are in contrast with a recent study by Cetindamar and Husoy (2007). We assume that this can be explained at least in part by our focus on CSR frontrunners. It is quite reasonable to assume that competitors with less articulated CSR strategies could derive more value from the GC. This would be in line with the results of the survey by McKinsey and Company (2004), which reveals relatively large CSR differences between companies from OECD and non-OECD countries. With respect to the telecommunications industry, however, we feel that the contribution of the GC is limited, independent of the level of CSR already existing in the company. One reason for this is the observed similarity in CSR issues dealt with by the three case studies. We expect that competing companies will adopt more or less the same strategies, with similar objectives and actions (where telecommunications are in focus). A second reason is the observed availability of alternative initiatives for developing and implementing CSR issues, issues that are more industry specific and substantively relevant (for instance the GeSI).

Improving the GC performance: a 'dual-track' approach?

How then can the GC's contribution to CSR strategies be improved for the type of company examined here – CSR frontrunners? In our view, both the issue-specific and industry-specific networks in which the three companies participate represent positive complementary initiatives to the GC local networks. There is therefore no need to adjust the local networks to tackle industry-specific CSR issues. We feel, however, that the GC could have greater impact if it more explicitly aimed at stimulating frontrunner companies to perform better. A GC with a 'dual-track' approach would be one way to operationalise this. Frontrunning companies could be focused as both examples in their own right, *and* leading cases for developing more ambitious CSR norms. These companies could form a separate network for discussing how to operationalise these norms and for sharing experiences. A

dual-track GC could also initiate some form of competition between GC participants, motivating companies to enter the frontrunner group and distinguishing themselves. A precondition for this, however, is that CoP reports be critically assessed as a platform for revision and new initiatives – something that up to now is not been done on a systematic basis.

Notes

[1] Thus, the GC does not stand in itself, but is embedded in, and is intended to reinforce, existing conventions and declarations. Existing conventions from, for instance, ILO and OECD, are considered to be not very effective, due to problems in their implementation and enforcement. The GC serves as a means to make these existing conventions more effective by an explicit focus on implementation and, to a lesser extent, enforcement (Kell, 2005).

[2] The GC stimulates companies to engage in partnerships in developing countries (UNGC, 2006c).

[3] Only one academic paper was found, in which the CSR strategy of a Swiss mobile telecommunications operator was analysed (Sachs et al., 2006). However, this paper does not go into details as regards the specific CSR issues addressed and projects run, but instead analyses how stakeholders are affected by (and incorporated in) the CSR strategy of the case study company.

[4] Of all respondents who reported changes in their policies as related to the (by then) nine principles of the GC since they joined the GC, 40% stated "participation had no significant impact"; 51% stated that "changes would have happened anyway, but participation made it significantly easier or brought change forward significantly"; 6% reported that "change would have been difficult to implement without being a participant"; and only 3% stated that "the changes would not have happened without being a participant" (McKinsey and Company, 2004, p. 4).

[5] Note that 'local' refers to geographical areas covering multiple countries (see UNGC, 2006d).

[6] This is in line with a paper by executive head of the GC, Kell (2005). As it appeared to be difficult to define general good practices for CSR, the focus of the GC has shifted to a more decentralised approach was chosen (Kell, 2005).

[7] This section draws from the Master thesis completed by the second author of this paper (Lafferty, 2006). The method employed consisted of a comparative case study, for which data were collected by means of multiple sources of evidence (documents by the three companies as well as data available from the UNGC and interviews with persons from the UNGC Office, data from other stakeholders, interviews, and observations at one of the three telecommunications companies examined).

[8] Since the CSR literature on the telecommunications industry is rather limited, we have focused on issues that are related to CSR in general, and to the Global Compact principles in specific, to identify relevant issues.

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